

# Former official takes Sunnyvale's style of budgeting to nation



Mercer

BY LELAND JOACHIM  
Mercury News Staff Writer

The federal government's move to inject Sunnyvale-like accountability into its budget process may have resulted from two factors: a former city council member's persistent promotion of Sunnyvale's system and a best-selling book.

President Clinton on Tuesday signed into effect the Government Performance and Results Act, requiring 10 federal agencies to prepare five-year strategic plans and annual goals for every program, and to measure how they do in meeting those goals. Those

requirements go government-wide in 1997.

Some trace the plan in part to the work of John Mercer, a Sunnyvale councilman from 1979 to 1987 who went on to work in the federal department of Housing and Urban Development and then as Republican counsel to the Senate Governmental Affairs Committee.

Mercer relentlessly plugged "performance-based budgeting" — Sunnyvale's unique contribution to government — from practically his first day in Washing-

See *SUNNYVALE*, Page 2B

## Nation to learn ways of Sunnyvale budgeting

### ■ SUNNYVALE

from Page 1B

ton and helped write the new legislation, which Sen. William Roth Jr., R-Del., introduced in 1990.

Also, President Clinton read and took to heart a book by Clinton friend David Osborne and Ted Gaebler, "Reinventing Government," which touts Sunnyvale's system.

The new federal act imposes results-oriented management — which stops shy of linking any agency's performance to its funding, as Sunnyvale's system does. But the bill does contain five pilot projects linking results to the budget.

"I don't know whether the federal government could ever achieve the level of sophistication that exists in Sunnyvale," Mercer said Wednesday, but added that "this legislation heads it in that direction."

Sunnyvale's budget states thousands of goals for providing services, such as starting repair of any traffic signal problems within one hour of notification or checking park restroom cleanliness at least twice daily.

A more traditional budget allocates money for items such as hiring people or buying equipment, Community Relations Director David Vossbrink said. Under Sunnyvale's approach, he said, the city council doesn't have to worry about backhoes or desks, but instead asks "Can you accomplish this service for this cost?" Managers have a certain amount to spend, but they can choose among various ways of spending it, attempting to select the most effective.

Sunnyvale's system has evolved slowly, since the late 1970s, when City Manager Lee Ayers asked Tom Lewcock, a new assistant, to head a team looking into new ways of fiscal management.

"Messing around with it simply opened city officials' eyes to different ways of doing these things," said Lewcock, who succeeded Ayers as city manager a couple of years later and holds that position today.

"Reinventing Government" described the payoff: From 1985 to 1990, the city's cost per unit of service all across the budget dropped by 20 percent, and Sunnyvale in 1990 found its staff was leaner than similar cities by 35 to 40 percent, and employees earned more, but the budget total was smaller than most and taxes were lower.

That kind of efficiency, coupled with long-range planning, kept the city out of the red the past several years as the state's struggle with budget deficits rippled down to local government.

City officials warn against expecting overnight results at the national level.

"This thing evolved, you know," said Councilman Larry Stone, a close associate of Mercer who was on the council when the system was started. "That's why I caution people about its application to the federal government. I fear people are going to expect that you can take the Sunnyvale model, apply it to the federal government, and, zappo! overnight success. That's not going to happen."