WHO REALLY RUNS COUNTY GOVERNMENT?
The County Manager in the Budget Formulation Process

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ABSTRACT
The amount of responsibility county managers have in ensuring the deliverance of services in an effective and efficient manner cannot be understated. Over time however, manager responsibilities and influence have increased to such a point that the argument can be made that managers are indeed the primary entities that run many county governments. This study attempts to determine how influential county managers are in the budget process and therefore the policymaking process. Positive relationships with commissioners, the managers’ ability to provide acceptable alternatives in critical budget situations, and the acceptance of manager budget decisions by other elected officials all contribute to the managers’ influence.

INTRODUCTION

The local government budgeting process typically has a number of key stakeholders that have at least some level of influence on budget ratification. From council members that are interested in key services for specific constituencies to departments and agencies that want to implement policies which increase budget sizes as well as departmental importance to overall county government, all have a vested interest in the process as well as the format of the decision making. However, with the limited supply of funds available for the provision of services coupled with the recalcitrance of elected officials to increase revenues through tax raises, the number of key decision makers becomes rather limited.
The purpose of this article is to examine the high level of influence the county manager has on the budget formulation process thus enabling substantial control over county policies and programs. North Carolina is one of only two states in which all counties operate under a professionally administered county government that provides almost unlimited administrative authority to the manager. Managers form a preliminary form of the budget document for legislative review—a process driven by state statutes, with the manager having the bulk of responsibility. In many of these cases, commissioners have demonstrated high levels of agreement with the decisions of the manager with only a few variations prior to implementation. Managerial experience for dealing with many tough issues such as state actions which influence local budget outcomes, the relationship managers have with governing boards, the amount of time managers spend on county budgets, and the intimate knowledge concerning the needs of internal departments as well as major capital ventures compel governing bodies to agree with budget recommendations thus influencing managerial control.

COUNTY GOVERNMENT STRUCTURE AND REVENUE POLICY

County governments, for the most part, act as functionaries for the state in service delivery. In many cases, county governments have become the prominent service provider for many local communities (Benton, 2002). The traditional functions for county governments such as the administration of public health and assisting with public education costs have become standardized “mandatory” services. In response to these increases, county governments have increased efforts at economic revitalization through bond referendums for city improvements, incubators, and even stadium construction and renovations for larger
municipalities (Cigler, 1995; Bowman and Kearney, 2008). The varying levels of influence among key officials in county government precipitate the scope and effectiveness which encompass many of these policies.

County government structure, which determines the number and influence of officials, can take many different forms according to Salant (1998). First, there is the commission form in which the elected legislative body has policymaking as well as administrative functions. Second, is the county-executive form which parallels most large city governments. In this form, a separately elected county executive proposes many public policy initiatives, has veto power, and in some cases, has some administrative functions as well. The commission administrative form is the third form of county government. The legislative body (commissioners) appoints a professional administrator (manager) who performs executive functions such as appointing county staff, administering county programs, proposing ordinances and drafting budgets. This is considered the “pure” version of a professional manager (DeSantis and Renner, 1993). In the other forms, the manager and administrative officer are given less formal powers.

The county administrative form of government, a product of the progressive era, was a move toward creating more efficient government without the direct influence of elected officials on public policy. In some cases, states have strongly advocated the implementation of the commission-manager form as a barrier against bankruptcy (Coe, 2007). However, questions surrounding efficiency have emerged as a result of continually escalating service costs under this form of county government. Studies comparing the professionally administered local government with other forms have provided mixed findings concerning the amount of service costs (Schneider and Park, 1989; DeSantis and Renner 1994; Benton 2003).
In most of these studies, there are two key factors that often omitted which influence the findings. First, there is the level of state oversight over local government finances---an area where local elected official expertise is at times insufficient. The variation among state practices range from a mere advisory role of how to avert particular problems and early state intervention to avoid bankruptcy to virtually no assistance at all (Cahill & James, 1992; Honadle, 2003; Kloha, Weissert, & Kleine, 2005; Coe, 2008). States such as Florida and Michigan use many indicators to determine the financial stability of a local government unit; whereas, some states may only examine a couple of factors such as fund balance and certain revenue/expenditure ratios (Kloha, Weissert, & Kleine, 2005). In states that have numerous financial oversight indicators, the skills of professional managers provide insight into key performance indicators and financing mechanisms along with ways to avert increased state influence. For states that have little guidance to offer local governments, elected officials usually have more autonomy with the possibility of greater financial instability.

The other factor that determines many local government revenue policies is the number of areas that fall under the responsibility of local governments. If local governments are responsible for some or part of road construction, education, and even investment practices, there will be a variety of revenue generating practices. In states like North Carolina, many of these areas are the responsibility of local governments with the construction of public education facilities falling on counties. Many states such as Colorado and Ohio have school districts with elected officials that make education policy decisions and have taxing power while other states like Tennessee have the independently elected trustee to manage cash holdings.

STATE LEGISLATION DICTATING MANAGER

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IN Volvement

The county budget formulation process follows North Carolina general statute guidelines. The Local Government Budget and Fiscal Control Act (LGBFCA) establishes procedures and timelines for the local government budget process (NCGS 159). It states that the county or city manager will serve as the finance officer for the local government unit (NCGS 159-9). Therefore, the county manager is responsible for the formulation of the county budget with the assistance of the finance officer if the county has such a position (NCGS 159-10). In many local governments, the finance officer may actually make initial recommendations (Thurmaier, 1995). During the fiscal year, department heads will meet with the finance officer or even the county manager to recommend and justify changes to their budgets, which usually involves increases for services, capital purchases, salary increases, etc. Prior to June 1, the designated budget officer, which is usually the county manager, submits the proposed budget document to the governing board (county commissioners) for consideration by the end of April (NCGS 159-11). The entire process has to be completed by the July 1, which is the beginning of the fiscal year for North Carolina local governments. Many county governments easily meet this deadline by requiring a much earlier deadline for county budget submission to the governing body compared to the state deadline.

The period that extends from the time the county manager submits the proposed budget to the county commissioners until actual implementation is the period in which county commissioners is most noticeable. Changes to the budget by the manager at the request of the commissioners prior to implementation can be a difficult process depending on how much disagreement there is between commissioners, and the allotted time counties have scheduled for budget workshops and/or specific meetings.
designated for budget purposes only. Over 70% of counties have specific meetings for budget purposes only (Coe and Vogt, 1993). The board makes revisions based on a number of factors, and usually well in advance of the July 1 deadline. At this point, the manager has to play the role of politician (Bosworth 1958) and placate the desires of commissioners prior to ratification. Rarely are there major changes to the budget document such as the creation of an entire department or school construction that was not part of a capital improvement plan (CIP), but managers are required to provide alternative scenarios such as a budget with wage and position freezes, travel cuts, capital project elimination, and other traditional cost-cutting methods if the manager requests tax increases to maintain current levels of service (Cooper, 1996; Modlin, 2008). In many cases, managers’ receive support of initial recommendations concerning operation costs.

GOVERNING BODY—MANAGER RELATIONSHIPS

As the role of the county manager has evolved, the relationship of that position as it relates to public policy formulation with public officials has become quite convoluted. Svara (1985) has provided the most adequate description of the relationship between city council members and the appointed manager in North Carolina cities. The “dichotomy-duality” model as defined by Svara - a deviation of the classic politics/administration dichotomy initially proposed by Woodrow Wilson (1887), outlines shared responsibility of governmental functions between elected officials and administrators in large city governments. The model is divided up among four separate spheres: mission, policy, administration, and management. Each party can have significant levels of involvement within each sphere. Svara determined for the most part, that the council provides significant contributions in the areas of defining the local
government’s mission, scope of services, project approval and budget ratification. At this point, where the policy function begins, the contributions of the council begin to diminish while manager contributions begin to increase substantially, especially in the areas of general administration and management. The budget formulation process takes place within the policy sphere. During this phase, the manager prepares the budget for legislative review and subsequent implementation.

This particular form of the commission-manager form of government Svara (1985) describes is what DeSantis and Renner (1993) refer to as the “pure” version of the city/county manager. Although there are different levels of involvement by elected officials, their primary role is that of administrative supervisors (Marando and Thomas, 1977). For legislative bodies however, involvement usually increases during the budget process, especially if there are proposals to increase revenues. Modlin (2008) found that although North Carolina county commissioners see themselves extremely involved in the budget formulation process, county managers actually spend significantly more time on budget formulation. Many of these commissioners see themselves as specialists in some area that requires some form of budget amendment (Giles, Gabris and Krane, 1980), while others are just concerned with traditional line item issues (Sokolow and Honadle, 1984). Findings have suggested that the manager only receives feedback from the council about 41% of the time (Morgan and Watson, 1992); however, increased levels of commissioner involvement provides more direction for managers in budgeting as well as the policymaking process with an added benefit of less conflict between managers and commissioners (Svara, 1999).

**EXTERNAL FACTORS INFLUENCING MANAGER**

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DISCRETION

A common criticism associated with the size of many bureaucracies is the knowledge base of bureaucrats compared to elected officials. The same can be said for the county manager whose largest advantage over the budget process is the knowledge associated with virtually all elements that affect the performance of the government unit. Information associated with all pertinent costs associated with service delivery, especially those of operating costs and that can be illustrated through performance budgeting techniques, provides justification for many revenue increases. In normal economic situations, managers usually respond positively to the requests of department heads; whereas, in more challenging fiscal periods, managers serve as custodians and propose spending cuts. Smaller local governments tend to use line-item budgeting which is usually easier for all vested parties to follow as it pertains to cost allocation (Cope, 1992). In larger governments, the county manager has more familiarity with the entire process due to implementation of more complicated budgeting systems such as zero-based budgeting and performance budgeting. Moreover, additional expertise is necessary to decipher and explain convoluted funding mechanisms used to finance large capital projects.

According to Ammons and Newell (1989), the manager is a policy maker with much of his success dependent on his policy making skills. Managers not only have to compensate for political diversity and personality issues on county boards, but also have to deal with expanding service needs and financial crises. Commissioners on larger boards have been found to be much more involved in the budget process than those on smaller boards with even more policy priorities (Modlin, 2008). Some service delivery areas have stabilized fixed costs while others are due to specific demands that have variable cost burdens.
Legislators continually look to the manager for service delivery alternatives with little or no additional costs.

Managers also have to tend with other elected local officials and department heads that answer to appointed boards. In North Carolina, the sheriff, register of deeds, and clerk of court are elected county officials. Most of the managers’ as well as commissioners budgeting complaints have come from county sheriffs. If the sheriff is dissatisfied with the manager’s recommendations, he will often appeal to the commissioner at formal hearings and stress the “tragic consequences” of not funding the office properly such as an increase in crime, the inability to serve warrants in a timely manner, etc. The same situation occurs with public health and social services departments. Although not elected, these department heads answer to appointed boards that try to advance the programs and policies of the department and therefore increase the roles of these areas (Miller, 1987).

North Carolina has heavy oversight over local government financial practices. The state requires that among other policies local governments have an 8% fund balance, have a positive enterprise fund ratio, engage in generally accepted accounting principles, and follow the ratified budget. Local governments receive “white letters” from the state if any of these policies are not followed and in a few rare cases, the state has taken over local governments temporarily (Coe, 2007). These are areas in which the manager has significantly more information compared to commissioners, and to be even more effective at their job, McCue (2001) claims managers need additional financial management and accounting expertise. Modlin (2010) advocated certain reforms to state practices that strongly encourage more commissioner participation that enhances their knowledge about county finances.

Commissioners in North Carolina have stated that actions of state government greatly affect their budget decisions (Modlin, 2008). State governments have been
found to look at local governments as interest groups rather than economic partners (DeSoto, 1995). State reimbursement of monies received by counties serves as precursors for conflict between the two groups. States with balanced budget amendments such as North Carolina generally do not hesitate to withhold reimbursement monies to fill state budget gaps; subsequently, counties must find ways to compensate for lost revenues. Another problem that stems from state government as well as national government is that of unfunded mandates. While costs associated with mandates are not generally passed on to local governments, it has been recommended that liaisons from all parties discuss the impacts of mandates on local governments (Kee, 1989). In all of these situations, especially policy decisions by higher levels of government that have revenue restrictions, commissioners often look to the manager for alternatives including the preparation of fiscal notes to assist in the offsetting of unfunded mandates.

Counties experiencing economic difficulties can expect many parties to be involved in the budget process in an effort to examine ways of alleviating fiscal strain. In North Carolina, the William S. Lee Economic Development Act (NCGS 105) enables the Secretary of Commerce to assign each county in the state an enterprise factor that will be based on the average rate of unemployment from highest to lowest, per capita income over the last twelve months and the growth in population from highest to lowest. Counties with a tier ranking of 1 are usually smaller counties with high unemployment levels with a substantial number of people that can qualify for Medicaid. Modlin (2008) found that commissioners in higher tier ranked counties had less involvement in the budget process compared to commissioners in more economically stressed counties. Managers that work successfully through the local economic development commission (if one exists within that county) and ultimately receive a higher tier rating can expect to have
more leverage in the budgeting process.

Personal characteristics have been found to play a role in managerial influence. There have been findings suggesting that North Carolina commissioners who were employed full-time stated less involvement in the budget process thus giving managers more control over the budget process. However, managers that had more than 5 years on the job experienced less input from commissioners compared to less experienced managers (Modlin, 2008). Older managers with significant levels of education are expected to have more influence on the budgetary process including substantial policymaking opportunities.

DATA AND METHODS

To determine how much influence managers had in the budget formulation process, all 100 North Carolina counties were used for the analysis. All 100 operate under the commission-manager form of government. County governments in North Carolina account for approximately 13 percent of all council-manager (administrator) county units in the United States, making this research project comparable to many commission-manager government units around the country (Bureau of the Census 2002).

Surveys were sent to all 100 county managers in North Carolina. Approximately 84 percent of the surveys were returned representing 84 of the 100 counties. The responses were indicative of all population groups as well as numerous budget sizes as indicated by Table 1. Unlike many other studies involving budget participants, this study examines rural and urban counties alike with all operating under identical state guidelines with similar restraints. Smaller county governments were well represented in the research as 47% of the managers in counties with budgets of less than 50M submitted responses.
Table 1

*Population of Responding Managers*

<table>
<thead>
<tr>
<th>Budget Size</th>
<th>Sample</th>
<th>Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget $</td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>100,000,000M+</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>75M-99,999,999</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>50M-74,999,999</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>25M-49,999,999</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Up to 25M</td>
<td>27</td>
<td>32</td>
</tr>
<tr>
<td>(N)</td>
<td>(85)</td>
<td>(100)</td>
</tr>
</tbody>
</table>

An ordinal scale was the primary method used to solicit answers from the managers. The majority of questions had a 1-5 agreement scale with “5” representing strong agreement with the statement and “1” representing no agreement. The five point scale was chosen for this research to simplify response categories for responding managers. The dependent variable, the agreement level of commissioners with management budget decisions, was based on an ordinal scale as well as questions concerning the county’s finances as determined by the manager, the working relationship with commissioners, the effects of intergovernmental funding, state legislature decisions, the impact of unfunded mandates on county finances and the efficiency level of the county in general as determined by the manager. Managers were also asked to list specific departments which pose budget problems as well as responses to department head request for revenue increases. Demographic information was also requested to control for the effects of personal characteristics on commissioner agreement with budget decisions.

Other information was obtained through external sources. County tier information was obtained through the
North Carolina Department of Commerce (2010) and the North Carolina Association of County Commissioners (2010) website was accessed for budget information.

**FINDINGS**

A combination of statutory and job responsibility requirements create an atmosphere of significant managerial influence on the county budget process. Table 2 verifies these findings as managers stated high levels of involvement in the budget process. More than 84% of managers stated that they were either directly responsible for county budget formulation or the responsibility fell to the manager or another party (commissioners and/or the finance officer). To further validate this involvement, managers were asked to determine how much time they allocated to the budget process during the fiscal year. The amount of time spent on the budget process was similar for counties in population groups below 100,000. Urban county managers spent significantly less time on the budget process. Part of the explanation for this finding is the amount of staff available for disseminating information prior to managerial approval. For instance, larger county governments are much more likely to have additional staff accountants, budget analysts, and managers that can designate more time to investment opportunities than smaller counties where the manager may have dual responsibilities.
Table 2
Manager Involvement Patterns by County Characteristics

<table>
<thead>
<tr>
<th>County Population</th>
<th>Mean County Budget Expenditures (in Millions)</th>
<th>Manager Responses by County Population/ (Mean Level of Involvement)</th>
<th>Manager Responses by County Population/ (Mean Time Spent on Budget in Days)</th>
<th>Commissioner Mean Agreement Level with Manager/ (Standard Deviation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000+</td>
<td>235M</td>
<td>16 (4.67)</td>
<td>16 (11)</td>
<td>4.56 (.511)</td>
</tr>
<tr>
<td>75,001-100,000</td>
<td>81M</td>
<td>9 (4.60)</td>
<td>9 (21)</td>
<td>4.40 (1.265)</td>
</tr>
<tr>
<td>50,001-75,000</td>
<td>53M</td>
<td>13 (4.77)</td>
<td>13 (20)</td>
<td>4.25 (.452)</td>
</tr>
<tr>
<td>25,001-50,000</td>
<td>34M</td>
<td>20 (4.86)</td>
<td>20 (18)</td>
<td>4.48 (.602)</td>
</tr>
<tr>
<td>1-25,000</td>
<td>15M</td>
<td>27 (4.96)</td>
<td>27 (18)</td>
<td>4.35 (.573)</td>
</tr>
<tr>
<td>Total (N)</td>
<td></td>
<td>85</td>
<td>85</td>
<td></td>
</tr>
</tbody>
</table>

The high levels of agreement commissioners’ had with managerial budget decisions is illustrated in Table 2. Of the managers that responded, 49% stated that commissioners agreed with their decisions often while another 48% stated that commissioners agreed with their budget recommendations very often. Only 3 managers stated that commissioners were less receptive to their recommendations. Modlin (2008) found that commissioners in North Carolina do indeed agree with many of the managers’ recommendations, although the agreement level was not as compelling. For instance, of the 128 commissioners surveyed, 55% often agreed with manager recommendations with 22% agreeing very often. Only one commissioner cited rarely agreeing with the manager and seven commissioners stating not agreeing very often.

The situation was not as amicable when managers
were asked the frequency of agreement concerning other elected officials. Managers cited other elected officials agreed with them 46% of the time and very often only 17% of the time. Managers did not state high levels of disagreement, only marginal agreement levels with this group. The explanation for this finding is related to departments that presented problems during budget formulation. Most managers identified two to three departments with the two most frequent responses occurring in the areas of public safety and public education or to further specify the problems---the construction of schools and jails. Both capital project types are the responsibility of county governments with the responsibility of sending out Request for Proposals (RFPS) and determining the funding mechanisms falling on management. The problems also become more numerous for the manager since the sheriff is primarily responsible for public safety and the interpretation of service needs by each party can become conflictual.

In an ongoing effort to provide services, managers have the ardent task of determining initial funding requests for the upcoming fiscal year. Department heads continually place pressure on managers, and at times, commissioners for increased funding. Managers were asked to provide their initial response to funding increase requests by department heads. While no manager stated initially denying a request, more than half wanted to examine additional ways of maintaining the service without providing additional funds. The option of allowing commissioners to decide the outcome was not provided since this question was based on initial manager responses with these managers having authority over the local bureaucracy including department heads. Of course, commissioners can make final changes prior to implementation.

The relationship between the manager and other elected officials can be contentious during the budget process. Upon budget increase requests by other elected officials. Managers cited other elected officials agreed with them 46% of the time and very often only 17% of the time. Managers did not state high levels of disagreement, only marginal agreement levels with this group. The explanation for this finding is related to departments that presented problems during budget formulation. Most managers identified two to three departments with the two most frequent responses occurring in the areas of public safety and public education or to further specify the problems---the construction of schools and jails. Both capital project types are the responsibility of county governments with the responsibility of sending out Request for Proposals (RFPS) and determining the funding mechanisms falling on management. The problems also become more numerous for the manager since the sheriff is primarily responsible for public safety and the interpretation of service needs by each party can become conflictual.

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officials, especially the sheriff concerning public safety issues, managers defer to the commissioners in many of these cases as referenced by Table 3. Nearly one-third of the managers stated that commissioners would be responsible for other elected officials decisions. In one case, the manager stated that the district attorney had to justify a request for a salary increase. However, managers were more likely to grant funding requests for other elected officials than department heads and less likely to question funding sources. The other elected officials do have the opportunity to make their case for budget increases to commissioners in open meetings if there is disagreement with a manager’s initial recommendation.

Table 3
Manager Decisions Based on Official Budget Increase Requests (Percent)

<table>
<thead>
<tr>
<th>Manager Options</th>
<th>Other Elected Officials</th>
<th>Department Heads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant the Request</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Deny the Request</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Question Funding Source</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>Examine Alternative Methods of Maintaining Service</td>
<td>7</td>
<td>36</td>
</tr>
<tr>
<td>Let Commissioners Decide</td>
<td>32</td>
<td>N/A</td>
</tr>
<tr>
<td>Combination of the Above</td>
<td>21</td>
<td>25</td>
</tr>
<tr>
<td>(N)</td>
<td>85</td>
<td>85</td>
</tr>
</tbody>
</table>

Many of these decisions made by the manager upon budget requests are based on the county’s current financial situation as determined by the manager and to a lesser degree, the commissioners. When managers were asked to assess the financial condition of their county government, more than 64% maintained that it was much better than average. Only two managers stated that the financial
situation in their county was less than good and no manager stated that the situation was poor in their county. In North Carolina, there is a heavy state oversight process of county finances with the North Carolina Local Government Commission (LGC) intervening if the situation becomes critical. There are usually many steps which take place providing counties the opportunity to rectify the situation prior to any occurrence of major intervention.

In the event that the county was facing a deficit situation as the fiscal year was closing, managers were asked what would be their initial response and proposal to commissioners. Nearly one-third of managers (31%) stated cutting expenditures including freezing salary positions, outsourcing, eliminating some services, cutting travel, etc. Another 14% stated using available fund balance to cut the shortfall. Nearly half (47%) stated some combination of the above with the exclusion of raising revenues through the increase of taxes and fees. Only 4% stated leaving the decision up to the commissioners as their first reaction. Managers are aware that commissioners are recalcitrant to raising taxes, especially property taxes, to satisfy budget dilemmas, which could explain why managers utilize their own prerogatives. Modlin (2008) found that less than 2% of North Carolina commissioners were willing to raise taxes to offset a deficit situation.

To examine the level of influence the manager has in budget decisions, a logistic regression model was created with commissioner level of agreement acting as the dependent variable with several independent variables that have a pivotal role on county finances or have an impact as the manager has stated. It was not surprising that a strong manager/commissioner relationship led to higher agreement levels. If the relationship between the two parties was considered a good working relationship, the odds of the governing body agreeing with the manager on budget decisions were in excess of 500 times greater.
Commissioners were also more likely to agree with the manager if other elected officials were in agreement with initial budget recommendations and if the manager examined alternative methods of providing services when a department head had an increase requests. The managers’ abilities during a deficit situation were also advantageous. The more managers looked for alternative scenarios for balancing or enhancing the county budget without revenue increases, commissioners were 36% more likely to agree with the recommendations compared to other alternatives.

Table 4
The Determinants of Commissioner Agreement with Managers by County Externalities

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Parameter Estimate</th>
<th>Odds Ratio (95% CI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager Experience</td>
<td>0.3672 (1.4438)</td>
<td></td>
</tr>
<tr>
<td>County Tier Status</td>
<td>0.8262 (2.2845)</td>
<td></td>
</tr>
<tr>
<td>Budget Size</td>
<td>0.1342 (1.1436)</td>
<td></td>
</tr>
<tr>
<td>Manager Time on Budget</td>
<td>1.0582 (2.8814)**</td>
<td></td>
</tr>
<tr>
<td>County Finance Situation</td>
<td>0.6427 (1.9017)</td>
<td></td>
</tr>
<tr>
<td>Manager/Commissioner Relationship</td>
<td>1.8550 (6.3915)**</td>
<td></td>
</tr>
<tr>
<td>Other elected agreement</td>
<td>1.2807 (3.5992)**</td>
<td></td>
</tr>
<tr>
<td>Other elected increase request</td>
<td>-0.9369 (.3919)**</td>
<td></td>
</tr>
<tr>
<td>Department Problem Areas</td>
<td>0.0145 (1.0145)</td>
<td></td>
</tr>
<tr>
<td>Department Head Increase Request</td>
<td>1.1231 (3.0745)**</td>
<td></td>
</tr>
<tr>
<td>Deficit Situation</td>
<td>0.3099 (1.3633)*</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental funding</td>
<td>0.1970 (1.2177)</td>
<td></td>
</tr>
<tr>
<td>NC General Assembly Actions</td>
<td>-1.2297 (.2924)**</td>
<td></td>
</tr>
<tr>
<td>Unfunded Mandates</td>
<td>0.2299 (1.2585)</td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>0.2017 (1.2302)</td>
<td></td>
</tr>
<tr>
<td>Threshold 1</td>
<td>15.1687</td>
<td></td>
</tr>
<tr>
<td>Threshold 2</td>
<td>16.6183</td>
<td></td>
</tr>
<tr>
<td>Threshold 3</td>
<td>22.027</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>Log Lik.</td>
<td>-43.5893</td>
<td></td>
</tr>
<tr>
<td>LR Chi-squared (15)</td>
<td>51.88***</td>
<td></td>
</tr>
<tr>
<td>McFadden’s Pseudo-$R^2$</td>
<td>0.3731</td>
<td></td>
</tr>
</tbody>
</table>

Notes: Cell entries are unstandardized parameter estimates. (Numbers in parentheses are odds ratios.)

** $p < .001$; ** $p < .05$; * $p < .10$ (two-tailed test).
There were only two areas of significance where agreement levels with the managers decreased. As Table 4 indicates, the more state actions influence county budgets, the less likely commissioners will agree with manager decisions. 85% of the managers responding indicated state actions had a large impact on budget decisions. If there are additional revenues, conflict can emerge between the commissioners and the manager as to spending allocations. Managers indicated that commissioners usually had several areas of interest that could have a budgeting impact leading to less agreement with the two parties. The other area of less agreement between managers and commissioners are in cases of department increase requests made by other elected officials. This is basically a reflection of the ability of other elected officials to make their case before commissioners and in many cases, receiving additional appropriations. With the exception of these two variables, the others are positively correlated indicating commissioner agreement under many circumstances.

LIMITATIONS

Much evidence has been presented to make the case for managers having significant control over county finances, and ultimately, county government. However, there are limitations to the study. First, this study consists of responses of county managers that are indicative of the “full” county manager model where they have almost exclusive control over the bureaucracy and personnel decisions as well as the responsibility of policy formulators, not just implementers. Also, within the budget process, state laws give them the responsibility for budget formulation for commissioner ratification.

Commissioner involvement varies considerably among counties. In counties where commissioners are elected for parochial reasons or if commissioners have a
background in finance, their levels of participation are expected to increase substantially. In NC, despite party identification, the intransigence of commissioners to raise taxes is a statewide stance. Coupling commissioner responses with the manager responses could provide a more clear indication of actual agreement levels.

The prominence of certain department heads and other elected officials, especially sheriffs, cannot be omitted. Some department heads that have established strong reputations within the community carry a certain amount of influence and managers cannot as easily question their funding requests. Much the same can be said for county sheriffs. Some sheriffs in the state have actually compared themselves to ubiquitous beings while others have openly challenged manager decisions.

A county’s financial situation has a major impact on the relationship between the two parties. Although efforts were made to incorporate data to illustrate manager influence based on budget size and tier designation, there are many other factors that can influence levels of agreement and involvement between the two parties. In one scenario, commissioners were willing to place their county in a dire financial situation in order to create jobs due to plant closings (Modlin, 2010).

CONCLUSION

County governments across the country take many forms which includes a large variety of decision makers. The trend for county government is moving toward adopting forms that have an increased number of elected officials to increase accountability; however, some states still have many professionally administered governments with the manager/administrator at the helm. In the ‘pure’ form, the manager has tremendous responsibility and influence over local government policies.
This study has attempted to determine how much influence the county manager has over budget formulation. The foundations for heavy manager influence are set with the form of county government implemented by North Carolina counties, the legislation that drives the process, and the heavy state oversight process in which the manager is much more likely to have intimate knowledge of the financial situation compared to commissioners. Findings do indeed support that managers possess high levels of influence in the budget process. The more time the manager spends on the budget, the better the working relationship with commissioners, how the manager approaches a deficit situation, and how departmental increase requests are handled all contribute to high levels of influence via commissioner agreement with initial budget requests.

The findings also indicate that unless there is some sort of an anomaly such as other elected officials’ public requests for additional funds, or some unexpected state action, commissioners tend to agree manager recommendations. The higher levels of disagreement with other elected officials concerning budget requests was expected since managers do not have to answer to these parties, but managers do indeed realize the importance of these areas and respect the elected offices of these parties. What was not reported nor asked was the level of agreement with manager decisions once the elected official appealed the case. In those situations, there may also be high levels of agreement with the managers’ recommendation.

Future research practices could include outcomes associated with budget allocations of elected officials after appealing to commissioners. Comparing these outcomes with initial budget requests of the manager could further substantiate the influence of the manager in the budget process. In addition, research that explores departmental spending requests based on type of department, experience of the department head, and type of increase versus manager

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recommendations may also prove to have valuable insight.

From a theoretical standpoint, the Svara dichotomy-duality model is very applicable. Managers do indeed play a pivotal role in the policymaking function which includes budget formulation. This particular study examined county governments from across the state and based on the information presented, in some counties the mission and policymaking function may be part of the managers’ sphere as well.

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