

LOCAL GOVERNANCE PREPAREDNESS INDEX

Relevant Teaching Points

The intent of this document is to serve as a “teaching tool” for elected local government officials. In the spirit of the Pulver-Shaffer Community Economic Development Preparedness Index, this Local Governance Preparedness Index (LGPI) is used to introduce a range of issues that local elected officials typically consider. The nature of the LGPI questions targets engaging elected officials in a conversation about a range of governance issues.

The current version of the LGPI is composed of seven blocks of questions:

- Policy Setting
- Dynamics of Board/Council Dialogue
- Public Awareness
- Fiscal Health
- Revenues and Expenditures
- Alternative Service Delivery Mechanisms
 - Cooperative Agreements
 - Contracting for Services
- Evaluation

Within each block are a set of “yes/no” questions that are aimed at initiating a conversation about sound public policy practices at the local level. The questions are not aimed at addressing specific public policy questions, such as how local law enforcement should be funded or structured, but rather the environment that is necessary for effective governance at the local level.

The intent of this document is to provide an overview of the “teaching objectives” behind each specific question. ***This is a “living” index and can, and should be, altered for specific educational settings.*** The knowledge of the local educator must help inform which questions to include or remove. It is also important to keep in mind that while the questions are phrased in a manner that the greater the number of questions answered “yes” the more effective the local government, the overall intent is to stimulate discussion amongst elected local government officials. ***The LGPI is not intended to judge or evaluate the effectiveness of elected officials; rather it is intend to stimulate a conversation.***

Because the ultimate goal of the Local Governance Preparedness Index is to help local elected officials think about their local governance environment many of the questions are aimed at identifying potential areas for exploration. The Index is designed to avoid making specific budgetary suggestions; the Index is focused on effective “governance”.

The use of the LGPI must be taken within the context of the different sizes and structure of the local unit of government. For example, the institutional setting of a small rural remote town government will be fundamentally different than that of a larger urban county government. Constitutionally and statutory

responsibilities are fundamentally different across counties, cities/villages and towns and the practical application of the Local Governance Preparedness Index must reflect those fundamental differences. The size of the local government also helps define the role of elected officials and administrators. In smaller units of government elected officials are often times more “hands on” blurring the distinction between elected officials and employees.

Policy Setting

This block of questions is aimed at stimulating a discussion about how elected officials go about making decisions: does the board/council have a vision or set of guiding principles that are used to help steer decision-making, and how does the board/council involve the broader citizenry in decision-making. Three basic governance issues are addressed: (1) is the role of the board/council clearly defined and respected; (2) how “effective” are elected officials at gathering input from local residents; and (3) how functional is the board/council in terms of board/council dynamics?

The idea is to convey that the board/council is akin to the board of directors of a corporation. The board of directors has well defined roles in guiding the overall mission and direction of the corporation and does not worry about or involve itself in the day-to-day operations of the corporation. Elected officials should view themselves as members of the board of directors and not “front-line administrators”. An integral part of this role is understanding the desires of local residents. How “effective” are local elected officials at setting policies that are consistent with the desires/demands/needs of local citizens.

Dynamics of Board/Council Dialogue

Is the board/council functional with respect to operations? In essence, do members of the board/council work effectively with each other, are differences of opinion respected, are “politics” depersonalized? This can be a difficult conversation to have with elected officials because it may challenge their leadership style. Indeed, to honestly answer “no” to these questions suggests that the board/council is somewhat “dysfunctional”. Most elected officials are likely to respond positively to all of these questions but by directly asking can open the door to a conversation about the characteristics of a “functional” board/council.

Public Awareness

These questions are aimed at how the board/council keeps the broader citizenry informed of the issues facing the board/council, decisions that are made, and the rationale behind those decisions. This discussion is in the spirit of open meetings and ensuring that the citizenry is well informed of the decisions of elected officials. These questions suggest that local elected officials need to assume a more pro-active role in keeping the citizenry informed and involved.

Fiscal Health

Too often there is a disconnect between the perceptions of elected officials and the fiscal condition or health of local governments. Budget decisions are made with an eye toward the former fiscal year and managing within current fiscal constraints with little consideration to larger long-range fiscal conditions. These questions are aimed at helping local elected officials to not only think about the long-term fiscal health of their local government but also certain characteristics of fiscal health. More importantly, are budgetary decisions being made within the framework of a long-term vision of the community and how the local government complements that vision?

Revenues and Expenditures

Despite the extensive state-imposed constraints, there are certain elements of the revenue structure and expenditure flexibility that local elected officials need to think about beyond setting annual budgets. How much control over their budgets do local officials actually have and can they maximize their level of control over their finances and be more effective in long-term thinking? Are minimum standards being met? Are elected officials even aware of minimum standard requirements? The goal of this section of the Index is to encourage local officials to think beyond year to year budgeting practices. Rather officials should be thinking about fiscal condition from the perspective of greater reliance on local revenues and less state-level reliance. Are elected officials thinking about diversifying their revenue base and becoming less dependent on revenues that are beyond their control?

Another facet to this conversation is capital projects. Capital improvement plans can be used to help local officials think longer-term. Many public services require “lumpy” expenditures or investments. Roads and bridges, sanitation services, public facilities and equipment such as patrol vehicles, graders and snowplows, often need major reinvestments which can be viewed as “lumpy”. These types of investment require planning and set-aside of resources so that they can be made in a timely manner. During periods of fiscal stress it can be very tempting to divert funds from capital improvement plans which create greater fiscal difficulties in the long-term. These questions are aimed at helping local officials think through the need for fully funded capital improvement plans.

Alternative Service Delivery Mechanisms

In a textbook setting, providing local public services involves two separate set of decisions, one related to the demand for services and the other related to the supply of services. Local elected officials are charged with setting policy around (1) if the service is to be provided (i.e., demand), at what level and how to pay for it and (2) how the service will be produced (i.e., supply). The first set of question hinges on the ability of elected officials to determine what local residents demand/need. Many of the “Policy Setting” questions that are at the beginning of this Local Governance Preparedness Index are aimed at assessing how local officials make these “first stage” or demand related decisions. How well local officials come to matching policies to local demand is often referred to as “effectiveness”.

Once the decisions about service provision are made, at what level and how the services will be paid for, the decision must be made about how to actually produce or supply the service. The “traditional” production model focuses on employees of the local government. Today, there is greater interest, particularly among elected officials, in alternative service delivery options, such as contracting with for-profit firms, non-profit organizations or cooperative agreements.

Cooperative agreements are when a set of neighboring local governments join together to produce services to either lower costs to the taxpayer or enhance service delivery. The questions in this section of the LGPI create an opportunity to talk about the advantages, challenges and limitations of cooperative agreements.

A popular approach for local officials is to contract with private firms (these can be for-profit firms and non-profit organizations) to provide selected services. The most common contracted services for municipalities are road construction, recycling and refuse collection. Our line of questioning focuses on: 1) the need for competition among providers to ensure efficiencies; 2) service quality and; 3) oversight. These questions provide for an opportunity to discuss current experiences and future opportunities.

Evaluation

The notion of performance measurement and benchmarking has received significant attention in the public administration field. Specifically, how can “objective” measures of performance be used to more effectively (i.e., demand) and efficiently (i.e., supply) run a local government? These can range from the simplistic to the complex. The questions in this part of the Index create an opportunity to have a conversation about how elected officials evaluate the performance of local government. This is not aimed at suggesting that local officials need to adopt one evaluation approach over another but if officials have some formal or informal approach to evaluation.

Further Resources available of the Web

These are provided with links to original locations as well: <http://lgc.uwex.edu/Finance/great.html>

Effective Local Government Boards/Councils

“Comprehensive Planning and Citizen Participation,” by Steve Grabow, Mark Hilliker and Joe Moskal 2006; pp. 21-52 on citizen participation at <http://jefferson.uwex.edu/files/2010/09/CPCPfinal06.pdf>

“Conflict on City Councils in Wisconsin,” by Douglas Ihrke and M. Scott Niederjohn, *Journal of Urban Affairs* 27(2005, 4):453-462.

“Determinants of Conflict on Wisconsin Town Boards,” by Terri Johnson and Gouglas Ihrke, *State and Local Government Review* 36(2004, 2):103-117.

"New State Stormwater Rules: What Municipalities Need to Know" by Kendra Axeness, UWEX Basin Educator at <http://basineducation.uwex.edu/centralwis/pdfs/storm.stormwaterE&O.pdf> for the steps in devising a public awareness and education program that engages people to change behavior and increase compliance.

"Identifying the Power Actors: Guide for Change Agents," by John Tait, Janet Bokemeier, and Joe Bohlen, 1988, at <http://www.soc.iastate.edu/extension/presentations/publications/comm/NCR59.pdf>

"Leadership in the Public Arena," *Keeping on Track: Strategies for Dealing with Controversial Public Policies. Part one of six,*" by John Leatherman and Marlene Howell, Kansas State University 2000. <http://www.ksre.ksu.edu/library/agec2/mf2491.pdf>

"Informing the Public Debate: Public Education Strategies," *Keeping on Track: Strategies for Dealing with Controversial Public Policies. Part two of six,*" by John Leatherman and Marlene Howell, Kansas State University 2000. <http://www.ksre.ksu.edu/library/agec2/MF2492.pdf>

"Meaningful Input to Public Policy: Citizen Participation Strategies," *Keeping on Track: Strategies for Dealing with Controversial Public Policies. Part three of six,*" by John Leatherman and Marlene Howell, Kansas State University 2000. <http://www.ksre.ksu.edu/library/agec2/mf2493.pdf>

"The Public Relations of Public Policy," *Keeping on Track: Strategies for Dealing with Controversial Public Policies. Part four of six,*" by John Leatherman and Marlene Howell, Kansas State University 2000. <http://www.ksre.ksu.edu/library/agec2/mf2494.pdf>

"Successful Negotiating Skills," *Keeping on Track: Strategies for Dealing with Controversial Public Policies. Part five of six,*" by John Leatherman and Marlene Howell, Kansas State University 2000. <http://www.ksre.ksu.edu/library/agec2/mf2495.pdf>

"Resolving Multiparty Disputes," *Keeping on Track: Strategies for Dealing with Controversial Public Policies. Part five of six,*" by John Leatherman and Marlene Howell, Kansas State University 2000. <http://www.ksre.ksu.edu/library/agec2/mf2496.pdf>

"Local Government Policy-Making Process," *Municipal Research and Services Center of Washington, 1999.* <http://www.mrsc.org/publications/policyprocess.pdf>

Fiscal Health

"How Stressed are Wisconsin Cities and Villages," by Craig Maher, Steve Deller, and John Kovari 2011 at <http://www.aae.wisc.edu/pubs/sps/pdf/stpap557.pdf>

"The Fiscal Condition of Wisconsin Counties: An Analysis of Primary and Secondary Data," by Craig Maher, Steve Deller, and John Kovari at <http://www.aae.wisc.edu/pubs/sps/pdf/stpap552.pdf>

"Revisiting Kenneth Brown's 'Ten-Point Test,'" by Craig Maher and Karl Nollenberger, *Government Finance Review*. (2009, October):61-66.

"Analyzing Rural Governments' Financial Condition: An Exploratory Application of Three Tools," by Beth Walter Honadle and Mary Lloyd Jones, *Local Budgeting and Finance*, 18(1998,2):69-86.

"Theoretical and Practical Issues of Local Government Capacity in an Era of Devolution," by Beth Walter Honadle, *Journal of Regional Analysis and Policy*, 2001, 30:1, pp 77-90 at

<http://www.jrap-journal.org/pastvolumes/2000/v31/31-1-6.pdf>

“Capacity, Leadership, and Organizational Performance: Testing the Black Box Model of Public Management,” *Public Administration Review*, 7(2010, 3): 443-454

“Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting” by the National Advisory Council on State and Local Budgeting, GFOA, 1998 at <http://www.gfoa.org/services/dfl/budget/RecommendedBudgetPractices.pdf> or online at <http://www.gfoa.org/services/nacslb/>

“Recovery from Financial Distress and Fiscal First Aid” by GFOA at http://www.gfoa.org/index.php?option=com_content&task=view&id=1135&Itemid=563 that includes different first aid treatments at http://www.gfoa.org/index.php?option=com_content&task=view&id=1150&Itemid=482

GFOA Committee on Governmental Budgeting and Fiscal Policy: Best Practices at http://www.gfoa.org/index.php?option=com_content&task=view&id=120&Itemid=134

“Measuring Municipal Fiscal Conditions: Do Objective Measures of Fiscal Health Relate to Subjective Measures?”, Craig Maher and Steven Deller, *Journal of Public Budgeting, Accounting and Fiscal Management*, 23(2011, 3):455-478.

“Tools for Analyzing the Fiscal Capacity of Local Governments,” Ron Faas and Irawatia Parnerkar 1999. Paper presented at the 33rd Annual Pacific Northwest Regional Economic Conference, Boise, ID.

Several powerpoints on financial management, including capital improvement planning, by Alan Probst of the Local Government Center at <http://lgc.uwex.edu/Finance/FinMgmt.html>

“Capital Improvement Planning,” by Kate Lawton at <http://lgc.uwex.edu/program/pdf/CAPIMP2011.pdf>

Alternative Service Delivery Options

“Alternatives for the Delivery of Government Services,” by David Hinds, 2001 at <http://lgc.uwex.edu/program/pdf/igcoop5.pdf>

“Local Public Services in Wisconsin: Alternatives for Municipalities with a Focus on Privatization,” Steven Deller, David Hinds and Don Hinman, 2001. Department of Agricultural and Applied Economics Staff Paper No. 441, University of Wisconsin-Madison. <http://www.aae.wisc.edu/pubs/sps/pdf/stpap441.pdf>

“Merger of City-Village Services: Best Practices” by Dan Elsass, 2003. <http://lgc.uwex.edu/intergovt/bestpracticesbook.pdf>

“Intergovernmental Cooperation: A Strategy for Limited Resources” powerpoint by Alan Probst, 2005, at <http://lgc.uwex.edu/intergovt/bestpracticesbook.pdf> Also see the UW-Extension’s Local Government Center webpage on Intergovernmental Cooperation at <http://lgc.uwex.edu/Intergovt/index.html>

“Case Study Resource Directory of Intergovernmental Cooperation” by Local Government Institute of Wisconsin at <http://localgovinstitute.org/casestudies>

“Sharing Government Services: A Practical Guide,” by Wayne Faust and Chris Dunning, 1998 at <http://learningstore.uwex.edu/Assets/pdfs/G3677.pdf>

“Local Government Structure, Devolutions, and Privatization,” Steven Deller Review of Agricultural Economics 20(1998, 1):135-154.

“Alternative Methods of Service Delivery in Small and Rural Municipalities,” Public Administration Review 35(2011, 2):202-237.

Evaluation Tools

UW-Extension has a number of educational materials for evaluation at <http://www.uwex.edu/ces/pdande/resources/materials.html>

UW-Extension publications on evaluation can be found at <http://www.uwex.edu/ces/pdande/evaluation/evaldocs.html>

“Performance Measurement, Benchmarking, and Outcome-Based Budgeting for Wisconsin Local Government,” by Alan Probst, 2009, at <http://lgc.uwex.edu/Finance/Performance%20Measurement%20manual%20Volume%20II.pdf> And instructional powerpoint for this is at <http://lgc.uwex.edu/Finance/FinMgmt.html>

Outline of LGPI Support Material

In addition to the above comments outlining the intent of the LGPI and the underlying philosophy of this tool, below is a short discussion of the rationale behind each individual question in the Index. In essence the “teaching points” behind each question are outlined and discussed. As noted above, this Index has been written in a manner that can be used for all local general purpose governments (counties, cities, villages, towns). As such, ***when the Index is used in practice one must be aware of the context in which it is being used.*** *The wording of some question may need to be altered to best reflect the local situation. The specific teaching points may need to be refined to again best reflect the local situation.*

The short discussion behind each question provided below is *not* intended to be a “script” to be read nor is it intended to be shared with elected local officials. The short discussion is aimed solely at providing some context for the Extension County Educator. In addition to an outline of the teaching points a set of potential follow-up or “probing” questions are also provided.

POLICY SETTING

Do we have a clear “vision” for our community and the role of local government?

Many communities in Wisconsin have undergone comprehensive planning processes and have adopted “visions” for their community. As part of this process has the local government created their own “vision” for how they complement and contribute to the larger community? If the local government does not have a “vision” what guides their decision-making? If they do have a vision of the role of local government in the broader community does it help guide decision-making? What is the value of having a vision?

Do we have a set of goals or priorities that drive department programs and efforts?

Have individual departments identified goals and/or priorities that help inform elected officials and help guide decision-making? The notion of performance based budgeting is hinted at with this question. While performance based budgeting can be a complex and involved process, the setting of goals or priorities can help move the decision making process one step forward. First, the establishment of the goals or priorities can help local officials think through the larger objectives of the local government. Second, the goals and priorities can help guide future decision-making.

Do we have an up-to-date explicit “job description” delineating the roles of elected officials, administrators and staff?

It is unlikely that elected officials have explicit “job descriptions” but the intent of this question is to open a discussion about the roles of elected officials as opposed to administration and staff. The analogy that might make sense is the relationship between the board of directors of a corporation and the management of the corporation. There are defined roles separating directors from management: the board of directors thinks about broad policies and directions of the corporation and does not interject itself into day-to-day management operations. Another analogy is a general or admiral and the functioning of the military. The general/admiral is charged with worried about the “big picture” and delicates the day-to-day operations to the officer corp. This can be perhaps one of the biggest challenges facing many elected officials.

Do elected officials receive adequate and unbiased information to make good decisions?

Are elected officials acting and making decisions based on good information or perceptions? Perceptions can be wrong. Perceptions can be biased. Can local officials be described as holding to the

philosophy “my mind is made up don’t confuse me with the facts”? What information are elected officials acting on? Quality information is a necessary but not sufficient condition to produce good decision-making. Do local officials seek out quality information and do they utilize it when it is available? How can local officials do a better job of “making more informed decisions”? This is a “two-way street” in that it should also be expected that administration/staff provide elected officials with good and timely information. Staff should not be telling what elected officials should do, or wish to hear; rather they should be providing the pros/cons for each possible policy outcome.

Besides the public hearing on the budget, we formally seek citizen input into budgeting priorities?

One of the key responsibilities of elected local officials is to translate the demands, needs and/or desires of local residents into local public policies including but not limited to fiscal or budgetary decisions. How well local officials are at aligning policies/decisions with local demands is a reflection of the “effectiveness” of local decision makers. How well do local officials seek out the opinions and desires of local citizenry? How well do local officials listen to the opinions and desires the local citizenry? Are elected officials open to discussions that challenge their perceptions?

Do we use formal citizen working groups or advisory groups to help us in our priority setting and decision-making?

This question hints at a specific strategy designed to help local officials think about different ways to gather input into their decision making processes. Here citizen groups can focus their energies on providing recommendations to elected officials on narrow policy issues such as parks and recreation, or the public library. For smaller local units of government this strategy may not be practical. It is important, however, to empower these groups with modest level of authority: with no decision-making authority these groups may become negated. By law, the board/council may need to make all final decisions, but the recommendations of these groups must be taken seriously.

Do we hold formal “town hall” meetings or open listening sessions outside the budget setting cycle?

This is another question that hints at a specific strategy designed to help local officials think about ways to gather information from local citizens. The idea behind this question is that these listening or information gathering sessions should not only occur during “budgeting season.” These can also be formal educational programs put on by UWEX, state agencies, or the various local government associations. This also allows for possible discussion about the potential lack of citizen participation. Or that only a select few citizens attend and participate. *A natural follow-up question might be: our town hall meetings are well attended and provide useful discussions.*

Do we allow for a period for public comment at the committee level?

A lot of the work of local government boards/councils is done at the committee level. While each committee may operate differently given the task and make-up of the committee it is important that committees gather information, opinions and input from citizens. How “effective” are committees at gathering public input into their decision making process? Unfortunately, some elected officials use the committee structure to avoid gathering public input. For the smallest units of local government, such as towns, there are no formal committees outside of the whole board/council and this question may not be relevant and could be removed from the Index.

We have embraced the idea of “electronic governance” and allow citizens to conduct business and provide input through the web?

There are two levels of “electronic governance” that can be discussed here. One is the ability of citizens to conduct local government business through the web. Examples include paying property taxes, fees, fines or charges via the web in addition to gathering information about local government rules and regulations. Is the local government webpage in effect a “one stop center” for local citizens and businesses? The second level is the use of the web for gathering input from local citizens. Does the local government use the web to provide people a space to offer comments/input on policy issues?

Do we have a social media site (e.g., Facebook page) that is promoted, updated and actively monitored?

Increasingly people are using social media sites such as Facebook to stay in touch with each other and stay informed on issues that are of interest to them. This is particularly true with younger citizens. A Facebook page for the local government provides a convenient and easy means for citizens to learn more about the issues facing the local community and provide feedback through the comment mechanism. This can be used to provide information about community-wide activities, for example, a farmers’ market, community festival or the high school homecoming activities.

People on Facebook

- More than 750 million active users
- 50% of our active users log on to Facebook in any given day
- Average user has 130 friends
- People spend over 700 billion minutes per month on Facebook

Activity on Facebook

- There are over 900 million objects that people interact with (pages, groups, events and community pages)
- Average user is connected to 80 community pages, groups and events
- Average user creates 90 pieces of content each month

- More than 30 billion pieces of content (web links, news stories, blog posts, notes, photo albums, etc.) shared each month.

Do we periodically survey citizens and businesses to consider their priorities?

This is again another strategy that local governments have used to gather input from citizens and local businesses. Surveys have been used to measure levels of importance and satisfaction with key public services. Traditionally these are mail surveys but with widening use of the internet (e.g., Survey Monkey) there are numerous low-cost alternative ways to conduct surveys of local residents and businesses. Some communities have explored using formal focus groups to gather information on specific issues. A decision that must be made is whether these efforts are conducted within or outside the timing of the budget cycle.

Are we constantly seeking out new community leaders to serve on citizen working groups and advisory groups?

This question is aimed at local governments being strategic in nurturing new citizen leaders. Are new residents of the community encouraged to become involved? Are younger residents encouraged? This question can also be used to discuss the notion of apathy amongst local residents. This question also points out that elected officials must be proactive in seeking public input; simply hosting a town-hall meeting and hoping people attend is not sufficient. A broad spectrum of people must be actively encouraged to become involved in local governance; how effective are local elected officials at encouraging people to become involved and assume leadership roles? Care must be taken not to use this concept to build “political alliances” to promote specific agendas. The basic idea is to discourage the “good ole’ boys’ network” and encourage new people to become engaged.

DYNAMICS OF BOARD/COUNCIL DIALOGUE

Are we able to reasonably address controversy amongst ourselves, within the community?

One of the biggest problems local governance faces is the ability of local boards/councils to effectively work together, deal with conflict, and “depersonalize politics”. What this question is attempting to ask is: how “functional” is the board/council? Generally, if the board/council is “dysfunctional” it will be most apparent during times of conflict. This question is not aimed at providing a specific strategy to address a “dysfunctional” board/council but opening a dialogue about the importance of a well-functioning board/council. *This question could be broken into two separate questions: one focusing on addressing controversy amongst themselves and a second focusing on addressing controversy within the community.*

Are differences of opinions amongst ourselves are respected?

This question is an alternative way of thinking about the ability to address controversial issues. Again, one of the biggest problems local governance is facing is the ability of local boards/councils to effectively work together, deal with conflict, and “depersonalize politics”. A properly functioning council/board should create an environment where differences of opinions are encouraged, embraced and appreciated. Again, the idea of this question is to have a conversation about how the “functionality” the board/council is encouraged.

Do members respect one another’s ideas and add to them with their own?

Is the environment of the board/council conducive to members offering innovative ideas or questioning policies and current ways of conducting business? What these questions are aiming at is really three levels: (1) all board/council members feel enabled to think creatively and engage in useful discussions, (2) deals with controversy in a pro-active manner and (3) depersonalizes the political process.

Can we reach compromise on controversial issues in a reasonable manner or develop a plan to do so?

By asking the same basic question in a couple different ways can help encourage a more honest conversation about what can be a “delicate” or difficult topic. One can think of these questions as being sequential: can we address controversial issues, do we respect differences of opinion, and do we learn from each other, can we act on controversial issues? It is important that if the board/council is aware that they will be addressing a potentially controversial issue they are able to have a strategy in place to minimize conflict and move the discussion and decision-making process forward.

Do members encourage one another to get involved and think creatively?

One sign of a “dysfunctional” board/council is that some members are effectively removed from discussions and/or the discussion is dominated by a small handful. Such situations can lead to resentment and a breakdown of relationships amongst board/council members and the citizenry. Are elected officials open to creative thinking and new or different ways of approaching issues? Can they move beyond thinking “we have always done it this way”?

PUBLIC AWARENESS

Do we make use of local cable television public access channels to broadcast committee meetings

For many of the smallest local units of government in Wisconsin this may not be a viable option or strategy. But, for many local governments the use of cable public access channels is a valuable way to help keep the public informed of not only the issues facing local government, but also provides insights into how local government functions. For those local governments that do have community channels that broadcast meetings, how are broadcast decisions made? Who decides what is broadcasted and when? Is this means of communicating with the public being used to its fullest potential?

Do we meet regularly with local media reporters to discuss issues facing the community?

Local media, including print/internet and broadcasting (radio/tv), is often the primary means by which local residents follow the decisions being made by local governments. It is important that local elected officials have a strong working relationship with the local media. It is important to keep in mind the distinction between the editorial boards of local media and the day-to-day reporting functions. While elected officials may not agree with the editorial positions of local media it is important that there is a positive working relationship between elected officials and local media reporters. Many local media outlets are always looking for news stories and are open to interviews and discussions.

Do we use social media (e.g., Facebook) to alert citizens of issues being addressed and policies being considered?

As outlined above social media such as Facebook can be a very effective and inexpensive means of having an open dialogue with local citizens. How are such on-line dialogues monitored? One problem with the “comment” section of news outlet websites is that they can be dominated by a small handful of “vocal” people. Some local newspapers have shut their comment sections down because of abuse. How can the local government address people who abuse these community dialogues? Using something such as Facebook minimizes the ability of people to post “anonymous” comments.

Do we encourage local media reporters to attend and report on our meetings?

By ensuring that the local media are invited to attend ALL open meetings of the board/council as well as all committee meetings ensures a better flow of information to local citizens. It encourages openness to the decision-making process. It can also help improve the dynamics of discussions amongst local officials if the media is present in the room; officials are more likely to be engaged and cooperative and less likely to be opaque.

FISCAL HEALTH

Is our current fiscal situation is acceptable?

The idea here is to engage elected officials in an informal discussion about their current fiscal condition. Some may be of the opinion that the current position is acceptable while others may be more concerned. By asking this question a situation is created where a discussion of what is and is not an acceptable fiscal situation. This may lead to a question about how one determines if the “fiscal situation

is acceptable” and some of the questions below help address this question. Thus, the broad question here is more of an introductory question to more specific questions below.

Looking out 5 years, our fiscal situation is sustainable?

Is the fiscal condition improving or worsening over time? What may be happening over the next five years that will either negatively or positively influence the local unit of government’s fiscal health? What of these factors do elected officials have control over? Which are beyond their control? Perhaps most important is if local elected officials are unable to answer this question. If this is the case a natural follow-up is “why not?” Why are elected officials unable to answer this question? What needs to be in place so that they can answer this question? If the response is that it is impossible to know what the future may look like, then a follow up might be how can effectively plan for the future without some insights into what future conditions might look like.

Are we able to maintain three months of operating expenditures with current cash reserves?

The next six questions are aimed at helping local officials think about what characteristics need to be considered with thinking about their fiscal health. Because most local governments in Wisconsin receive revenues in “lumpy forms” (e.g., two times a year property taxes are due and when the state transfer funds) local governments must have sufficient levels of “cash on hand” to function. If cash reserves are insufficient then the local government must assume short-term debt which increases the costs of functioning (i.e., interest payments). While it is not appropriate to compare government finances to business or personal finances, here a comparison may be legitimate. Financial advisors generally recommend households to have three months of operating expenses on hand in the form of cash in case of sudden job loss.

Is our current credit rating is acceptable?

Local governments must have access to the credit markets on two fronts. First, cash flow limitations (question above) may require the local government to approach local/regional banks for lines of credit and/or short-term loans. Second, a less than fully funded capital improvement plan will require the local government to assume long-term debt to finance capital improvements. In both cases the cost of borrowing funds will hinge on their credit rating. Do elected officials even know what the credit rating is? Why it is important? Do officials consider the impact of fiscal policies on their credit rating? Do officials consider strategies to improve the credit rating?

Are we near our debt level capacity?

State law limits the level of debt any local unit of government may assume (*Article XI, sec. 3(2), Wis. Const., states in relevant part that no city or village "may become indebted in an amount that exceeds an allowable percentage of the taxable property located therein equalized for state purposes as provided by the legislature. In all cases the allowable percentage shall be 5 percent except as specified in pars. (a) and (b)."*) The closer the local unit of government is to this limit, the weaker the fiscal health of the government. Specifically, the ability to enter short- and long-term debt/credit markets will be severely

limited. Are elected officials aware of what their debt limit is and how close they are to that limit? Will declining property values as a result of the real estate market bubble burst drive them closer to the statutory debt limits?

Do we normally roll over cash reserves from the previous budget cycle?

This is another way of thinking about cash reserves: put another way, does the local unit of government have a “rainy day fund”? Are we ending the fiscal year with cash on hand that we can use as a rainy day fund? The “cash on hand” question above is more about cash flow from a month to month basis; can we pay the bills as they come due? This question on roll over speaks more to the status of the budget at the end of the year; did we run a sufficient surplus to carry the cash reserves forward (e.g., a “rainy day fund”)? This also begs the question what is a sufficiently large rainy day fund? Opinions differ but the Government Finance Officers Association (GFOA) suggests about 10 percent of the general fund.

Is our pension plan is fully funded?

While most local governments in Wisconsin are part of the state retirement system there are a limited number that have their own pension system. One problem that many state and local governments across the nation are finding themselves facing is that non-payment of pension funds has created significant deficits in those pension funds. Not fully funding the pension plan is akin to not fully funding a capital improvement plan; in the short-run delaying these payments may “solve” short-term fiscal problems but in the long-run it create a dangerous situation.

Are our post-employment benefits are fully funded?

Many states (e.g., Illinois) are facing serious fiscal stress problems because of delayed payments to pension funds. Delaying payments today to avoid budget cuts or raising taxes creates an unsustainable fiscal future. The pension fund is generally only one part of post-employment obligations of local governments to retired employees. This generally includes some form of health care coverage and perhaps life insurance programs. Are these additional benefits fully funded?

REVENUES AND BUDGETING

Is our revenue stream diverse?

Portfolio theory tells us that to minimize invest risk one needs to have a diversified investment portfolio; one does not want all of one’s eggs in one basket. The same applies to the revenue stream of local governments. Over dependency on one or a small handful of revenues streams can enhance the risk of instability in revenues. Given state statutes limiting the flexibility of local governments in Wisconsin are local officials exploring all revenue options available to them? Throughout this set of questions elected officials may express a bit of local frustration/anxiety over levy limits as they may perceive the levy as unstable due to state restrictions on growth.

Do we have control over establishing 50% or more of our revenue?

While the 50% threshold is not written in stone anywhere, the idea is that local officials need to have direct control over at least half if not more of their revenue stream. For example, if the local unit of government is dependent on others (e.g., the state) for most of its revenues it has effectively become dependent on others beyond their control. High dependency on others (e.g., state aids) creates higher levels of risk and uncertainty because one is unsure of what state policies will be from one year to the next. Generally, the greater the flexibility in influencing revenue streams the greater the flexibility the local government has in addressing local needs and changing conditions. This is a quite different way of thinking about revenues in WI, where most local governments are focused on levies (currently restricted) and state aid (out of local decision-makers' hands)

Is our revenue stream is stable?

For most local governments the costs of providing services is fairly stable from one year to the next. While there may be outside cost pressures such as rising energy costs, demands for social services during economic downturns, and rising employee benefit costs (i.e., health care), local governments generally do not experience wide swings in service demand such as those experienced at the federal level. But an important source of fiscal health is stability in revenue streams; wide and unpredictable swings in local government revenues can create unacceptably high levels of uncertainty at the local level. If the revenue stream is unstable higher cash reserves are required. States that are heavily dependent on a small handful of revenue streams that are subject to swings in the economy (e.g., Florida and the sales tax and Nevada on gaming taxes) have historically experienced the highest levels of "boom-bust" type fiscal stress. This is one advantage of the property tax because it tends to be stable over time when compared to other sources of revenue.

Does our revenue base grows with increases in demand for services?

As the community grows the demand for services will also grow. This can range from adding law enforcement personnel to building a new fire station to expanding roads and water/sewer systems (the latter two are hopefully funded through a capital improvement plan). The challenge is if the revenue base that the local government draws from also grows with increasing demand. If the growth in revenue streams fall behind the demand for services the fiscal health of the local government will deteriorate over the long-term. One of the rationales for tying the property tax limits to growth in assessed value (new construction) was to allow for growth in revenues to match growth in demand for services.

Are 50% or more of our expenditures are earmarked for mandated services?

Again, the 50% threshold is not written in stone, the idea is to have a discussion about how much flexibility local governments have in setting expenditure priorities. The less flexibility local officials have in terms of setting revenue and expenditure policies the more exposed they are to outside forces that will hinder their ability to respond to local needs.

Do we exceed the minimum standards for those mandated goods and services?

The Wisconsin Constitution and statutes place parameters on the services that local units of government are responsible for providing. Counties are mandated to provide jail and court services along with key health and human services, cities/villages/towns are charged with maintaining roads and providing police and fire protection. The question facing local elected officials is the level of those services to provide. Outside of environmental standards (e.g., clean water drinking standards) and some federally funded services the minimum standard of service is often vague and unclear. Roads, for example, have engineering standards but the state does not demand those standards are maintained. When providing these mandated services how are service levels established? How do we assess the quality of services provided? Are some minimum standards established and targeted? Are the minimum standards or service levels established at the default level of service provided? Do we aim at providing the minimal level of service allowed? Is that minimum what local residents demand/want/need? Is there a “disconnect” between what residents want and what they are willing to pay for? How can any such disconnect be addressed?

We have a formal written and adopted debt policy?

The use of short- and long-term debt can be a viable fiscal strategy for local governments. In an ideal world the local government will always have sufficient cash-on-hand to cover month-to-month expenditures as well as a fully funded capital improvement plan. But at many times the use of both short-term debt (credit) and long-term debt can make sound financial sense. The challenge is finding the optimal balance between a “pay as you go” approach and debt financing. The development of a formal debt policy helps think through what that balance is and how to obtain and maintain that balance. At no time should long-term debt be assumed to cover short-term or routine expenditures.

CAPITAL IMPROVEMENT PLAN

Do we have a current mid/long-term capital improvement plan?

Many of the services provided by local governments involve significant “lumpy” expenditures. This can range from building a new police or fire station, replacing a deficit bridge, purchasing a new road grader. In addition to these lumpy expenditures, many road projects are designed on cycles that require capital borrowing. Each of these items can be very expensive and represent significant outlays for most local governments. Having a capital improvement plan that is reviewed annually and built into the budgeting process is vital to make sure that capital items are replaced as needed and new investments are adequately planned for. Capital improvement plans can range from 5 to 10 years and the timeframe of the plan can vary by local needs.

Is the plan reviewed and updated annually as part of the budget?

The capital improvement plan must be reviewed annually and modified to meet changing needs. It must also be done within the context of the annual budget. If a capital improvement plan is to have any meaning/use it must be adequately funded; typically done through a combination of borrowing, reserved fund balances and general fund expenditures. Too often, the annual budgeting process and capital improvement planning processes are disjointed can lead to poor long-term planning for short-term “political” gains.

Has our capital improvement plan has identified a diverse range of revenues?

What are the revenue options available for purchase, debt repayment? Revenue options may include grants, fees, pledges or donations, loans, general or special revenue bonds. The idea is that local officials do not rely upon the taxing authority of the local government but examine other revenue options as part of the capital improvement inventory. Local officials can also consider reserved funds set aside for specific purchases as well as the general fund.

Do we share our plan with other governments for the purpose of cooperative purchasing, bidding, or other arrangements including state purchasing programs?

Wisconsin local governments have a strong tradition of sharing resources through cooperative agreements. The most evident is in emergency situations, through mutual aid agreements, whether it be related to fire protection, law enforcement or natural disasters. Are there cost savings that can be realized by coordinating capital purchase across neighboring local governments? For example, if neighboring communities can coordinate the purchase of new police cars the “economies of scale” in purchasing effect could significantly reduce the costs to individual local governments.

Is our debt policy is linked to our capital improvement plan?

While the occasional need for short-term debt (credit) is unquestionable (unplanned cost increases such as gasoline-diesel prices or citizens are unable to make property tax payments due to poor economic conditions) long-term debt is often necessary to carry-out long-term capital improvements. Because assuming long-term debt should only be used to finance long-term capital improvements the debt policy must be linked to the capital improvement plan.

INTERGOVERNMENTAL COOPERATION

Do we have regular meetings with neighboring communities?

Research has suggested that there can be significant economies of size in the production of public services: as the scale of the service increases the costs per unit of service declines. But artificial political boundaries can be a barrier to capturing these economies of size. Further research has suggested that cooperative agreements with neighboring communities are a cost effective way to capture some of those economies of size. In order to facilitate these cooperative agreements it is necessary to maintain an open flow of communication amongst neighboring local governments. Through regular dialogue

opportunities for cooperative agreements and resulting cost savings and perhaps increased in service quality become more viable.

Do we perform contractual services for any neighboring local governments?

There are a range of alternatives in the implementation of cooperative agreements from informal to formal contracts. There are pros and cons to both types of agreements. Informal agreements are the easiest to enter and exist. At the same time informal agreements can create liability issues. Formal contracts are often difficult to implement because the parameters of the contract can be hard to define and measure, and hence enforce. This question is not intended to get into the pros and cons of the “formality” of agreements but rather provide a mechanism to have a conversation about working more closely with other governments to produce services.

Do we have any contracts to jointly provide a service?

There is a difference between a one-way contract (e.g., city A will provide fire protection to town B under contract) and a joint two-way provision of a service. Here departments (e.g. police, fire, health services, etc.) are in effect combined across different local governments through contracts. This falls far short of a formal consolidation because contracts can be renegotiated or even cancelled. Again, the idea behind the question is to engage elected officials in a conversation about the ability to work with neighboring local governments to improve service quality at lower costs.

Have we considered cooperative purchasing of supplies, capital items, or services with other local governments?

This question complements some of the questions above under the capital improvement plan. Cooperative agreements can be as simple as two or more local governments coming together to make bulk purchases of road salt or gravel, or volume discount on new computer workstations, or legal services to name a few.

Are we actively involved in local government associations for effective representation, networking and learning opportunities?

The idea here is to inquire about how “connected” or “networked-in” elected officials are into regional, state-wide or even national organizations. Do elected officials actively participate in League of Municipalities, or Towns or Counties Associations? Do elected officials take advantage of these opportunities to learn about new ideas, current issues or help influence state-federal policies? This may be a more salient issue today as elected officials look for cost savings there is a growing need to justify such expenditures/investments.

PRIVATE PROVIDERS

Have we contracted with private firms or non-profits to provide a service?

One service production option that has received significant attention is the contracting with a private firm to produce certain services. It is important to note that these could be for-profit firms or non-profit organizations. Nearly all local units of government have at least one contract with a private firm for services, the most common of which is solid waste collection and disposal, or contracting out property assessment for taxation purposes. Some may even contract with local non-profits to provide some social services such as day care for at-risk youth. What services have elected officials elected to contract out with either a for-profit or a non-profit entity? One of the biggest challenges of contracting out is the ability to write an enforceable contract with tangible measures of service levels written into the contract. For example, an effective police department deters crime; how does one write that into an enforceable contract?

Has service quality improved after the service has been contracted out?

One of the biggest concerns about contracting out with private firms is the loss of control over service quality: will service levels be on par with services provided by local government employees? There is research evidence that local officials are dissatisfied with the quality of services after contracting out. Firms, particularly for profit firms, have been known to cut back on service quality after contracts are signed in order to reduce costs and enhance profits. Are citizens happy with the quality of services post awarding of the contract? Implicit in this is the assumption that local governments have the option to contract out vs. providing the service internally. There are instances in which the latter is not feasible, for example some road-related construction projects. In this case, the discussion should center around satisfaction levels with certain vendors/bidders.

Have costs for service been reduced since the contract was put in place?

The central thrust behind the rationale for contracting of services with the private sector, particularly with for-profit firms, is that competitive market forces will force costs down. There is evidence, however, that over time the phenomena of “lock-in” occurs and costs actually rise over time. “Lock-in” occurs when the success of one firm drives competing firms out of the market leaving in essence one firm (in effect a monopoly) in a position to produce the service. If the local unit of government has “dismantled” its ability to produce the service itself, the remaining firm becomes the sole supplier and can “lock-in”. The lack of competition can result in slowly rising costs to the local government. Another facet for consideration is the cost associated with writing contracts and monitoring service quality. Have staff discussed their efforts in these endeavors and the associated costs?

Are sufficient numbers of firms or non-profits competing for the contract?

A fundamental element for privatization of public services to work is the presence of a number of firms (again, for-profit or non-profit) to compete for the contract. It is the competition of these firms bidding for the contract that allows privatization (or contracting out) to work (i.e., higher services at a lower

cost). But there must be a sufficient number of firms competing or making bids for contracts not only when the service is first contracted out but on all subsequent call for proposals. Outside of major metropolitan areas, the number of competing firms often falls below a critical mass and for more remote rural areas no firms compete; there simply is not a sufficiently large market to justify firms entering the bidding process. Unless there are a sufficient number of firms competing contracting out may not be a viable option. Where the levels of competition are insufficient, it might warrant conversations with neighboring communities and government associations about how to address the issue.

EVALUATION

Do we formally evaluate programs and departments prior to setting the budget?

How do we know if the services that are being provided by the local government, either directly or indirectly through contracted services, are at the level of quality expected and demanded by local citizens? To answer this basic question there needs to be some form of evaluation process in place. Does such a process exist? Does it provide the information necessary to make informed decisions? Could it be improved? Informal impressions on the part of elected officials is not sufficient.

Do we have performance measures in place for the different services and programs we provide?

In order to conduct an evaluation of programs and departments it is necessary to have in place some benchmarks or “performance measures”. For a for-profit firm, performance measurement is really straightforward: is the firm hitting its projected profit margins? For most public services such a straightforward metric is difficult to identify and quantify. A handful of Wisconsin local governments have embraced performance measurement but the processing have been long and time consuming. This question is not intended to suggest that all local governments in Wisconsin should embrace and adopt performance measurement, but have elected officials thought through what they expect of the different services and programs offered by the local government? How do they know if those expectations have been achieved? If they were to contract out, how would they evaluate the performance of the contractor?

Do we review cost and performance data in establishing the budget?

Formal evaluation of local government programs and departments service four purposes: (1) identify priorities for the individual programs and departments, (2) provides usable information to administrators and elected officials (3) communicate cost and performance data to residents and media, and (4) help steer policy to improve the quality of those programs and departments. The latter has direct budgetary implications. Do local officials use these cost and performance data to help inform discussions surrounding the annual budget?

Are the objectives of programs and departments are well-defined?

Before any performance measures or benchmarking can be implemented the objectives of each program and department must be well defined. What is the expected outcome within the community because of the presence of these programs and departments? Mandated services are mandated for a reason, what is that reason and can it be expressed as program/department objectives? If we think in terms of the Logic Model we are thinking of defining the outcomes, not necessary the inputs and/or outputs, but rather outcomes. If these objectives (outcomes) are not well defined then the development of performance measures is impossible.

Do we have a dedicated training budget to ensure our staff is up to date on the newest ways of performing their jobs?

If we are to hold public sector employees to a higher standard in terms of quality program and service delivery then it is necessary to provide them with the tools and resources to become more effective and efficient in their job. By providing in-service training funds to improve upon the skills and knowledge levels of local public sector employees opportunities are created to improve effectiveness and efficiency. By improving the skills of public workers we can improve quality of services while reducing costs.

Are elected officials encouraged to attend national, state and regional conferences to gain knowledge on governance?

If elect officials expect public sector administrators and employees to be “up to speed” in terms of latest technologies and practices within their particular area it makes sense to hold elected officials to the same standard. If elected officials are to be effective in their role as elected officials it is important that they themselves make themselves available to in-service training opportunities. What can elected officials learn from listening to the experiences of other local governments from across not only Wisconsin but the US?

Do we actively seek the input of our staff to identify ways to improve our performance?

Modern management theory suggests that the people in the best position to identify weaknesses and potential solutions to production systems are the people that work in those systems. For local governments this would be the public employees who directly responsible for providing those services. As a board/council do we regularly seek the input of public employees? Do we ask the public employee “on the floor” what appears to be working well and what can be improved? When seeking this input it is vital for elected officials to keep in mind their roles as elected officials. This question is not intended to provide elect officials *carte blanche* to “micromanage” individual departments and programs. Rather, by seeking the input of staff and public employees elected officials are seeking to gather information to help in their evaluation of program effectiveness.