

Seeking Efficiencies in Local Government

Of late we are seeing a movement to make local government more efficient. While at first glance this seems like a logical idea to better local government, there are many questions that need to be answered before embarking on such an endeavor and several concerns and cautions that need to be recognized. Asking the right questions, seeking the right information, using realistic performance criteria, and considering all possible outcomes are essential to ensure the efforts of the local governmental body do not end up as nothing more than a report collecting dust on a shelf or, worse yet, the results of the efforts prove not only disappointing but may even worsen the situation.

One of the most common comments heard when local governments begin considering efficiency efforts is “We need to run our county/city/village like a business!” While on the surface this would appear to be a positive idea, there are issues that must be considered before embarking on such a quest. First, government provides services that cannot be offered in a manner similar to a for-profit business. If all government services could be provided by private business at a profit, private business would certainly be providing those services. The fact that most government services cannot be provided in a profitable or even self-sustaining manner means that government cannot be run like a business. All one has to do is try to envision police or fire departments being operated in a for-profit business manner to see why this concept is unworkable. Second, private businesses are not subject to the public scrutiny, regulations, or management options that local governments are. A business can write off a group of difficult customers; government cannot. All citizens, no matter how disagreeable or problematic are entitled to services. Third, government does not have a monopoly on inefficiency. Businesses have the ability to cover mistakes and inefficiencies while increasing prices to cover the costs of mistakes. Local government does not have this luxury as everything it does is subject to public scrutiny.

Why do it?

One of the first questions that must be asked when a governmental body embarks on an efficiency search is “Who charged you with this task?” The first reaction from most elected officials would likely be to say “the voters and taxpayers who elected me.” However, while the voters and taxpayers may, indeed, want you to make government more efficient, if you are on a committee or part of an informal group within a board of supervisors and you don’t have the support of the board as a whole or the County Executive, the work you do and the recommendations you make may prove useless because you cannot enact

any changes if you lack the proper support and buy-in. If, on the other hand, you have a mandate from the board as a whole and/or the County Executive, you can be reasonably certain at least some of your recommendations will come to fruition.

A second question to ask is “What is your role?” Are you the person or committee who is going to identify the efficiencies or are you going to coordinate with the staff or a consultant managed effort to do the work? Defining your role and sticking to it will keep the process from becoming messy and from straying from your intent. Clearly identifying your role in the effort early on will help to avoid confusion and conflict.

Where do we start?

After determining your charge and role, you will need to define the goals and expectations for the effort. Define what you mean by “efficiency.” What is driving this effort? What does “efficiency” really mean to you and your committee? Does it only mean saving money and reducing expenditures? If so, you’re likely to miss some extraordinary opportunities because an effort to seek out efficiencies can lead to improvements in service quality, reduced response times, increased employee satisfaction, and improved citizen satisfaction. Saving money may not be necessary in some instances if you can significantly improve the services you provide and how you provide them without increasing expenditures. How much is it worth to walk down a street and have a citizen comment on how government services have improved?

When you define your goals, a good idea is to use the “SMART” acronym. Make your goals:

Specific
Measurable
Attainable
Realistic
Timely

If your goals are not specific, you’ll be trying to hit a moving target. If your goals aren’t measurable, you’ll have disagreement as to whether or not you’ve met them. If they aren’t attainable, you’ll only frustrate yourself and your staff trying to do something that can’t be done. If they’re not realistic, you won’t achieve “buy in.” If they’re not timely, you’ll find yourself trying to solve yesterday’s problems while today and tomorrow’s problems absorb all of your resources. Be SMART in your goal setting.

When you approach any efficiency effort, you should look at a wide variety of options. The first question you ask shouldn’t necessarily be “Who can we let go.” While personnel costs are always a major part of the budget, they’re not always

the first or best place to start looking for efficiencies. A good place to start looking is with your institutional culture and systems. You may find that the institutional culture in your local government may well be perpetuating inefficiencies because no one has thought to take an objective look at the things you do that are just taken for granted. Ask the question "Why do we do that?" Most of the time there will be a good answer but, sometimes no one knows and the only answer is "because that's the way we've always done it." You've now identified a place to start looking for efficiencies.

When you begin looking for efficiencies, a good point to remember is that you can be innovative. The Wisconsin statutes provide Wisconsin counties with Administrative Home Rule. This means that, while you have to comply with state and federal law and mandates, if it's not prohibited or mandated you can be innovative and do things outside of the norm if it will work for you.

There are many questions to ask when you approach the subject of efficiency long before you start sending employees home. For instance, can technology be used to make you more efficient? Can a small investment in information technology make your operations more efficient with the staff you already have? Do you have an old, outdated server that can't handle the latest software? Or, do you not have a server at all and your staff cannot communicate with each other electronically? Is it possible to install a new wireless server which will allow immediate, electronic sharing of information and meeting coordination by staff and, possibly, the board? If you are being overwhelmed with human resource record keeping requirements and have been considering hiring a new person to assist with this work, is it possible to purchase a human resources software package or rent one via an on-line ASP program which accomplishes everything you need without adding more personnel? Does the same concept apply to your budgeting and finances? Many local governments are dramatically improving their financial management capabilities by contracting for on-line finance programs which are constantly updated by the contractor and provide for secure distant record maintenance. What is it worth to have immediate electronic access to your records if your local records are lost to disaster? Even the issue of how you maintain records is worth considering. Can you avoid the cost of both paper and storage by maintaining documents other than those with original signatures and seals in electronic format, on compact disc, instead of printing and maintaining boxes of paper copies?

An older concept which merits revisiting is privatization. One of today's greatest challenges to Wisconsin counties is managing the county nursing home. Is there a way to privatize this function while maintaining a high quality of care for your citizens? Can the same concept be applied to code enforcement, waste management, or any other function for which mandates don't prohibit privatization?

Are there opportunities for intergovernmental cooperation? Intergovernmental cooperation is mandated for specified Metropolitan Statistical Areas (MSA) by section 66.0317 of the Wisconsin statutes. If the state mandates it in some areas, isn't it probably worth considering in other areas? Can you cooperate with a neighboring city or village to build recreation facilities? Can you even merge your public safety functions? In some cases, yes! The University of Wisconsin-Extension Local Government Center web page provides examples and explains how to do it at <http://www.uwex.edu/lgc/intergov/intergov.htm>. Cooperative efforts can literally cut your expenses in half.

Another consideration, which may be controversial but may yield some of your best efficiency results, is to look at "sacred cows." The painful fact is that sacred cows eat a lot of hay and will continue to consume a disproportional percentage of your resources unless they are objectively evaluated for worth and efficiency. It may have been "sacred" at one time for a good reason but that reason may no longer be valid.

While the wisdom of implementing a program of seeking efficiencies just because another county is doing it is questionable; it is worth looking at what others are doing so you're not re-inventing the wheel on each portion of your project. In fact, you may find that when you look at what your neighbor is doing, it may turn out that your neighbor is in such a state that finding immediate efficiencies is essential; your governmental operations are actually functioning quite well and seeking efficiencies can be done at a relatively leisurely pace as opportunities arise. Looking at what the neighbors are doing is a good policy both to garner ideas and to evaluate yourself against others to add perspective.

Resistance to change is natural and should be anticipated, especially if you've given your staff any indication that there may be positions eliminated. The prospect of unemployment for the sake of efficiency is not one which employees readily embrace. A way to achieve staff "buy in" is to ask them what they think. The staff is there in the trenches every day and can often identify ways to make operations more efficient, IF you establish a non-threatening atmosphere. If employees are assured that positions to be eliminated will be done so by not replacing retiring employees rather than layoffs or terminations, you are much more likely to achieve buy-in and reap the benefits of their years of experience. Frequently during such efforts an employee will be asked for his or her opinion and will have an excellent idea but, when you ask them why they didn't suggest it before, the answer will probably be as simple as "nobody asked."

The elected officials should not forget to look in the mirror when it comes to efficiencies. A good starting point is to look at what reports you require the staff to submit. Are there any that nobody ever looks at? If so, is there any reason to keep producing them? If not, isn't that an efficiency in both resources and staff time to cease producing them?

With the current trend toward performance measurement initiatives in local government, can a performance measurement system be instituted in your government operations? If it can, should it? Do you need such a system or are things working well enough that such a system would be an unnecessary burden? These are all questions worth considering. Just because the county next door is implementing such a system doesn't mean you need one. You may already have systems in place which are giving you the same level of performance indicators.

Time frames are also a necessary consideration in seeking efficiencies. Does it have to be done immediately, or can it be phased in over a period of time. A slower phase in of change makes that change less stressful to staff but also risks losing momentum if not closely monitored.

Unintended consequences

Now that we've discussed some of the questions to be asked and direction to proceed, it's time to give consideration to dealing with results that have negative outcomes. There is what is commonly referred to as the Law of Unintended Consequences that most definitely applies to any effort enacting change. All too often making a change in one department which produces an apparent efficiency or savings may have the unintended effect of increasing costs or inefficiencies in another department or will cause political turmoil. Think through both the potential positives and negatives that may occur as a result of any action to improve efficiency.

This means you have a whole other group of questions to ask yourself before enacting changes in the name of efficiency. Will the action you're taking in one department adversely affect another department? How will you respond if the idea or initiative results in a negative outcome?

Possibly the most difficult question may be "If we let someone go, can we easily replace them with someone equally qualified if it proves necessary?" If you eliminate a position, who will cover those duties? What happens to the institutional knowledge the leaving employee has? Have you considered a way to capture that knowledge? It must be assumed that when a person is "let go" they will find other employment and will not be available if the elimination proves to be a poor decision.

Another question to ask is "Will the cost of enacting this change exceed the savings we enjoy from an increased efficiency?" Some changes may incur a cost which will outweigh any improved efficiencies.

Finally, you must consider whether a change for efficiency will improve or degrade services to your constituents. If the change improves response time, quality of service, or customer satisfaction, it's probably worth making. If the

change improves internal efficiency or even saves money, it must all be weighed against the expectations of the citizens and taxpayers. The political implications of changes which promote efficiency but are opposed by the voters can have dire consequences for the elected body.

Conclusion

Every governmental organization has a different personality and different issues. When you undertake an efficiency effort, you must consider all of the possible outcomes, both positive and negative, prior to making changes. Your governmental operations may have serious need for efficiencies or it may be operating very near to maximum efficiency considering your current circumstances. Considering all of the aspects discussed here prior to embarking on an efficiency effort will go a long way to ensuring your efforts are rewarded with better governmental services provided to satisfied citizens at reduced costs.

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