

## **WASTE OR NECESSITY?**

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*“There is scarcely anything in the world that some man cannot make a little worse, and sell a little more cheaply. The person who buys on price alone is this man's lawful prey.”*

- John Ruskin

In November of 2012 a survey was conducted of the California Society of Municipal Finance Officers membership called “The Top 10 Ways Cities Waste Money.” The Society is not a band of militant self-imposed narcissistic fanatics looking for a cause to trumpet. No, these are the people who pay the bills. Numbers do not lie, people do and the buck stops with the finance officers.

Former City of Tracy Finance Officer and 2003 Association President Zane Johnston conducted the survey of which 220 “of some of the best and most honorable public servants in California – the municipal finance professional” responded.

The anonymous survey responses were received from “those working in the field of fiscal administration of cities and districts – some might say the true experts.” Johnston added that “Responses are from real people and have not been filtered by management or politics.” One does have to wonder why finance officers feel that they need anonymity to do their job.

Interestingly, the top ten results are not in any particular order except number 1 and number 2 which represent the “greatest potential and frequency of response.”

The Top 10 Ways Cities Waste Money:

10. Organizational Structure
9. No One Wants to Say “NO”
8. Greasing the Squeaky Wheel
7. Poor Performing Employees
6. Right Hand v. Left Hand
5. Programs in Search of an Audience
4. No Evaluation of Programs
3. New Definition of Success
2. Police Services
1. Fire Services

There were several interesting responses. 62 percent of the survey participants “strongly agreed or agreed with: In my organization, Finance often has to disapprove an item or matter that should have been disapproved by management staff of the originating department.” Clearly, such practice jeopardizes budgeting, strategic reserves and creates unnecessary conflicts.

Another interesting comment: “As organizations reduce the number of employees there should be a proportionate reduction in the number of management employees.” However, the survey also pointed out that “Managers rarely put their own jobs on the line.” This observation overlooks the fact that many managers today supervise employees as well as contractors who have replaced permanent employees.

The characteristics of a “squeaky wheel” include people who “constantly complains about non-real/trivial problems, receives a disproportionate share of agency resources, rarely satisfied and their community influence is overrated.” One respondent said that “Political leaders need to have some backbone.” This seems easy to say and agree with until one has to deal with a squeaky wheel. How to make it go away is much more difficult than just simple accounting practices.

The issue of poor performing employees was number seven and is “widespread” according to respondents who added “You can do something about this problem.” Remarkably, “Slightly over 50 percent of the respondents indicated that in their agency during the last 4 years there have been non-performing employees who have received compensation to resolve a matter. Only 5 percent were ordered to do so by an arbitrator.”

Why do you suppose management is so reluctant to take action with problematic employees? Could it be litigation and prolonged administrative process? For many managers, it just takes too much time and energy to deal with personnel problems. It becomes so consuming that nothing else gets done.

On the other hand, if you don't like your job or the people you work with why not just quit? Mortgage, car payments, the need for medical insurance, the list goes on regarding the necessity to not quit.

There was a “very strong response – much work needs to be done” with 72 percent of the respondents agreeing with “In my organization efforts of one department can have conflicts with goals or programs of another department.” Apparently, this is the “Hardest issue on [the] Top 10 list to correct.”

For whatever reason, many organizations refuse to plan and work together. The idea of strategic planning is a common practice in the private sector. However, in the public sector the only concern is making it to the end of the fiscal year at which point everything resets and the process starts again.

A program in “Search of an Audience” is interesting. Grants are a perfect example of this. Johnson says “The underlying passion of those that work for cities sometimes gets misdirected into the creation of a program for which there really was no need.” This phenomenon is certainly not limited to government. The flip side is technology looking for a use that plagues government such as two-way radio and computer systems that far exceed real need.

The highest concentrated response was relating to “No Evaluation of Programs” saying “The only programs eliminated by my agency during the past 4 years were primarily due to budget cutting and not for other reasons.”

Only 25 percent said yes to “Does your organization have a regular process to measure the effectiveness of various programs it provides or funds.” Put another way “A whopping 75 percent of us never evaluate programs.” How do you suppose this would go over where you work?

In government being successful is “The result is an obsession in declaring everything we do a success (even if it wasn’t.)” For example, 60 percent of the respondents “strongly agreed/agreed: The department responsible for an event/program often declares it a success even if the event or program did not meet any of its financial targets or other financial parameters.” The lack of financial accountability is profound in government. Why?

While the top eight topics are not in any particular order, the last two are in the order of priority for the respondents. “Survey responders were brutal in their assessment of police budgets.” Overtime was a big issue with 77 percent “strongly agreed the cost of public safety overtime remains a budget concern for my organization. One quote: “More O.T. [to] solve a problem is self-serving.”

The fire service came in number one with “three major areas of concern: Vehicles responding to calls, staffing levels versus calls for service and time of day and possible regionalization of fire services.”

“75 percent/80 percent [of the] calls are medical yet [an] entire company in [a] large fire engine respond. Large vehicles [are] expensive and adds to response time navigating traffic.” This observation is one of the most common complaints about the fire service because how they respond is perceived as excessive.

Regarding the fire service, the survey added “We do not use years of call data to staff accordingly – result is overstaffing – do not need everyone 24 hours?” Indeed, the staffing of fire departments is under tremendous scrutiny today but this is challenging. There is no way of getting around the fact that firefighting is labor intensive.

While the finance officers have valid concerns, public safety funding is complex and from many sources. Overtime is a huge issue but you cannot just stop what you are doing and go home in the middle of an emergency. On the other hand, minimum staffing mandates need to be reviewed and based on validated necessity.

During an emergency first responders may not have the liberty to go back to the station to pick something up they need. Yet over 220 municipal finance professionals have validated what so many people have observed both within and outside of government - police and fire department spending appears out of control and with very little accountability.

The federal grant process has aggravated the problem considerably. The 2007 “National Academy of Public Administration’s Assistance to Firefighters Grant Program: Assessing Performance” blasts the current federal grant process. Additionally, grants are generally outside the budgeting process and are frequently “off the books.” Not surprising, many departments have “squirrel funds” outside the general account for their agency.

Despite the finance officers resounding criticism of their municipal leaders, they point out that “Dedicated professionals deserve good pay/benefits but they are only possible long-term if they are used efficiently.” This is a profound testament of both support and a warning that things are not going to continue as they are despite good intentions, desire, intent or perceived need.

Talking to your accountant is a bit like talking to your dentist, doctor or attorney. Generally, no one likes to hear what they have to say despite the facts. However, fiscal sustainability is a long term priority for everyone. Nonetheless, let’s not be too quick to assume everything is waste. Accountability is the answer.