

Local Governments Do More with Less...to Do More

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The Key to Recovery in Older Communities

- What does doing “more with less” really mean?
 - All cities – but particularly those cities dealing with fiscal and economic challenges – need to think about doing different things and doing things differently.
 - Re-thinking the delivery of basic services, applying new strategies in critical policy areas and achieving fundamental reforms in key areas of spending
- Recovering cities need to “save to invest” as they “invest to save”: the goal of local government needs to be more than a balanced budget.
- Older communities don’t have the luxury of choosing between fiscal and economic recovery – they have to have a plan to do both.

More with Less by Doing Things Differently

- “The definition of insanity is doing the same thing over and over again and expecting different results.”
- When Peter Orszag took over as head of the CBO, “he took a **Willie Sutton approach to the nation’s huge and growing fiscal mess**: he went after health care, which makes up roughly a quarter of the federal government’s spending, **because that’s where the money is.**” Bridgeland and Orszag, “Can Government Play Moneyball?”
- Apply the same approach to local government and you get the City and County equivalents of health care: **Public Safety and Pension Costs**

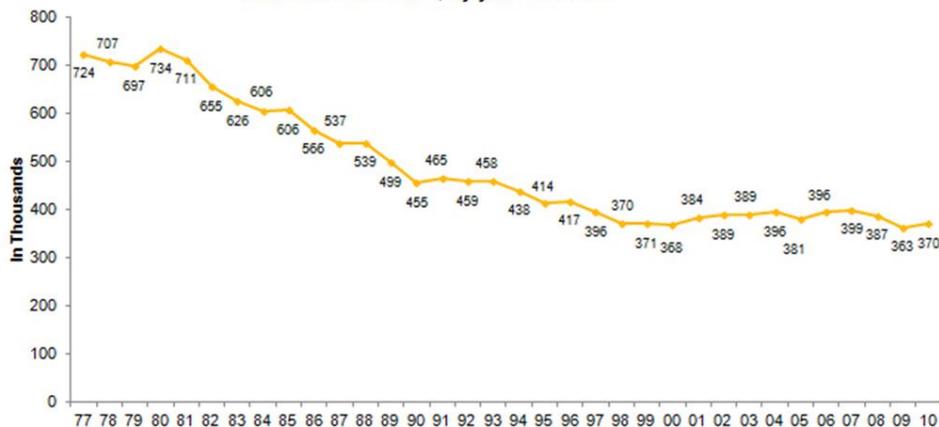
More with Less by Doing Things Differently

- Vallejo, California Fire Chief: “He began, in short, to re-think firefighting.” Lewis, “Boomerang: Travels in the New Third World”
- Between 1977 and 2010, total fires are down by 59% and structure fires are down by 56%



One-Stop Data Shop
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Home Structure Fires, by year 1977-2010



Source: *Fire Loss in the United States during 2010*, Michael J. Karter, Jr. NFPA, August 2011 and previous reports in the series.

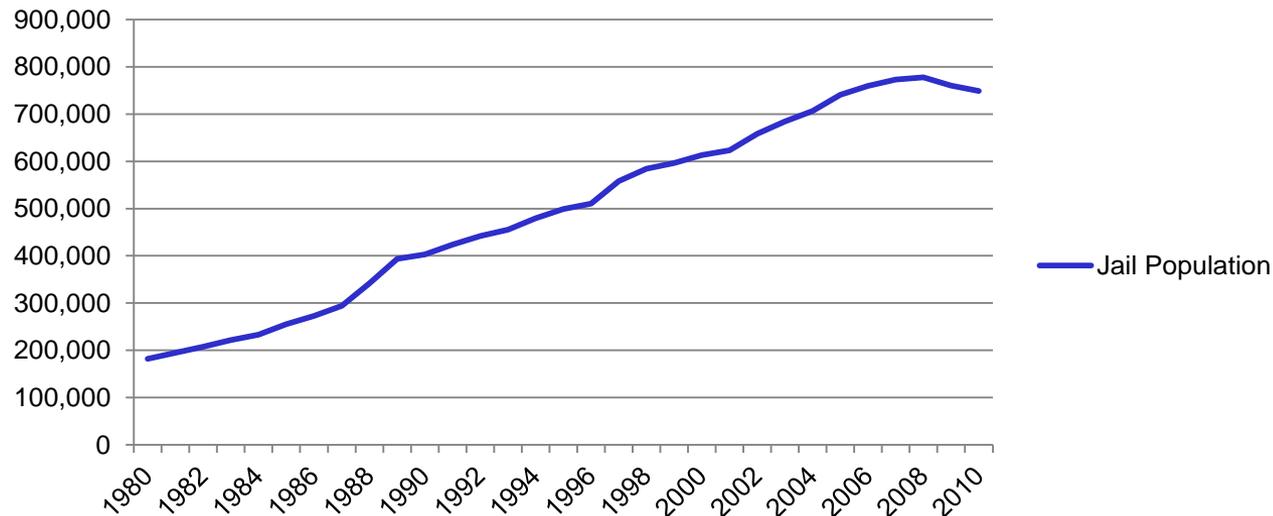
More with Less by Doing Things Differently

- Staffing has generally not declined with the reduction in fire risk because of national standards – ISO ratings and NFPA response time. Unlike police departments and COMPSTAT, there has been no national movement to make fire departments more data driven.
- Challenge to local governments is to “re-think firefighting” and re-invent the fire service:
 - Prevention (British model) vs. Response - staffing based on risk (age of structures, density, blight, poverty)
 - EMS, Code Enforcement, Public Safety Officers
 - Redeployment and Regionalism

More with Less by Doing Things Differently

- Between 1995 and 2010, in the U.S.
 - Violent crime is down by 30%
 - Property crime is down by 24%
 - Arrests are down by 13%

Jail Population



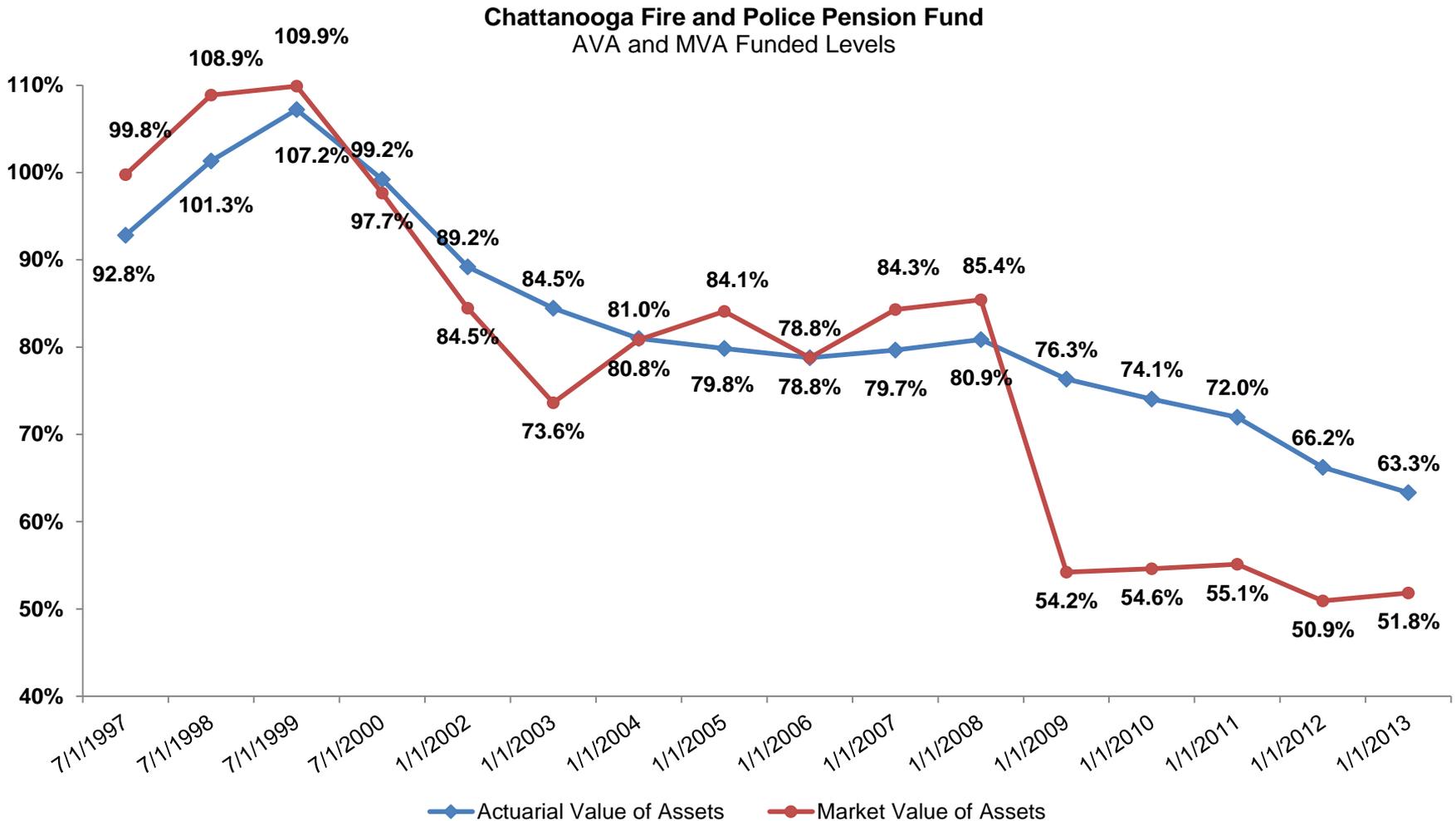
More with Less by Doing Things Differently

- The increase in jail population has largely been driven by increases in pre-trial population – individuals not yet convicted for crimes
- What has been the cost? Between 1995 and 2009, local correction costs grew at a 20% greater rate than the overall growth in local government spending
- City and County governments – New York and Philadelphia, but also Madison County, Alabama **and** New Orleans -- are saving money without reducing public safety through better case processing, arrest diversion, providing alternatives to incarceration, establishing pre-trial programs and investing in offender re-entry

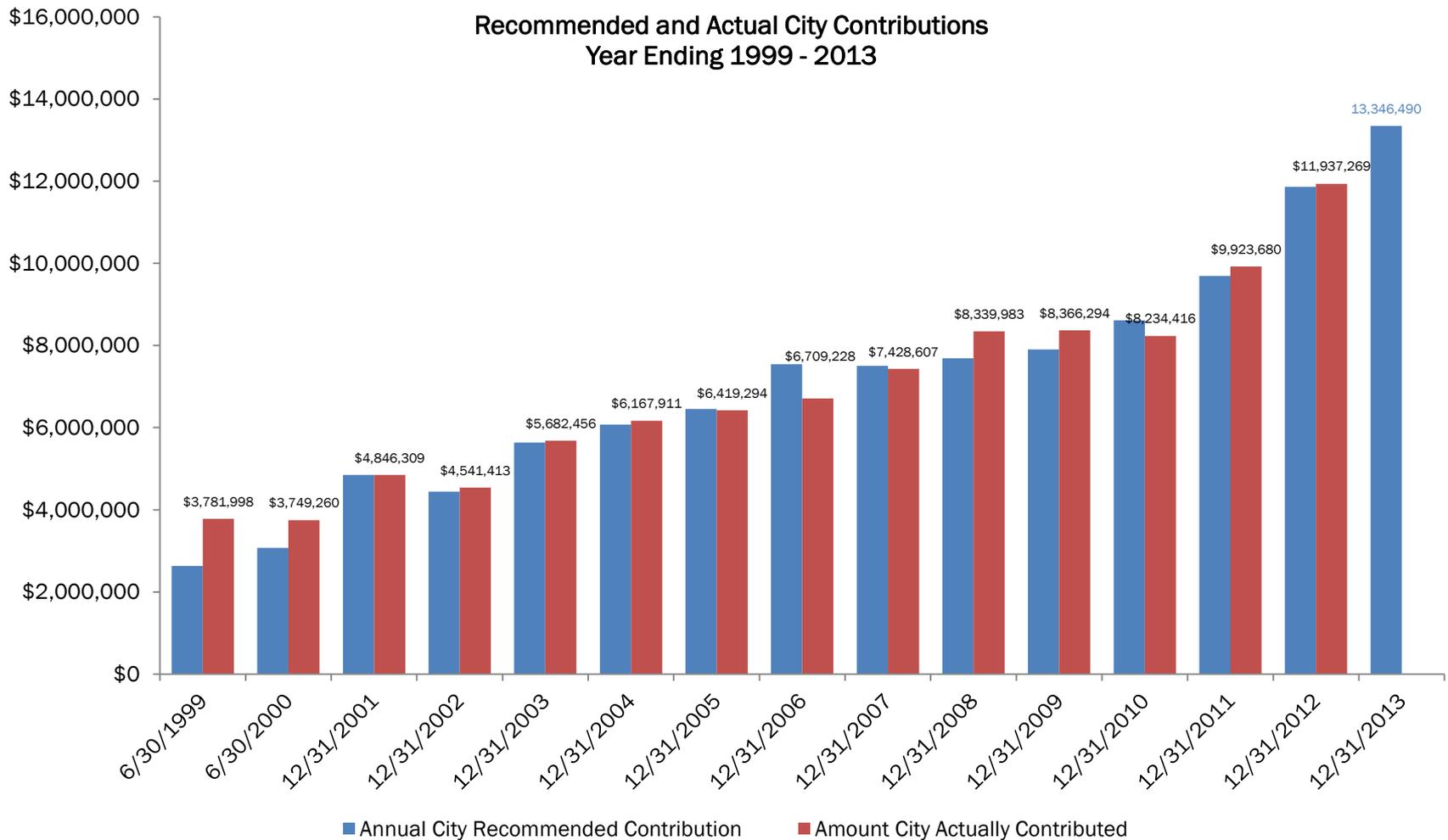
More with Less by Doing Different Things

- The growing costs of public sector pensions has affected virtually every state and local government
- Growing benefit costs combined with market decline has led to difficult choices for state and local governments during the most recent economic downturn – increase taxpayer funded contributions to meet annual required contributions or allow unfunded pension liability to grow.
- The alternative is to enact fundamental changes in the structure of public pension systems in order to make them financially sustainable – reducing taxpayer burden, but also ensuring that employees retain benefits into the future

More with Less by Doing Different Things

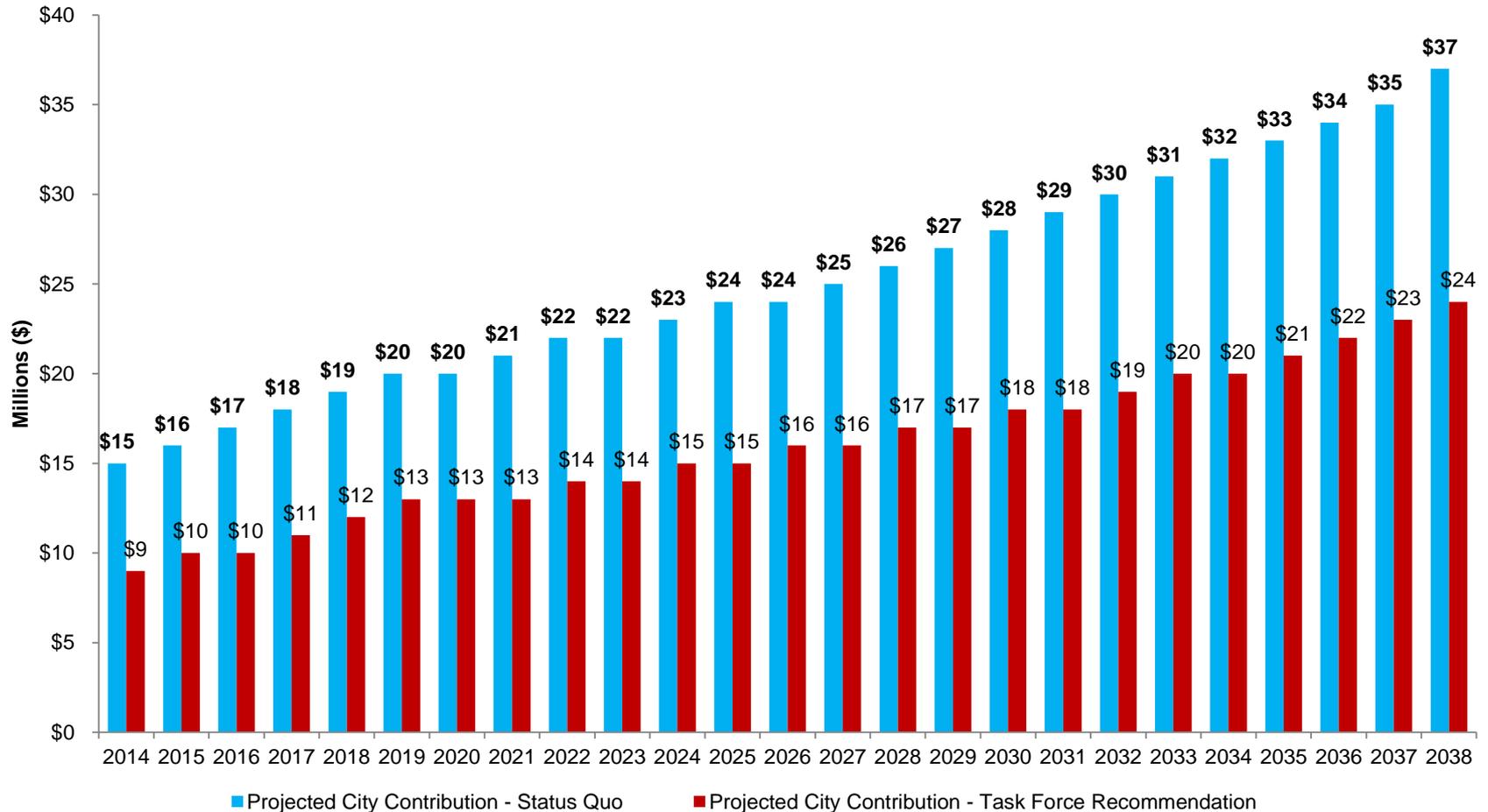


More with Less by Doing Different Things



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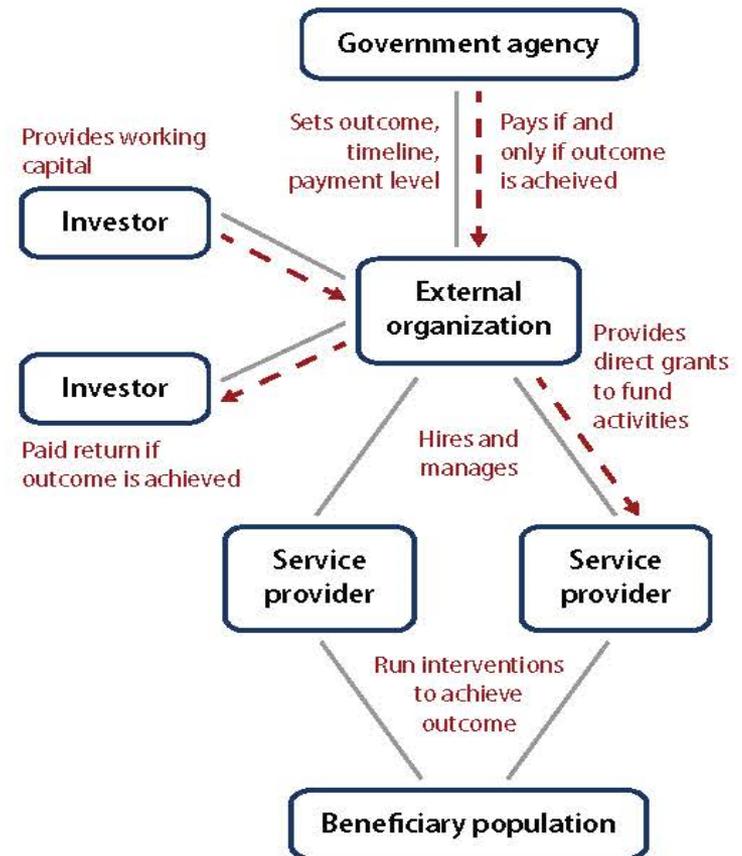
Projected City Contributions (Status Quo) v. Task Force Recommendation



More with Less by Doing Different Things

- **Step 1:** Government sets outcome and timeline goals
- **Step 2:** Intermediary organization raises funds from investors and provides funding to service providers
- **Step 3:** Service providers implement proven interventions to achieve prescribed outcomes
- **Step 4:** Independent assessor determines if outcomes are achieved
- **Step 5:** Government pays intermediary organization – which provides ROI to investors – based on terms of outcome achievement

What is a social impact bond?



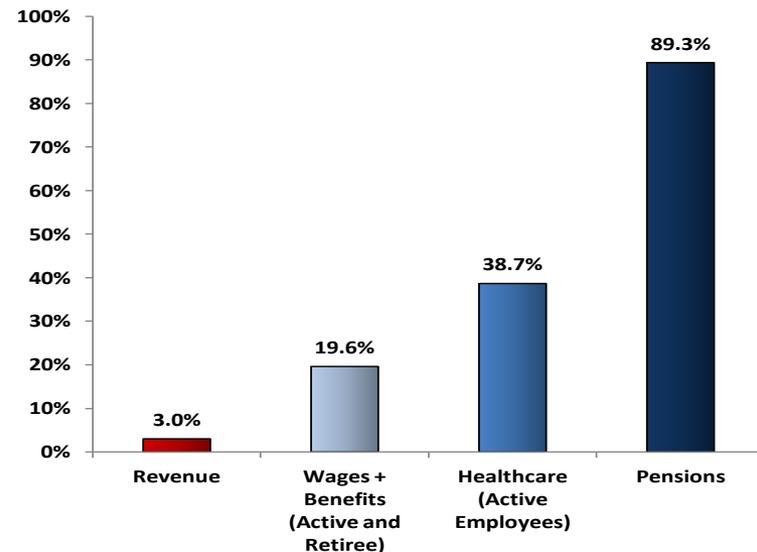
Doing More with Less...to do More



Baltimore's Goals

1. Break free from annual cycle of cutback budgeting to establish a greater degree of structural fiscal balance
2. Address long-term liabilities and adverse budget drivers, such as unsustainable employee benefit costs
3. Identify resources to address other key strategies in support of the Mayor's goal of seeing Baltimore grow again, such as improved tax competitiveness and infrastructure investment

Growth in Revenues v. Workforce Expenditures
FY 2007 – FY 2012 (Budget)



Doing More with Less...to do More

Ten-Year Plan Goals...

Base FY2013 Citywide demolition funding: \$2.3 million

Mortgage settlement adds \$9 million one-time

Ten-Year Plan quadruples base funding to nearly \$10 million per year

FY2014 'surge' funding of \$10 million more

Significantly accelerate the demolition component of the Vacants to Value (V2V) initiative



Local Blight Elimination Funding Surge



Doing More with Less...to do More

Ten-Year Plan Goals...

From \$552 million baseline to over \$923 million



Increase local capital investment for infrastructure



A 68% increase, including rebuilding ten recreation centers



NRN: A New Resource for Cities

- Funded at \$10 million by HUD, the National Resource Network (NRN) is a three-year program that will provide comprehensive technical assistance to distressed cities across the country.
- The NRN recognizes that cities face multiple, cross-cutting economic issues (e.g. poverty, crime, affordable housing) that need to be comprehensively addressed.

NRN: A New Resource for Cities

- NRN consortium:
 - Enterprise Community Partners
 - Public Financial Management
 - HR&A Advisors
 - New York University’s Robert F. Wagner Graduate School of Public Service
 - International City/County Management Association

NRN: A New Resource for Cities

The NRN provides three core services:

1. A “**311 for Cities**” service that will offer timely, on-demand access to expertise and assistance to cities across the country.
2. A team of experts to provide **on-the-ground support** to a city for up to 12 months to assess local needs, provide recommendations, and help cities identify and execute on strategies that align with their economic recovery.
3. The dissemination of strategies, best practices and lessons learned from its work through the creation of an **NRN website, peer networks**, and other resources.