

Leadership in these Turbulent Times

Carl Neu

This article is in three parts.

1. The Future Ain't What it Used To Be

Yogi Berra's statement is both profound and correct. The financial crisis created in the main part by the policies and practices of the federal government, federal reserve, and the perfidy of some wizards on Wall Street (and maybe fiscally irresponsible states such as California) have cast the nation, its citizens and local governments into an abyss unlike most or any people have experienced before. Even the comparisons to the "Great Depression" don't hold up. This is a totally new, deeper and more complex phenomenon – one whose causes we do not yet understand and the solutions to which elude us. The result is "stimulus entitlement" experiments the outcomes of which are uncertain except for the fact they probably will be costly and affect current and future generations.

We can not assume past remedies will work because:

- Current economic events and their impacts are profound, years may be required to recover.
- After recovery – we may not return to pre-recession levels but have unleashed unintended consequences such as high inflation, dollar devaluation, higher tax burdens and declining willingness of US and foreign investors to buy our nation's debt.
- There is little or no consensus at the state and local-government level on the future of property values and property taxes.
- Politicians especially at the state level are reluctant to raise property taxes; in fact, they seem prone to lowering or capping them to the detriment of local governments.
- There is a potential for multiple adverse impacts especially on cities' and counties':
 - operating and capital budgets

- infrastructure and debt repayment
- investment interest income
- economic development
- tax policy
- credit ratings
- availability of state credit (?)

2. Leadership in Turbulent/Uncertain Times

Now the bad news! The means used to deal with prior financial crises may not prove to be efficacious in dealing with the current financial crises. We must, in the words of Abraham Lincoln, think ANEW. In his view, the means used by the nation's founders to create the nation would not suffice to reunite a nation that had been torn asunder. Similarly, we must look forward, reframe our perspectives and think ANEW about the fiscal and political future of our cities and counties.

Now the good news. City and county officials are starting to realize four things:

1. They must look at their cities and counties in a different way compared to past perspectives.
2. Hard choices and decisions will have to be made.
3. Officials must have multi-year perspectives and plans for weathering these turbulent times – long haul.
4. The plans must have contingencies and provide clear prioritization of what is important and vital to each city's and county's future ability to preserve critical core services and protect its fiscal sustainability.

The job of leadership as defined by Don Gough, Mayor of Lynnwood, Washington is:

- To understand and explain the times in which we serve.
- To set forth a vision of where we need to go (and what we need to do to preserve the essential organizational capacity of our cities).
- To set forth a strategy of how to get there.
- Then execute that strategy.

One city, Bremerton, Washington – a city with a 20-year period of economic decline and serious financial challenges, decided to think and act ANEW. The city’s “leadership response”:

- Become a smarter organization and focus on truly important and essential priorities.
- Make good-sound choices that lead to long-term progress and success.
- Most importantly, have a clear and disciplined vision of where you want to go.
- Have leaders who believe in and are passionate about the vision, goals and priorities for the city.
- Develop a strong base and policy framework that defines and communicates the vision and focuses priorities.

This means exercising real leadership and making tough decisions; no “across-the-board” approaches that insure no single programs or sacred cows are singled out for reduction or elimination. That is political cowardness, not leadership!

In the final analysis, the focus of responsible local government (city and county) leadership is three-fold:

- Promote and sustain the community’s future.
- Relate to other government entities.
- Secure and serve the needs of citizens.

3. Relating to Other Government Entities (Two Parts):

- **Local government shared constituency and collaboration**
- **Redesigning the State-Local Government Relationship**

To paraphrase Shakespeare, all the world is a stage and we are actors upon it. In reality, in these and future times, the local government actors upon the stage also have a crucial stake in redesigning the stage so they can achieve their fullest potential to promote their community’s future and secure and serve the needs of citizens. No city or county is an island onto itself. They operate within a greater context (stage) of interdependent relationships and shared constituencies. Leadership involves governing one’s jurisdictional well (inside the box) and

structuring the relationships with other entities so all contribute to each other's success (outside the box) for the benefit of the citizens and constituencies they share and serve.

Local Government – Shared Constituency and Collaboration

All local government residents live in and are represented, taxed, regulated and served by multiple jurisdictions: counties, cities (unless they live in an unincorporated area), school districts, and frequently special purpose districts. These multiple entities share the same constituencies – one set of residents and taxpayers, ergo, the term “shared constituency”. In these economically challenging times in which all these jurisdictions potentially compete with each other as they strive to maintain crucial public services and infrastructure, overlapping and duplicated services, capital assets, critical human resources and infrastructure are unsustainable luxuries. One reason citizens perceive government to be wasteful is a reflection of this overlapping and duplication of services and assets.

One mayor stated, “the way to overcome scarcity is to achieve abundance through sharing”. An outstanding example of this philosophy in practice is an organization called SCALE – the Scott County (Minnesota) Association for Leadership and Efficiency. Its membership includes the county, seven municipalities, an Indian Nation, townships and several school districts located within Scott County. Its purpose “to explore new and innovative ways in which local governments can collaborate and make the most of limited resources.” Founded in 2003, its accomplishments have been tremendous and lauded as a “model of intergovernmental cooperation in best practices” by the Minnesota State Auditor's Office. SCALE's motto: working together to strengthen each other.

Partnership and collaboration go beyond the occasional IGA (Intergovernmental Agreement) to a real sharing of services, facilities, capital assets, critical human resources and public infrastructure as well as goals focusing on advocating a “single public agenda” for local government services and funding priorities. Barbara Gray of Pennsylvania State University describes collaboration as a process through which parties who represent different aspects and components of an issue, problem or need can constructively explore their differences and search for solutions that go beyond their own limited vision of what is possible and think ANEW about how they can collectively and collaboratively meet the needs of their shared constituencies in highly efficient, streamlined and cost-effective ways.

Redesigning the State-Local Government Partnership

The time has come to redesign and strengthen the partnerships between cities, counties and other local governments and their state government. The sense of federal-state-local governments working together for their mutual and sustained success as evidenced by revenue sharing and similar programs of the past have given way to competition for resources, dictates, unfunded mandates and ever-increasing federal and state-imposed constraints on local government authority and resources.

To paraphrase Tip O’Neill, former Speaker of the U. S. House of Representatives who allegedly stated “all politics are local”, I believe “all government, as it touches people’s lives is local”. Local governments are the primary providers of essential services that affect the nature and quality of people’s daily existence. Yet the feds tell us (local governments) what is good for us, the states tell us what is good for us, but who lives in the federal or state political stratosphere really? No one. Both of these entities are “twilight zones” operated by people who have left our communities and formed their “inner-circle” view of what is good for us. But, in reality, everyone lives at the local level – with the possible exceptions mentioned above. We need to back a state-local government joint perspective that focuses on our local communities’ needs.

In a number of states, Oregon, Washington, Minnesota, Texas, Florida, and North Carolina (plus others I may not know about) local governments are seeking to redesign and strengthen the state-local government partnership (relationship) into one focusing on service to citizens and finding ways to work together for the mutual success of the state and local governments. But always remember, cities and counties are the most local form of government – the innovators for real progress in the American Democratic Experiment (Thomas Jefferson). Two examples are North Carolina and Minnesota which have made bold, significant and even politically risky strides in redesigning and strengthening the state-local government partnership.

The most bold and well-planned approach is The Minnesota Redesign Project initiated by the Association of Minnesota Counties(www.mncounties.org). It isn’t a plea, it is a highly visible revolution confronting the state to examine and redesign how a state-local government partnership can work. The Association, in collaboration with the League of Minnesota Cities, Minnesota School Boards Association and the Minnesota Association of Townships, formed a joint effort called “The Big Four Group”. The group promotes cooperation and collaboration among cities, counties, townships, and school districts and sponsors a joint, rather than separate, “united-front” legislative conference annually to promote the needs of local governments, working together, to the state. It also works with the Governor and key members of his administration to redesign and strengthen the state-local government partnership.

The three focal points of Minnesota Redesign are **governance** (clearly defining responsibilities and outcomes to be achieved by state and local government), **transparency** (open decision-making processes and true government accountability and responsibility) and **flexibility** (focusing service delivery on outcomes, not management of inputs, and allowing local governments to tailor efforts to meet local needs and produce outcomes). AMC uses the Minnesota Redesign project to move the conversation between state and local governments to these issues of governance, transparency and flexibility/outcomes.

Governor Tim Pawlenty, in his 2009 State-of-the-State embraced and recognized (thanked) the Association of Minnesota Counties for “their vision in redefining the county (local government) – state relationship and its “bold plan” to reform the business of government.

A similar collaborative effort undertaken jointly by the International Association of City/County Managers, National Association of Counties and the National League of Cities puts forth A Proposal for an Intergovernmental Policy Council to develop effective policies to address challenges [facing the federal, state and local governments through] with a national strategy and the thoughtful encouragement with leaders of all levels of government.

Where do the elected and appointed officials in cities, counties, etc. fit in? Earlier I stated, “the actors upon the stage also have a crucial stake in redesigning the stage”. The stage is the context in which we operate and engage in relationships we have with other players who share the stage with us. Local government leaders have to work inside their jurisdictional entities to sustain their ability to deliver essential services. But, they must assert themselves also, especially through their state and national organizations, to redesign the stage the state and federal governments are constructing for us – frequently designed to restrict rather than promote our success. Failure to look and be engaged “outward” in redesigning state-local government partnerships can be myopic and in the end condemn us to state mandates, revenue and property tax caps, and reduced aid limiting our ability to meet and satisfy the needs and interests of people who live and are served at the local level.

Limiting and constraining local government funding options and authority can be highly appealing to state lawmakers. As stated in the January/February issue of the Texas Association of Counties’ County Magazine “limiting local government funding is so attractive to state lawmakers” because the “cutting of someone else’s taxes and getting political credit for the effort” makes them popular.

Some states governments, notably New York, New Jersey, Indiana, and Maine now are putting forth proposals for their state government to redefine, even eliminate, certain units of local government because of their allegedly costly

impacts resulting from duplication and overlapping functions, inefficiencies in service delivery, and the wasteful use of taxpayer monies. What will be next?

Leadership in these turbulent times is about skillfully addressing the financial challenges we are experiencing. But also, it is about thoughtfully and aggressively redesigning crucial local government relationships and the state-local government partnership if local governments and the state government are to see and work with each other as invaluable long-term partners in service to the people they serve.

“A little revolution is good for every democracy”

Thomas Jefferson

© Neu and Company and the Center for the Future of Local Governance™, 2009.