

GFOA Fiscal First Aid

On September 21, 2009, the City Council received Budget Training on the topic of “Coping with Financial Distress – Financial Sustainability and Fiscal First Aid” from representatives of the Government Finance Officers Association (GFOA).

GFOA developed the Fiscal First Aid techniques to assist governmental entities in dealing with financial distress. The techniques are categorized as primary treatments that are recommended to provide immediate relief and may also improve the long-term prognosis, and treatments to use with caution or are that are not advised, as they may ultimately work against financial sustainability.

GFOA researched the treatments that governmental entities are relying on most and compiled them in the areas of budgeting, financial management, capital, personnel, restructure operations, and efficiency measures.

Budgeting

- Small across the board cut (3-7%)
- Develop interactive, visual 5-year forecast
- Move to multi-year budget
- More deliberate approach to personnel cuts

Financial Management

- Use reserves to soften blow
- Billing consolidation (parking, water, permits)
- Automate financial reporting and put on-line

Personnel

- Consider 35 hour work week
- Across-the-board wage cuts
- Furloughs and shut-down days
- Union contract re-negotiations
- Some layoffs (where union agreement not reached)

Capital

- Defer or cancel pay-go capital projects
- Use debt to accelerate money-saving projects
- Technology project selection criteria
- Asset sales

Restructure Operations

- Consolidate operations (create centers of excellence, eliminate redundancies)
- Cross-Boundary Collaboration

- Close facilities (close satellite offices, use e-gov to provide services)

Efficiency Measures

- Vendor renegotiations (use market power to get better pricing)
- GPS and route mapping
- Business Process Re-engineering
- Use 311 data to focus services (find most pressing problems and allocate resources)

GFOA identified that keys to reform include:

- Written recovery plan
 - Doesn't need to be long
 - Should be broad in scope
 - Designate time-frames and accountabilities
- Develop long-term strategies that contribute to longer term sustainability
 - Restructure Government
 - Reform Budget Process
 - Business Planning
 - Refine Forecasting

Budget process reform includes the prioritization of services, and a re-examination of mandated services.