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- forthcoming in 1984).
21. Martin Landau and Russell Stout, "To Manage is not to Control," *Public Administration Review* 39 (March/April 1979), 148-156.
 22. *Ibid.*
 23. Sidney G. Winters, "Attention Allocation and Input Proportions," *Journal of Economic Behavior and Organizations* 2 (1981), 31-46.
 24. Landau, cited in note 5.
 25. Mathematical analysis of reliability and control systems are already available for complex engineering settings, and could be extended to regulatory settings. See Richard E. Barlow and Frank Proschan, *Mathematical Theory of Reliability* (New York: John Wiley and Sons, 1965); and George N. Saridis, *Self-Organizing Control of Stochastic Systems* (New York: Marcel Dekker, 1977).

Exemplary Practices in Local Financial Management: An International Perspective

Blue Wooldridge, University of Connecticut

It seems as though all our financial problems have ganged up together. Things have been bad in the past, but nothing like this. The wolf is at the door now. To be quite honest, the wolf is at our throats.

. . . The towns are on the verge of bankruptcy.

The fiscal crisis has currently reached very high levels. . . . This has resulted in drastic cuts in investments and operating costs, public employee layoffs, and in recurrent difficulties in paying both salaries and interest on bank loans.¹

These statements could have been made by many local public officials in the United States. Similar observations appear frequently in the literature describing the current status of local government in this country, for the urban fiscal crisis here has been well-documented.² Significantly, these quotes do not characterize New York or Cleveland or Stamford or Richmond. Rather, they reflect an assessment of the financial status of local governments in three different Western European countries. The financial crisis of local government is not a phenomenon unique to the United States. To one degree or another, it characterizes local governments in many other parts of the world.³ The causes of the fiscal strain for many of these local governments are similar to those which trouble American municipalities, i.e., lack of ability to determine expenditures coupled with a revenue source that is static or attenuated. Since it appears that

■ Many local governments in other countries are experiencing fiscal stress comparable to their United States' counterparts. A select number of their responses are described below categorized according to whether the responses involve better budgeting techniques, the identification of new revenue sources, or improving organizational productivity. It is hoped that such a description will be of value to other local governments and, in addition, stimulate further research and creative thinking in this area.

local governments in other countries are sharing experiences similar to our own fiscal crises, a discussion of the responses adopted by local government officials in other countries could be instructive to their counterparts in the United States.

According to the Committee for Economic Development (CED), when local governments are faced with the prospects of ever-increasing demand for services, an increase in the cost of providing these services, and an existing revenue base that does not increase in line with demand, they may pursue any or all of three possible strategies.⁴

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The author would like to express his appreciation to his colleague Vicki M. Emery for her valuable contribution to this effort.

- Public officials may attempt to expand the use of existing financial resources or to identify new resources to supplement existing ones.
- They may enact an actual cutback in service. Approaches to budget cutting can range from a percentage reduction "across the board" to elimination of one or more specific objects of expenditure (i.e., new equipment or out of state travel), or, to the identification and ranking of priorities. Although the latter may be most desirable, it is not always the obvious course of action.
- Finally, in a challenge that is, perhaps, new to many in the public sector, officials may implement strategies designed to increase organizational productivity.

These three strategies suggested by CED will provide the framework for the discussion presented in this paper. They provide a useful way to group exemplary practices in financial management that were developed by local government in other countries.

Improved Revenue Management

Certainly, a strategy available to local governments when faced with fiscal stress is the expanded use of existing, and the identification of new, financial resources.

A review of the revenue bases of local communities in other countries reveals a mix as varied as that in the United States. This paper will present a description of various revenue sources used in other countries that may have applicability in the United States. Exemplary practices in the area of taxation will be presented first, followed by practices in the administration of user charges. An expanded section on various miscellaneous revenues closes this section.⁵

Local Taxes: Non Property

Several communities in other countries have instituted various non-property taxes on previously non-taxed items. A great deal of creativity has been shown in this area. The following represent some of the more novel approaches.

Local governments in Turkey can levy an advertisement tax on every sort of advertisement including signboards of the workplaces within municipal boundaries. The tax is collected according to a fixed tariff differentiating the types of advertisement. The taxes are paid by the person who advertises, especially in the case of display boards, or by a professional body engaged in advertising as a commercial activity.

The *octroi*, another non-property tax levied in India and Pakistan, is a tax levied on goods received into a town. It provides a substantial source of revenue, and in fact, in India, the receipts from this tax often exceed the receipts from property and other taxes. Local officials report that this tax is relatively easy to administer.⁶

A final example of the creative use of non-property taxes is the taxation of high tension pylons by local

jurisdictions in France. Early last year, the French government passed a local government finance law that contained a provision allowing this annual tax, which is based on the amount of power carried in the line. It is estimated that using rates equivalent to those in France, approximately \$3.4 billion could be raised from such a tax in this country. The incidence of the burden of this tax would be determined by the policies of the public utility regulatory body (if any) and the existence of the specific mix of those conditions that affect tax shifting. (A similar tax is legal in some states in this country, i.e., Virginia, but even then many local government professionals appear to be unaware of it.)⁷

These three examples illustrate the diversity of non-property taxes. The fact that these types of taxes can generate substantial amounts of revenues is often overlooked, especially in some areas of the United States where property taxes have been relied on for many years to provide the majority of local revenues. The potential of various non-property taxes has rarely been explored and evaluated fully in many local communities in the United States.

Betterment Levy

Another tax that deserves more attention by local governments in the United States is the so-called "betterment levy." The base of this tax is the incremental change in land value due to specific action by local governments. (The term betterment levy is also used by some writers to refer to what we know as special assessments.) Under the more narrow use of this term, the specific action of government could be either administrative in nature (i.e., a zoning change) or the result of governmental capital investment. Britain had a "betterment levy of the United Kingdom" from 1967-1971.⁸ Jamaica has a land improvement tax which allows the central government to levy a tax on increases of property value caused by public projects. Jamaica also has a land development duty law, passed in 1958, which provides for the imposition of a tax on sales of properties in areas which the government undertakes or has proposed to undertake substantial expenditure of public funds. Although administrative obstacles have prevented the successful application of these taxes in the past,⁹ they appear to be prime targets of further study.

Current Charges

Local jurisdictions are finding that some of the programs, facilities, and services that they have heavily subsidized in the past can generate a higher amount of revenues than was previously thought possible through user fees, and, thus, they become self-sustaining.

The primary purpose in levying user fees and charges, however, is not always the generation of revenues. An example of this is the application of area- and time-specific licenses and parking charges in Singapore. The city was the first in the world to utilize this approach to control central city congestion. Singapore's plan con-

sisted of restricting traffic in the most congested area of the central business district. Between 7:30 a.m. and 10:15 a.m., private automobiles entering the area must display a special license that costs \$26 a month or \$1.30 per day. Buses, commercial vehicles, motorcycles, and four-person carpools are exempt. Parking fees near the area were increased dramatically and fringe parking areas were opened. Although the major goal of this program was to relieve congestion, this new system nets the city of Singapore an estimated \$3 million annually.¹⁰

Miscellaneous Revenues

Many communities in other countries have implemented innovative programs to gain additional revenue. The programs described below represent the wide variety of areas that can be explored for their potential utility to communities in the United States. The examples include public enterprises, activities, cash management strategies, and the increased use of volunteers, but they are far from the only possibilities.

Local governments in many countries are engaged in public enterprise commonly including electric service, water supply, public transportation, sewage disposal, telephone service, non-profit housing, harbors, and slaughterhouses. Less common are communities that operate cold storage plants, flour mills and ovens, grain market warehouses, auction rooms, movie theaters, saw mills, laundries, and cement casting plants.¹¹ The following examples are three more areas in which local governments are engaging in public enterprise.

Many European jurisdictions are engaged in selling advertising on city-owned kiosks. In West Germany, there are 77,000 kiosks providing cities with more than \$120 million in revenue annually.¹² The city of Paris formed a public/private partnership in which newsstands were designed by city architects and financed by private newspaper and magazine distributors. The stainless steel or aluminum and plexiglass newsstands were specially designed with a special hatch for early and late deposits of papers when the vendor is not there, mechanically operated display counters, easily operated folding and sliding doors, several lighting fixtures, and a wash basin. Each stand costs \$80,000, but building and maintenance is contracted out to a private concern that distributes magazines and newspapers. Each vendor pays a fee to the city for use of the stand and orders papers or magazines from the distributor.¹³

The city of Bolton, England, has a "partners in promotion" scheme that solicits sponsorship from commercial and industrial firms for civic entertainment. In a six-month period, the city has collected approximately \$11,000 by allowing firms to display their goods and services at prominent sites and having company names and programs, tickets, and posters.¹⁴

Another type of public enterprise activity that has significant revenue potential is the practice in Switzerland of municipal operated car washes. The Swiss wash their cars often, usually in the street or near a stream or a lake. There was increasing concern over the pollution of

ground water from oil and detergent. The solution was to build a number of coin-operated car washes. The \$10,000 construction cost is recovered in two to three years, with most receipts beyond that available for the general coffers.¹⁵

Another example of a municipal profit-making activity that also provides a service is Britain's "Gifted House" program. Many large Victorian homes are owned by elderly persons who do not need the room and can not afford the upkeep. Owners can now donate their properties to a non-profit organization which remodels the houses into several self-contained apartments. The donor receives one unit rent free for life and the others are rented to senior citizens. This program is not operated directly by the government, but it could be. The initial outlays would be large, but would undoubtedly show a profit in the long term, even at low rentals. At the same time, the municipality could be providing low cost housing and obtaining ownership of a valuable property.¹⁶

The financial crisis of local government is not a phenomenon unique to the United States. To one degree or another, it characterizes local governments in many other parts of the world.

There are two other revenue raising schemes in Bolton that fall under the miscellaneous category. The city decided to produce all its publications "in house" and to raise its own advertising revenue. Annual income from this effort is more than \$60,000 a year, of which more than a third is profit. And Bolton operates its own lottery. Income from this activity is expected to exceed \$325,000 during the first year.¹⁷

The city of Singapore, whose program to reduce congestion downtown in the morning hours was described earlier, also has a program to attract people to the area at night. They convert city-owned parking lots to outdoor restaurants and market areas at night. The city collects the rental revenue from what would have been empty lots, maintains enthusiasm for the downtown area, and gains revenues from the increased economic activities.¹⁸

Improved cash management is one area where local government can gain a significant amount of additional revenue with a minimum of effort. The regional municipality of Niagara, Ontario (pop. 365,000) does all of its investing and borrowing by telephone tender through the money market. Overdrafts are covered by back-dating promissory notes with the bank, thus avoiding all extra charges. The city had been making banking transactions without receiving tenders from the money market. This small change in administration has improved the regional municipality's net performance on short-term investing and borrowing by \$300,000 per year.¹⁹

Finally, one strategy for stretching scarce resources is the use of volunteers. In Yugoslavia, contributions of both time *and* money are an important source of local

income. At community meetings, workers decide what portion of their personal incomes—or in the case of self-management communities of interest, what portion of the community's funds—and what contribution of working time will be given to help provide and maintain needed community facilities, such as schools and hospitals. A similar situation commonly occurs in rural communities, particularly in developing countries.²⁰

Identification of Community Priorities

As has been suggested, local government budgets can serve many purposes.²¹ These include serving as a control over expenditures, as an aid to improve the management of public agencies, and as a means of integrating long-range planning with daily operations. In addition, a budget serves as a major communication means as the major policy-making tool of local government.

Improved cash management is one area where local government can gain a significant amount of additional revenue with a minimum of effort.

During a time of scarcity, it is important that this policy-making process be systematic and based on informed judgment. A good policy-making process will identify community priorities, and provide the policy makers a choice between different alternatives for achieving the same objectives, as well as point out the results of funding different levels of each alternative.

Several municipalities in Canada are apparently making impressive strides toward providing policy makers information in a way that facilitates informed decision making. According to David Siegel and his colleagues, many jurisdictions identify three or four possible levels of spending. The four levels used by one local government are presented below:

Minimum Budget. The minimum budgeted cost for services that council has no discretion to change. Some activity levels will be dictated by existing contractual or statutory obligations, such as debenture debt, housing subsidies payable to other agencies, etc. Other items included in the "minimum budget" will be only those required to discharge the basic obligations of Council for the provision of services to the municipality.

Discretionary, Less than Existing. The cost of those services that are now being provided that council may in its discretion continue, reduce, or eliminate. Discretionary items should be listed in order of departmental rating of preference or rated 1-10, . . . All alternatives will be described in terms of changes to level of service.

Existing. The combined totals of "minimum budget" plus "discretionary" budget items. This is the projection of 1978 requirements for existing services expressed at existing price levels. . . .

New/Expanded. Departments will list separately each recommended new or expanded service over the presently existing level in this space. Proposals should be listed in order of priority.²²

The city of Hamilton has apparently implemented a very successful version of a zero-based budget. Follow-

ing the recommendations of Peter Pyhrr,²³ all of the activities of the city were divided into decision packages. Decision packages were grouped into decision units (which correspond to a major division of a department). These decision packages are then ranked.

The ranking process is carried out at several levels. The first ranking is carried out within each department by the head of the department. These rankings are reviewed by the relevant council standing committee, which might want to suggest alternative rankings. The next ranking is carried out by interdepartmental task forces. There are five task forces, each responsible for a grouping of related departments. These task forces, composed of both elected and appointed officials, produce five listings of projects in order of priority. The last ranking, i.e., the consolidation of these five lists, is performed by the coordinating committee, which is composed of the Mayor, two Controllers, an Alderman, the Treasurer, the Commissioner of Traffic, the City Engineer, the Secretary of the Board of Control, the Director of Finance and an outside consultant. This group performs the final ranking and recommends the ranking to Board of Control and ultimately to full council.²⁴

A most sophisticated process for the allocation of resources to high priority items is that developed by the city of Ottawa. This city ranks programs according to two different dimensions: priority of function, and priority of urgency.

The city has identified 13 different functions, which it performs, and council has rated those functions in order of priority, ranging from protection of persons and property and pollution control down to city beautification and heritage and cultural. On the scale of degrees of urgency, the city has identified nine categories. These range from legislation, i.e., required by legislation or mandatory action of other governmental jurisdiction down to convenience.

These two dimensions form the basis of a matrix with the priorities of function ranged in consecutive numerical order along the top and degree of urgency along the vertical axis. Using this system, an expenditure whose purpose may have a low rating in terms of priority of function, will still be included if its degree of urgency is sufficiently high. Obviously, the converse is also true. The director of program budgeting for the city concludes:

[This system] can never be a total substitute for the free interplay of the many forces and pressures that are brought to bear in the resolution of [problems of resource allocation]. Such a system can, however, provide a framework for a more rational definition and discussion of the issues and thereby bring about a more objective approach to the decision-making process.²⁵

Improving the Productivity of Local Government

In 1975, the Committee for Economic Development suggested that when faced with stagnant resources and increasing demand for public services, local governments should develop strategies that would improve the productivity of their organizations. Since the early 1970s, there has been considerable interest in public sector productivity improvement with the birth (and death)

of various centers, the development of a considerable literature,²⁶ the formation of curriculum/training packages, and the delivery of countless training programs designed to enhance the capacity of the audience for improving the performance of local government.

Although, as Mark Keene points out, concern for the productivity of local governments is not new;²⁷ there is still considerable debate around key terms used in this concept. One useful definition that appears to be growing in acceptance is that productivity improvement occurs when there is an increase in the ratio of public sector output (either in quantity or quality or both), with a less than equal increase in the inputs (resources) utilized.

Another theme that has gained growing recognition is that there is not one best approach to increasing the productivity of public organizations. Catherine Lovell and her colleagues at the University of California at Riverside suggest that it might be useful to group the various attempts at productivity improvement into six broad categories: goal clarification and integration, technological innovation, organizational restructuring, altering incentives systems, operations improvement, and improving individual motivation and training.²⁸ While recognizing that in the "real world" actual efforts would contain aspects of each of the above categories, and thus "cut across" several groups, these categories will be used to highlight the productivity improvement efforts of local governments outside the United States.

Goal Clarification and Integration concerns the importance of clarifying ends before selecting means in order to develop greater efficiency and effectiveness. This category includes programs designed to identify dysfunctions caused by ill-defined goals and objectives as well as programs, such as management by objectives and program budgeting that are intended to assist organizations to blend various organizational systems into a more unified and common effort at meeting the goals of the organization. The necessity of goal clarification as a prerequisite to the analysis and evaluation of organizational performance and effectiveness is a part of this area.

An example of a successful program in this area is the formally structured orientation for newcomers to the city council in Cambridge, Ontario (pop. 75,000). The intended goal of the program was to provide new council members with information on the functions of the council, standing committees, and the municipal corporation. The program comprised three activities: a three-hour seminar to review the responsibilities of the members of the council and the standing committees, and the relationship between appointed and elected officials; a three-hour seminar to review the major divisions and responsibilities of the department; and a day-long tour of city facilities, projects, and major areas of interest. Short retreats are planned periodically to promote discussion of local operations and program.

The city reports that this program was well received and provided an atmosphere of cooperation between elected officials and city administrators. It would appear that a program such as this would provide a forum for the exchange of ideas and actual information, which

is a necessary ingredient of the goal clarification and integration process.²⁹

Technological Innovation both in products and systems provides an excellent opportunity for productivity improvement in the public sector. Dortmund, Germany (pop. 650,000) has cut costs and energy consumption by converting its traffic lights from the German standard 220v to 42v. The new bulb produces the same brightness and has cut the electricity cost of operating traffic lights by 50 percent. The new bulbs also last longer and are safer and faster to change, providing a reduction in maintenance costs.³⁰

Two other examples of energy saving programs are provided by Nepean (pop. 82,000) and Scarborough (pop. 150,000), both in Ontario, Canada. Nepean has installed a computerized energy monitoring system for public buildings to regulate temperature and lighting in five public buildings. The system will eliminate the need for regular checks of heating, lighting, and fire equipment, because the control center will be alerted to problems requiring servicing. The system costs \$0.5 million to install, but it is expected to save taxpayers \$3.6 million over the next ten years.³¹

Scarborough, Ontario, reduced energy costs in one year by approximately 20 percent under the direction of a newly established energy conservation committee. Under the direction of the committee, the following changes were made: mechanical plants were upgraded; 40-watt fluorescent tubes were changed to 35-watt; hot water temperature was reduced; street lights were changed from incandescent to mercury vapor, thus reducing the connected load; large vehicles were converted to diesel with mid-size vehicles to follow; and, where feasible, compact vehicles were purchased. Thus, through a cohesive program comprising several simple activities made possible through recent technological innovation, Scarborough has been able to reduce substantially the level of energy consumption by the local government.³²

Increasing the efficiency of emergency fire and medical services through a reduction in response time is the goal of two programs: one in Paris (pop. 2,300,000) and the other in Sturgeon Falls, Ontario (pop. 6,400). The police prefecture in Paris conducted a two-week experiment in which medical and paramedical personnel rode specially equipped "ambulance motorcycles" to highway accidents. This vehicle allowed them to reach their destinations in an average of 6.5 minutes as opposed to a response time of 10 minutes for ambulances. Two medical motorcycles were equipped with sirens, two-way radios, and first aid and resuscitation equipment. They responded to 33 emergencies on the Paris beltway and were faster and cost less than ambulance service.³³

Sturgeon Falls summons its volunteer fire fighters through a paging system. They had previously used a siren, which was often not heard by the fire fighters but drew crowds of citizens who clogged up the streets. Now, with the paging system, the volunteers often reach a fire sooner than the permanent personnel. In fact, the city now uses the system to page public works personnel who are on call 24 hours a day.³⁴

Another example of increased productivity through the use of technological innovation is provided by Sudbury, Ontario (pop. 157,030). The city installed 32 tachographs in its fleet of trucks. This instrument provides a positive record of travel and stationary times, distances travelled, bad driving habits, manner of driving up and down hills, and engine idling times. Since the tachographs have been installed, there have been no major accidents or breakdowns involving city-owned vehicles. Damage to the plowing equipment has decreased by 50 percent and fuel consumption and repairs have also declined. The tachograph chart is acceptable as evidence in court.³⁷

The examples cited above are meant to illustrate the broad range of possible strategies for productivity improvement through the use of technological innovation. Communities of any size, large or small, have been able to benefit through the creative use of recently available technology.

It appears that productivity improvement efforts offer important insights as to ways local governments can respond to scarce resource. . . . The improvement of governmental operations will enhance the image of the public sector.

Organizational Restructuring is an approach to improved productivity that concentrates on finding better patterns for arranging and structuring organizational activities to meet program objectives. Arrangements, such as matrix and program management, are possible alternatives to traditional structures. Beyond these internal changes, such restructuring possibilities as contracting and interjurisdictional cooperative arrangements may be explored.

Several communities report restructuring strategies which may be useful in many other organizational settings. The Dutch, for example, have promoted cooperation among the country's four largest cities (Amsterdam, The Hague, Rotterdam, and Utrecht), the central government, and the Union of Dutch Municipalities, through consultations held four times annually. The consultations are used as a formal procedure for airing grievance between the cities and the central government. Either the cities or the government can seek to have discussion of a particular problem added to the agenda of a scheduled consultation.³⁸

Another type of organizational restructuring was employed by the town of Chur, Switzerland (pop. 34,000) by contracting administrative and management information services to a private computer firm. Chur decided that even though several years of leasing fees would have paid for purchasing an in-house computer, contracting for the service provided overriding advantages. Twelve city services, including personnel, licensing, taxation, and emergency services, are currently linked by video display and leased phone lines to an IBM 370 central computer in Zurich. The use of the central computer has eliminated the need for up to 15 quali-

fied computer professionals in Chur, thereby saving the town \$150,000 a year. The use of the central service has also made available new data for decision making.³⁷

Another example where contracting out services has proven beneficial is Quebec, Canada (pop. 186,000), which now contracts out almost all of its park and green space maintenance services. In 1979, the city saved 20 percent over the previous year in maintaining trees and lawn. Maintenance done under contract is 30 percent cheaper than that handled by city crews. Quality control is assured through contract specifications and on-site monitoring by a parks division technician.³⁸

The contracting out of cleaning and maintenance services for public buildings was recently researched by the German professional association of urban managers (KMST). They issued a report detailing the results of several years of research into the relative cost and quality of using janitorial personnel on the city payroll compared to contracting for the services. They reported savings of 20 percent to 40 percent through the use of private contractors without loss of quality. The savings are partially attributable to the fact that average hourly rates for private cleaning crews are 30 percent lower than entry wages of maintenance personnel on the public payroll. Higher productivity of the private contractors is due to more specialization and professional organization of the cleaning tasks, better equipment, and lower overheads than the local government.³⁹

Other areas where organizational restructuring has led to increased productivity are building and fire inspection services. The Borough of Scarborough, Ontario (pop. 381,000) has decentralized and combined the functions of fire inspectors. The inspectors now work out of each district instead of the Fire Department Headquarters, thereby saving both driving time and energy. Since the inspectors are now closer to the fire fighters in a particular area, there is more cooperation between them; and in fact, fire fighters are now being used as inspectors, increasing both the coverage and the frequency of the checks made of commercial buildings. The fire fighters are now gaining a more extensive knowledge of the buildings in their districts, which enables them to fight fires better in inspected buildings. The incidence of fires has also been reduced.⁴⁰

Another Ontario community, Hamilton (pop. 312,000), has restructured its building inspection process to save money and improve the efficiency of the inspectors. The city used to have three types of building inspectors: those for building codes, mechanical regulations, and heating regulations. After special training, all city inspectors are qualified to check for code compliance in all three areas. This restructuring has reduced personnel requirements and transportation costs and produced more efficient coverage.⁴¹

These examples of organizational restructuring are very different in scope and purpose. Yet they are all helping local organizations meet their objectives in the area of productivity improvement. They illustrate only a few of the possibilities in this area.

Altering Incentive Systems. This category attempts to find improved methods of motivating individuals and

groups at different organizational levels toward increased productivity and is particularly concerned with removing the disincentives, which are often a part of budget systems, control systems, and personnel systems.

Incentive systems have been widely used in the past and are currently gaining in frequency of use.

Operations Improvement. This category focuses on improving the technical efficiency of production processes. This approach requires many of the techniques and skills developed by industrial engineers. Techniques such as work measurement, procedure design, flow process charting, and crew sizing can substantially decrease the cost of performing an activity or increase efficiency.

An example of operations improvement is the improved refuse collection process used by Winnipeg, Manitoba (pop. 561,000). First, the city analyzed the workload of each collection crew based on the number of households serviced in a particular time period and on tons collected. The new system also sought to minimize travel distance, time, and the cost of providing service to a given area. The routing system is based on street patterns, location of dumping facilities, truck capacity, and volume of garbage per street. More than \$500,000 was saved in 1977 and about \$800,000 in 1978.⁴²

Improving Individual Motivation and Training as an approach to increasing productivity deals with various bases of motivation as well as the relationship between trained ability and the job. This approach focuses on the importance of the human resources in the organization as the basis of productivity improvement. Individual motivation and training programs have been receiving an increasing amount of attention over the last few years as organizations realize their importance.

An example of a successful ongoing program in this area is the 10-week residential senior management courses being conducted by the Australian Centre for Local Government Studies on a twice-a-year basis. The courses are not subsidized by the central government and are fully self-supporting. A number of scholarships are given to local governments who cannot afford to send a local official; mostly, these are small, local governments in the outback region of the country.

These courses have been offered every year since the early seventies and are still very popular. Each program is divided into task groups that study specific areas of

interest. An advisory council drawn from local government officials meets regularly to advise on course structure and content in order to keep them relevant to changing needs of government.

Training programs, such as the ongoing course offered in Australia, have the added advantage of bringing local government officials together, often facilitating the development of a greater spirit of cooperation as well as providing the opportunity for increasing knowledge.⁴³

It appears that productivity improvement efforts offer important insights as to ways local governments can respond to scarce resources. Not only can they contribute to better utilization of the funds available, but the improvement of governmental operations will enhance the image of the public sector.

Summary and Conclusions

Many local governments in other countries are experiencing fiscal stress comparable to their United States counterparts. Their fiscal stress is also caused by the inability to control and/or limit their expenditures combined with a revenue base that is relatively static or slow growing. It would appear that the strategies utilized by these local governments quite naturally fit under those suggested by the Committee for Economic Development. Local governments in other countries are attempting to respond to a time of scarcity by improving the identification of priorities, by increasing the productivity of their organizations and by the identification of new revenue sources.

Since local governments in the United States have a great deal in common with their counterparts overseas, much more emphasis should be placed on the identification and assessment of strategies used by our international colleagues. Efforts such as the Council for International Urban Liaison and its publication *Urban Innovation Abroad*, as well as the international activities of the International City Management Association and the Municipal Finance Officers Association should be expanded. Greater efforts must be made, however, to disseminate their findings to local government practitioners in the United States. From every indication, there is much we can learn from our local government counterparts in other countries.

Notes

1. These comments represent respectively a local government official in England, the results of a French "white paper," and Professors Paulo, Ceccarelli, and Laura Balbo, describing the fiscal crises in Milan, Italy. All as cited in Kenneth Newton, *Balancing the Books, Financial Problems in Local Government in Western Europe* (Beverly Hills, Calif.: Sage Publications Limited, 1980), 2.
2. There have been numerous reports, articles, and books documenting the fiscal crises of local government in the United States. For example, in a recent survey of cities undertaken by

the U.S. Conference of Mayors, 68 percent of the cities said they expect to cut services in 1982, 58 planned to lay off workers, 41 percent were ready to raise taxes. "The FY 82 Budget and the Cities: A Hundred City Survey" (U.S. Conference of Mayors, Washington, D.C., May 1, 1981). An up-to-date survey of city finances was presented in a study conducted by the Joint Economic Committee and the Government Finance Research Center of the Municipal Finance Officers Association and reported in *Resources in Review*, July 1981, entitled "Current Trends in City Finances, the JEC/MFOA Survey Results," John

- E. Petersen, "State and Local Governments in Trouble," *Business Week*, October 26, 1981. A report by David Puryear and John Ross entitled "Urban Crisis: Fact or Fantasy," prepared by the Office of Policy Development and Research, Department of Housing and Urban Development, March 1979, documented the existence of the urban fiscal crises as did the statement of Robert C. Embry, Jr., Assistant Secretary for Community Planning and Development at HUD before the Joint Economic Committee Subcommittee on Fiscal and Intergovernmental Policy, March 20, 1979. The article "The Era of Fiscal Restraint" by Astrid Merget, which appeared in the 1980 *Municipal Yearbook* published by the International City Management Association, analyzed both revenues and expenditures in cities in the United States. Other books included *Can Cities Survive? The Fiscal Plight of American Cities* by Robert B. Betengill and Jogindars Uppal; and Roy Bahl's *The Fiscal Outlook for Cities, Implication of a National Urban Policy*, which was published in 1978 by the Syracuse University Press.
3. Mukharji, Girijapati, "Commentary by the General Rapporteur" in *Local Government Finances*, a report of the International Union of Local Authorities, 24th World Congress, Manila, The Philippines, 1978, 46.
 4. Committee for Economic Development, *Improving Productivity in State and Local Governments* (New York: Committee for Economic Development, 1976).
 5. Very little has been done in identifying specific revenue sources available to local government. A conceptual paper was developed by the staff of the Government Finance Research Center, Municipal Finance Officers Association, entitled "Alternative State and Local Revenue Sources." This was their "Elements of Financial Management" paper #6. There have been three excellent publications by the Municipal Finance Officers Association improving the miscellaneous revenues derived from the investment of idle funds. John J. Jones and F. Kenneth Howard, *Investment of Idle Funds by Local Government, A Primer; Improving Cash Management in Local Governments, A Comprehensive Approach*, by Frank M. Patitucci and Michael H. Lichtenstein, and *Implementing Effective Cash Management in Local Government, A Practical Guide*, by Haskins and Sells, Government Service Group. These two final publications were funded by the U.S. Department of Housing and Urban Development. In recent years, because of tax expenditure limitations, there has been renewed interest in the concept of users charges. Three excellent state surveys that might bring to mind new ways of using users charges are Dave Page, "A Survey of Municipal Fees and Charges in Iowa" (Iowa City: Institute of Public Affairs, University of Iowa, 1980); Graham Toft and Bradley J. Warnecke, "Local Revenue Diversification with Users Fees in Indiana," Research Report 80-3, Center for Public Policy and Public Administration, Purdue University, July 1980; and "The Use of Service Charges and Fees to Finance Local Government in Oregon, An Overview," published by the Bureau of Governmental Research and Service, University of Oregon, January 1980. The library of the Government Finance Research Center of the Municipal Finance Officers Association has several revenue manuals of specific local governments, which identify their revenue sources. This center is an excellent source of information for the local finance practitioner and scholar, and is located in Suite 650, 1750 K Street, N.W., Washington, D.C. 20006. A thorough discussion of non-traditional revenue sources for local governments is by H. Edward Wesemann, the municipal manager of Mount Lebanon, Pennsylvania, in his article, "Innovative Revenue Sources, The Entrepreneurial Municipality," which was published in *The Pennsylvanian*, January 1980.
 6. *Local Government Finance*, op. cit., 50.
 7. "Urban Innovation Abroad," published by the Council for International Urban Liaison, March 1980, p. 8. "Urban Innovation Abroad" is published monthly by the Council for International Urban Liaison with support from the German Marshall Fund of the United States. The council promotes the international exchange of practical experience in resolving common urban problems. The "Urban Innovation Abroad" is an excellent resource for scholars and practitioners of local government. Subscriptions are available from CIUL, 818 18th Street, N.W., Washington, D.C. 20006. An excellent discussion of the factors affecting tax shifting can be found in William J. Schultz and C. Lowell Harriss' *American Public Finance*, 8th Edition (Englewood Cliffs, N.J.: Prentice Hall, 1965).
 8. C. Lowell Harriss, "Land Value Increment Taxation. Demise of the British Betterment Levy," *The National Tax Journal*, XXV, 4 (December 1972), 567-572.
 9. Francine Bougeon-Maassen and Johannes F. Lynn, "Urban Public Finances in Developing Countries, A Case Study of Metropolitan Kingston, Jamaica," Urban and Regional Report #77-7, International Bank for Reconstruction and Development, Development Economics Department, Urban and Regional Economics Division, p. 98.
 10. *The Guide to Management Improvement Projects in Local Government*, International City Management Association, 4:1 (1980), 60. This guide (referred to in this paper simply as *The Guide* . . .) is a valuable aid to those interested in the implementation of innovative concepts in local government. It is a quarterly publication with 300 yearly synopses of innovative projects of local government and is published by the Management Information Service of the International City Management Association, 1120 G Street, N.W., Washington, D.C. 20005. While it contains some material useful in dealing with the development of revenue sources with improved techniques in budgeting, most of the material that it describes deals with the efforts of local governments in the United States to improve the productivity of their operations.
 11. *Local Government Finance*, op. cit., 28.
 12. Wesemann, op. cit.
 13. *Urban Innovation Abroad*, March 1981, 7.
 14. *Urban Innovation Abroad*, May 1981.
 15. Wesemann, op. cit., 8.
 16. *Ibid.*, 8.
 17. *Urban Innovation Abroad*, May 1981.
 18. Wesemann, op. cit., 9.
 19. *The Guide* . . . , 4:2 (1980), 10.
 20. *Local Government Finance*, 17.
 21. Blue Wooldridge, "The Multi-faceted Nature of Public Budgeting," *Municipal Management: A Journal*, 3:3 (Winter 1981).
 22. David Siegel et al., "Public Sector Budgeting." The Professional Development Seminar offered by the Certified General Accounting Association of Ontario.
 23. Peter Pyhrr, "The Zero Based Approach to Government Budgeting," *Public Administration Review* (January/February 1977).
 24. Siegel, op. cit., 47.
 25. C. R. Simpson, "Municipal Budgeting: A Case of Priorities," *Governmental Finance* (Chicago: Municipal Finance Officers Association, August 1976), 19.
 26. An excellent survey of literature and techniques in public sector productivity improvement can be obtained from the HUD USER, P.O. Box 280, Germantown, Maryland 20767. This publication, entitled, *Productivity Improvement for State and Local Government*, was published in January of 1981 by the Office of Policy Development and Research, U.S. Department of Housing and Urban Development. As mentioned earlier, *The Guide to Management Improvement Projects in Local Government* by the Management Information Service of ICMA is an excellent source of review of local government productivity improvement projects. For a while, the Bureau of Intergovernmental Person-

nel Programs in the Office of Personnel Management was producing a publication entitled, *Improving Productivity in the Public Sector*, which identified various sources of information and resources for productivity improvement. At one time, there was a federally-funded National Center for Productivity and Quality of Working Life, whose publications can still be obtained through the National Technical Information Service. There is the *Public Productivity Review* published by the National Center for Public Productivity, the John Jay College of Criminal Justice, City University of New York, 445 West 59th Street, New York, New York 10019. Finally, George J. Washnis edited *The Productivity Improvement Handbook for State and Local Government*, which was published in cooperation with the National Academy of Public Administration by John Wiley and Sons in 1980. This mammoth book is a must for any serious student of public sector productivity improvement.

27. Mark Keene, "Why Productivity Improvement?" in *Productivity Improvement Handbook for State and Local Government*, George J. Washnis (ed.) (New York: John Wiley and Sons, 1980), 7.
28. Catherine H. Lovell, et al., *Productivity Improvement and Measurement: An Administrative Approach*, Course I and II, published by the Urban Management Curriculum Development Project, National Training and Development Service, available from the Academy for Contemporary Problems, 400 N. Capital Street, N.W., Suite 390, Washington, D.C. 20001. The descriptions of these categories given in the following pages are taken from Lovell's work.
29. *The Guide*. . . , 5:2 (1981).
30. *The Guide*. . . , 3:6 (November-December 1979).
31. *The Guide*. . . , 4:4 (1980), 5.
32. *The Guide*. . . , 4:4 (1980), 4.
33. *The Guide*. . . , 3:6 (November-December 1979).
34. *The Guide*. . . , 5:1 (1981), 22.
35. *The Guide*. . . , 3:4 (July-August 1979), 176.
36. *The Guide*. . . , 3:1 (January-February 1979).
37. *The Guide*. . . , 5:2 (1981), 14.
38. *The Guide*. . . , 4:2 (1980), 20.
39. *Urban Innovation Abroad* (September 1980), 1.
40. *Urban Innovation Abroad* (April 1980), 6.
41. *Ibid.*
42. *The Guide*. . . , 4:1 (1980), 25.
43. *Urban Innovation Abroad* (July 1980), 7.

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