PM

PUBLIC MANAGEMENT

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CRISIS MANAGEMENT

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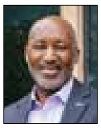
New ICMA Learning Lab Opens the Door to Higher Achievement | BY MARC A. OTT

Local government officials around the world can access this state-of-the-art professional development platform.

I have had the good fortune of having several outstanding mentors over the course of my local government career. When I think back to the best advice I received, whether fresh out of graduate school or decades into my career, it was to never stop learning.

That is what made my membership in ICMA so valuable. I leaned heavily on this association to help me achieve my professional and even personal goals through the many development offerings available to members. In fact, joining ICMA as CEO/Executive Director offered yet another learning opportunity. When I joined the ICMA staff in 2016, I saw how committed our professional development, conference, and membership teams—indeed, all staff members at ICMA—are to providing rich professional development experiences to ICMA members.



MARC A. OTT is CEO/Executive Director of ICMA, Washington, D.C.

After gathering feedback from professional development program participants, which included both qualitative and quantitative data, and benchmarking other cutting-edge professional organizations, the ICMA professional development team set to work on developing a state-of-the-art learning management system. We are very proud to introduce the ICMA Learning Lab (learninglab.icma.org).

This platform is packed with resources that allow users to set objectives and then develop a customized learning path to achieve those goals—all customized to the unique needs and interests of the individual. Most impressive is the Learning Lab's ease of use. It is completely mobile and can be accessed anywhere and at any time.

ICMA's director of worldwide learning and professional development,

When I think back to the best advice I've received, whether fresh out of graduate school or decades into my career, it was to never stop learning.

ICMA

International City/County Management Association

icma.org

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ICMA
Creating and Supporting Thriving Communities
ICMA's vision is to be the leading association of local government professionals dedicated to creating and supporting thriving communities throughout the world. It does this by working with its more than 13,000 members to identify and speed the adoption of leading local government practices and improve the lives of residents. ICMA offers membership, professional development programs, research, publications, data and information, technical assistance, and training to thousands of city, town, and county chief administrative officers, their staffs, and other organizations throughout the world.

Public Management (PM) aims to inspire innovation, inform decision making, connect leading-edge thinking to everyday challenges, and serve ICMA members and local governments in creating and sustaining thriving communities throughout the world.

Brian Bullock, can best describe the features and benefits of the new platform, but I believe this is a game-changer. For CAOs and managers, the ICMA Learning Lab can help better coach employees on how to fill their skill gaps and get to the next level on their career path.

For early-career and mid-career professionals who want to broaden their experience base and develop new skills, the Learning Lab offers access to self-paced courses complete with certificates and progress tracking. Most importantly, the Learning Lab is a portal to a global learning community where local government officials from Denmark and the Philippines might be taking the same course at the same time as their U.S. counterparts. The shared experiences create even greater growth opportunities for participants who can learn leading practices from one another regardless of geographic boundaries.

PM PUBLIC MANAGEMENT

ICMA CEO/Executive Director Marc Ott

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The chart here describes just a few of the many features of the ICMA Learning Lab. See it in action in the video at icma.org/previewlearninglab. It's easy to get started on your learning journey: simply log in at learninglab.icma.org with your ICMA email and password. I hope you will carve out some time to jump in and explore this great new platform. And please feel free to share your feedback with Brian and his team at learning@icma.org. We don't intend to ever stop learning. PM

Features of the ICMA Learning Lab

- Customize your learning path and choose the topics that best fit your needs, interests, and schedule.
- Choose from a variety of programming, from live webinars to self-paced e-courses.
- Discover learning opportunities based on skills, roles, topics, and interests.
- Access course collections at any time on any device and get started right away.
- Use a single sign-on with just your ICMA email and password.
- Explore blended learning that offers self-paced courses in conjunction with in-person events.
- Enjoy enhanced accessibility features, including closed captioning on videos.
- Track your progress and achievements, giving you a comprehensive overview of your development journey.
- Earn a certificate for each completed course.

New Ethics Director, Same Great Column

BY JESSICA COWLES

ICMA's new **ethics** director brings you the latest updates in the ethics program.

How do you step into a new role when you have big shoes to fill? Many of us have experienced this in local government, whether you are a seasoned manager or just getting your start in this profession. Lived experiences, professional background, education, and personal pursuits—just to name a few—are characteristics that set us apart from our predecessor and personalize our own approach to the job.

JESSICA COWLES

As I take on my new role, I look forward to connecting with you every month through the column.

The answer for me is that it is impossible to be the same person as the individual who previously occupied the position. You honor them through trial and error, always learning along the way, and forging a new path that is uniquely yours. I endeavor to do this as I embark on the role of ethics director at ICMA.

Allow me to introduce myself. I'm Jessica Cowles, and for more than five years, I have served as ICMA's ethics advisor. Prior to that, I worked in local government, including four years as a town manager. One of the benefits of ICMA membership is the opportunity to seek and receive confidential ethics advice from ICMA staff. Some examples of this can be to assess situations such as potential conflicts of interest, difficult council-manager relations, or challenges to political neutrality. As ethics advisor, I provided confidential ethics advice to many members over the years, and I'll continue to do so in my new role. Feel free to reach out to me at jcowles@icma.org.

As the new director of the ethics program, I'll be taking the reins on the "Ethics Matter!" column of *PM* magazine. In this first column, I'm pleased to announce the new revisions to the ICMA Code of Ethics, along with updates to the Rules of Procedure for Enforcement.

Revisions to the ICMA Code of Ethics and the Rules of Procedure for Enforcement

The Code of Ethics expresses the professional and personal conduct of membership and defines the values that serve as the basis for building and maintaining trust in the local government management profession. Membership first adopted the Code in 1924, and it was last amended in 2020. As background, tenets are the values of the profession while guidelines assist members in applying the principles outlined in the Code.

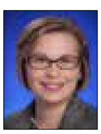
The ICMA executive board asked the Committee on Professional Conduct (CPC) to review the Code with membership to ensure it reflected the profession's commitment to diversity, equity, and inclusion. The three-year effort resulted in membership adopting revisions to Tenets 1, 4, 9, and 11, with the board approving language for the guidelines for Tenets 4, 9, and 11.

The full Code of Ethics with tenets and guidelines can be found at icma.org/documents/icma-code-ethics-amended-june-2023. The version of the Code of Ethics that has tenets only and is meant for printing or hanging on the wall can be found at icma.org/documents/icma-code-ethics-frameable.

The Rules of Procedure for Enforcement govern the ethics review process when ICMA receives a complaint with documentation that alleges a member's conduct may have violated the Code. The board approved the rules in the 1970s, which formalized the ethics complaint process, with revisions occurring as needed throughout the years.

The board recently adopted revisions to the rules that accomplished the following:

1. Allowed for a member to request a hearing with the CPC only in cases where the CPC makes a preliminary recommendation of public censure and before the case is referred to the board for review and decision.
2. Dropped the deadline for referring a matter to the CPC since the CPC meets regularly.
3. Provided overall edits and updated language to clarify the process.



JESSICA COWLES is ethics director at ICMA (jcowles@icma.org).

The rules can be found at icma.org/documents/icma-rules-procedure-enforcement-code-ethics.

The Way Forward

What can you expect from the "Ethics Matter!" column going forward? In the year ahead, we will answer ethics questions we receive, discuss the importance of political neutrality during election season and beyond, navigate communications, manage conflicts of interest, and work together to advance the public's trust through professional management. We will have guest columnists occasionally, offering insight on ethics topics as well.

As I take on my new role as ethics director, I look forward to connecting with you every month through the column. In addition to reaching out to me for ethics advice, please let me know of any specific topics you would like me to cover. I'm thrilled to contribute my voice to *PM* as a reminder to readers that *ethics matter!* PM

The Ethics Enforcement Process

A quick reminder of how ICMA ethics staff support the Committee on Professional Conduct (CPC) and its enforcement of the Code.

ICMA initiates a review of a member's conduct alleged to have violated the Code when a valid complaint is filed. The complaint must be in writing, clearly describe how the complainant believes the alleged misconduct may have violated the Code, and provide documentation supporting the allegation(s) from the complainant's perspective. Complainants can choose to remain anonymous or be named to the member as the individual filing the complaint.

Complaints are submitted to ICMA by completing the form at icma.org/page/icma-ethics-complaint-submission-process. ICMA staff reviews the complaint and documentation to assess whether the alleged misconduct, if proven true, could be a violation of the Code. If so, ICMA proceeds with a formal review. When a determination is needed, the CPC evaluates the complaint to reach a decision about whether to begin a formal review.

ICMA staff do not initiate ethics reviews because the role is to administer the enforcement process and serve as the principal point of contact for members. It would be a conflict of interest to serve as both the complainant and the process administrator.

Leading Through Crisis as the *Number Two*

BY ALLISON SCHECK

As assistants and deputies, we must decide who we are and how we want to show up for our organizations in times of crisis.

In the wee hours of August 29, 2022, sophisticated foreign agent BlackCat executed an attack on the city of Wheat Ridge's network. The city's IT professionals proactively shut down the network and infrastructure, rendering city hall and many services unavailable. While the impact to the public was minimal, the internal struggle to deliver services during the several months-long recovery and restoration period was stressful, challenging, and frustrating for staff.

Looking back, I realize I learned a great deal about leading through crisis from this particular experience. My three biggest takeaways from this experience follow.

Keep Calm and Get Your Hands Dirty

In my role, I oversee the IT team as well as most of the city's shared services. I also happened to be the acting city manager for the first two weeks of the incident. But regardless of the specifics of your role as assistant, in times of uncertainty like this, you have to be visible, informed, and involved as the second in command. Others in the organization are looking to see how you behave, whether or not you have a leading role to play in the incident itself. Chances are, no matter the organizational structure, if you are in a small to mid-size organization, you're playing a major role in situations like these.

For me, digging in meant learning everything I could about cybercrime in those first few days. The acronyms (hello, DDoS); the terms and phrases (it's "threat actor," if you please); the cybercrime "industry"; the various roles that lawyers, forensics, and government entities play; and how communications with a threat actor are typically handled. My suit of armor in the chaos included a really fast education so that I could speak intelligently with elected officials, colleagues, and staff; make good decisions quickly; and give solid advice to the city manager. I was the asker of "dumb" questions and I found that those professionals who were there to help us appreciated my inquisitive nature and worked really hard to help me bridge the knowledge gap.

I knew that being highly visible in those initial few weeks was important as employees were struggling to serve the community without their usual tools. In fact, this was harder for us than those first months of the pandemic because in this emergency, we lost our communication tools. I learned so much about exactly what employees were struggling with just by walking around city hall every day. In hindsight, I wish I had done a better job of travelling to other facilities to hear more directly from other department staff.

Be Decisive (and Toughen up, Buttercup)

As the assistant or deputy, we make impactful decisions every day. In emergency situations— based on your response plan, organizational chart, or lack thereof—we need to be ready and willing to make those decisions faster than on a normal day. That's the job. The organization needs you to think quickly, weigh the alternatives, and then for goodness sake make a decision and stick to it. Some of the decisions I made with our awesome IT manager weren't popular, even today, but I'll stand behind them. For example, we decided in the first few days to rebuild better, stronger, and more secure than before. That meant activating quickly on best practices, such as eliminating flash drives that are known to bring viruses into network environments. When you've done the research and leveraged your resources to know it's the right thing, stick to it, even when others might disagree. Again, it's the job.

Prioritize Communication and Transparency

As previously mentioned, at first, we had to get by without our usual communication tools of email and phones. We did have access to Microsoft Teams, but we had some slow adopters of the tool, which we had implemented in 2021 during the pandemic. A special cyber response team convened twice a day for the first few weeks, and as a team, we developed "scrappy communication methods" to get consistent messaging to staff about what was happening and what to expect that day and week. In particular, we wanted to communicate anything that had a personal impact (yes, you will get paid on Friday!) and share the priorities for restoration (no, you won't have access to your user drive for a week or two because we are prioritizing police communication systems and email). We made sure that staff heard about any details of our attack before the public. On my walkabouts, I asked all employees I ran into if and

ALLISON SCHECK is deputy city manager of Wheat Ridge, Colorado (linkedin.com/in/allisonhamiltonscheck).

how they were receiving updates and we tweaked our approach based on what we heard. We weren't perfect in our approach, but I do believe that by taking an empathetic approach and making our staff a priority, we minimized rumors and eased frustration.

This emergency was lifechanging and by far the most challenging professional experience for me thus far. As assistants and deputies, we must decide who we are and how we want to show up for our organizations in times such as these. We have a critical and unique role to play, and our bosses, colleagues, staff, and community are counting on us to lead and overcome. PM

Hurricane Ian:

LESSONS LEARNED FROM THE PERFECT STORM

BY ROBERT LEE, ICMA-CM (RETIRED)

No strangers to big storms, a group of Florida city/county managers gives advice for all phases of storm management.

On September 28, 2022, Hurricane Ian, a 500-year storm occurrence, made landfall on Cayo Costa, just west of Fort Myers in Lee County on Florida's southwest coast. This article summarizes the forecasting challenges of this storm, the evacuation considerations, the impacts of the storm, and most notably, the lessons learned as told by a dozen city and county managers in southwest Florida who gathered together to discuss the calamitous effects of this storm.

Predicting Ian's Path

With today's technology, meteorologists can predict where hurricanes are traveling, sometimes 72 hours or more ahead. Ian was not so calculable. Forecasters initially thought it would make landfall in Fort Myers, then forecasted a predicted shift northwesterly toward Tampa. It shifted again, with little warning, back to the Fort Myers area. Hurricane Ian approached in an oblique angle so small changes in the projected path made it difficult to predict. Moreover, Ian underwent rapid intensification, surging 75 miles per hour (mph) to 155 mph in 48 hours, adding to the difficult task of tracking the storm.[1]

Evacuation Decisions

Adding to the predictability challenge, Florida's population has increased by nearly three million people since 2010, with coastal areas seeing some of the largest increase.[2] Many of these people have never experienced a hurricane. For those who have experienced a hurricane, many have become complacent. For example, in 2017, Hurricane Irma was a massive storm, yet like many other hurricanes in recent memory, it was less severe and caused less damage than Ian, thus misleading people to thinking that Hurricane Ian "won't be all that bad."

According to Lee County Manager Roger Desjarlais, "In 2017, more than two million Floridians evacuated from their homes who ultimately did not need to." Evacuation decisions are based on several factors—storm surge and wind intensity/duration among the obvious ones—but whether one chooses to leave also depends on their own perceptions and prior experiences with storms.

Devastating destruction and debris on San Carlos Blvd. in Fort Myers Beach, Florida, after Hurricane Ian.

Have pre-positioned contracts in place for the top 10 items that your agency knows they will need in a disaster. Trying to negotiate and secure these services after the storm is impossible.

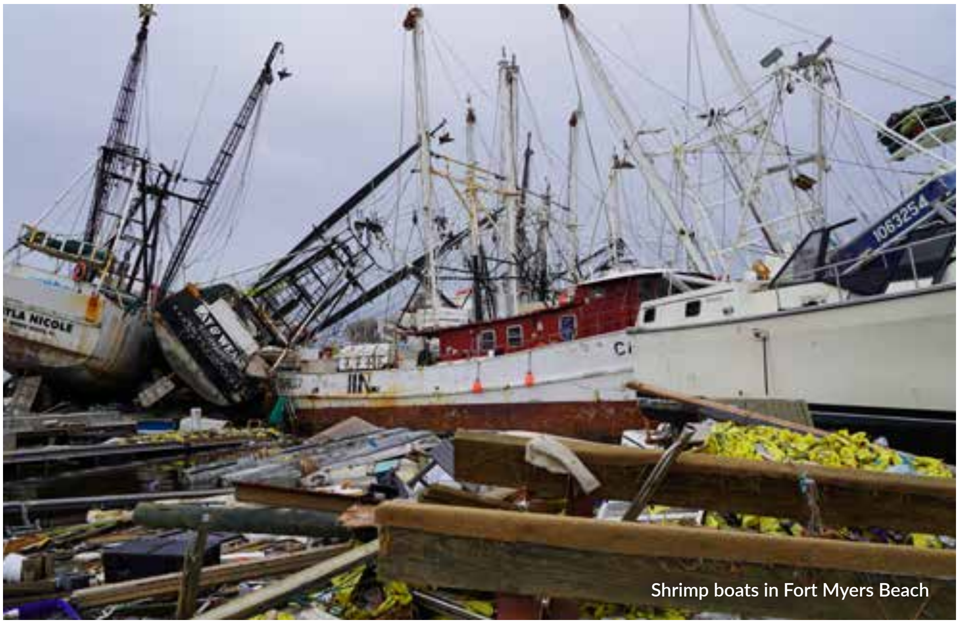
Impact of the Storm

With sustained winds of 155 mph, a driving storm surge as high as 18 feet, rain in some areas exceeding 24 inches within a 24-hour period, the result was devastating, with more than 100 people dying, 60 percent due to drowning. It was the deadliest hurricane in Florida since the 1935 Labor Day Hurricane and the deadliest on the continental United States since Hurricane Katrina in 2005.[3]

Ian caused unimaginable property damage as well. In Lee County alone, over 5,000 homes were completely destroyed, another 13,000-plus homes suffered severe damage, and 99 percent of the county's 447 traffic signs were damaged. In Sarasota County, the emergency medical facility was closed for a week, relying on a temporary mobile facility, and Interstate 75 was closed for extended periods, forcing traffic to be diverted to streets already filled with debris. Sarasota County and its largest city, North Port, were forced to pick up over 10 million cubic yards of yard waste and debris left after the storm. Mysteriously, some of the roadways were further impeded with a coating of a "silky-like ice" that Sanibel City Manager Dana Souza explained eventually "dried up like a desert dust."

A more recent report by the National Oceanic and Atmospheric Administration (NOAA) ranks Ian as the third most costly U.S. hurricane on record with $113 billion in damage and 152 storm-related deaths.[4] Over four million customers were left without power.[5] Also noteworthy was the expanse of Ian as compared to other storms that hit the area. For example, the eye of Ian spanned 40 miles with a hurricane wind field extending another 100 miles. The eye of Hurricane Charlie (2004) was about five miles with hurricane winds extending another 10 miles.[6] Charlie could have fit within the eye of Ian. In addition, Ian was a slow-moving storm traveling about 9 mph, taking the storm about seven hours just to travel through the city of North Port, resulting in 18-22 inches of rain in a 24-hour period. Hurricane Charlie crossed the entire state in about 10 hours. With Ian, the slow-moving storm also dumped over 20 inches of rain while crossing the state, causing major flooding all the way to the Atlantic Ocean. An example of this impact was the St. John's River in northeast Florida, which experienced record flooding.

Sanibel Causeway after Hurricane Ian



Shrimp boats in Fort Myers Beach

Several different meeting points need to be determined for residents and government workers to use during natural disasters. According to Fort Myers Beach officials, they were ill prepared with an alternative when the town hall was lost in the storm.

Lessons Learned

On February 17, 2023, a dozen city and county managers from southwest Florida came together as panelists for “Hurricane Ian: Impacts and Lessons Learned,” a half-day training symposium, at Florida Gulf Coast University (FGCU). The program was co-sponsored by the Florida City and County Management Association (FCCMA). Students from the ICMA Student Chapter at FGCU served as program moderators. Scores of local government professionals and MPA students filled the room to hear the panelists discuss Ian’s impact and the lessons learned from the storm.

The managers did not focus on the routine basics of pre-storm preparations (cleaning storm water inlets, filling vehicle gas tanks, removing pre-storm construction debris, etc.); instead, most of their comments highlighted the significance of communication, employee acknowledgement, pre-positioned contracts, service delivery challenges, and record-keeping compliance. They also reenforced the psychological impacts of a storm and offered counsel on how to respond to the emotions that are part of our human DNA. Following are the key takeaways from this symposium:

The Fort Myers Beach Canal

Communications Needed at All Levels

- Establishing working relationships throughout the year with other local government managers, school principals, hospital administrators, nonprofits, and other partners is paramount. Identifying a cadence for information sharing (regular conversations via telephone, radio, emails, etc.) is also important, and should include all of these agencies on pre- and post-storm updates during press conferences and community updates.
- Employees should also be included on this regular tempo of communications as they are also residents and are valuable resources for communications to the public. The impact of the hurricane varied throughout southwest Florida, enabling adjacent areas to communicate and coordinate more successfully to assist neighboring devastated areas.
- Educating the public on the relevancy of tracking the storm and its surge beforehand is crucial. Emphasizing the unpredictability of a storm's path is equally important so that residents will plan evacuation strategies. In addition, providing shelter options for those without a place to go must also be part of this communication.
- Managers need to be prepared for the numerous national media interviews that are sure to follow before and after the storm and plans should be made to use a common spokesperson and message. This is a valuable resource to use to communicate with the public, including those who are living or staying outside the area. If available, also plan to utilize social media platforms to get the message to the public.
- If radio and internet towers are down, plan to utilize satellite AM radios and assign people to distribute colored information flyers (in Spanish and English) to residents in effected areas. Multiple "desktop manuals" should also be available to assist all who need to respond to an event (contact lists, policies, etc.) Establish a communication source outside an impacted area pre-storm to act as a conveyer of messages between agencies and the public. For example, having teleworking staff across the state was instrumental during the post-storm recovery.

Employees Pay, Working Conditions, and Acknowledgement

- Ensure pay plans for all employees are specific and easy to understand. Often, collective bargaining agreements provide an article that covers special pay during a disaster. Understanding the expectations for pay is a requisite to avoid major morale issues.

The Sanibel Island lighthouse before (left) and after (right) Hurricane Ian.

- Recognize that all employees are essential and acknowledge the importance of scheduling some employee time off to rest, be with their families, and briefly recoup from the psychological effects that responding to a disaster can instill. Many employees will work long hours with little or no sleep for days or weeks. Leaders in Sarasota County's city of Venice thanked all city employees by giving them a memorabilia coin to "dignify the workers and remember them as heroes" for their efforts.
- Don't take for granted the importance of being able to feed employees and workers three meals a day during the recovery period. When the power is off, the stores are closed, and employees are working 14-hour days, knowing they can go to a location to receive a free meal is a motivating expression of gratitude. Ensuring that a food canteen (stationary or portable) is arranged satisfies one of the most basic human needs.

Pre-positioned Contracts and Service Delivery Challenges

- Have pre-positioned contracts in place for the top 10 items that your agency knows they will need in a disaster. Trying to negotiate and secure these services after the storm is impossible. In those service contracts involving debris removal, focus on "first push" (clearing for emergency responders), then continue pickups as soon as possible.
- As applicable, plan for how rescue and response teams can reach barrier islands that need to be accessed by bridge. The bridge to Sanibel Island was damaged, and money was needed to pay for alternative access points, such as floating docks. Fortunately, the Coast Guard air support was available and vital to rescuing people. With limited boats available, pontoon boats were used for shuttling people.
- Recognize the significance of not being able to evacuate the elderly in high rises after the storm. Elevators won't be operational. Generators don't work when they are plugged into buildings that have been flooded. Most older residents are unable to traverse many flights of steps to get out of a building.
- A newer issue we encountered involved numerous homes catching fire due to golf carts and electric automobiles not being unplugged during the storm, causing homes to burn down when the power returned. Ensure that you communicate this risk to residents.
- Ensuring an up-and-running Emergency Operation Center (EOC) is critical and all phases and location needs should be established ahead of time. Being overly prepared with table-top plans with emergency personnel, as much as possible, is also encouraged.

Managing expectations, while recognizing the psychological considerations for getting things back to normal, is essential.

Fishing boats were pushed onto land by the historic storm surge from Hurricane Ian.

Flooded residential areas as a result of Hurricane Ian.

In addition, understand that some people may be in shelters for weeks, and this takes a psychological toll on those staying and working there. Shelters must be able to accept pets.

- Several different meeting points need to be determined for residents and government workers to use during natural disasters. According to Fort Myers Beach officials, they were ill prepared with an alternative when the town hall was lost in the storm.
- Managing expectations, while recognizing the psychological considerations for getting things back to normal, is essential. For example, opening a beach access point, allowing beach events such as weddings, or opening a pier are all important, but not as high a priority as opening hospitals and fire stations.
- Many dwellings and businesses that have survived for decades were not up to newer building codes and did not survive this storm. In Charlotte County, an area on the northern end of the storm, administrators credited rebuilding infrastructure and updating land-use ordinances that were put in place since Hurricane Charlie as playing a major role in damage mitigation. It's not safe to keep "kicking the can down the road" with infrastructure until an event like this occurs and infrastructure fails.

Record Keeping Mandates

- Following a storm, record keeping and accessibility to the records is critically important to present paperwork needed for FEMA and other sources of funding and assistance.
- Medical-dependent registrations and transporting and sheltering process records will assist in responding to those most vulnerable. After Irma (2017), Florida placed Environmental Power Plan (EPP) requirements on all licensed nursing homes and rest homes. As a result, not one of the 72 nursing homes in Collier County experienced heat stress due to lack of power.

Final Thoughts

President Abe Lincoln purportedly said, "If I had six hours to cut down a tree, I would spend the first four hours sharpening my axe." Preparing for a major hurricane has a lot more variables to consider than cutting down a tree, but the principle is the same—preparation. The city and county managers who made time to discuss what they learned from this storm all focused on the significance of preparation and communication as universal foundations for local governments' response to a major storm event. Some argue that Hurricane Ian was the "perfect storm" due to its unpredictable path, massive size, slow-moving speed with extreme wind speeds, and lots and lots of rain. The managers who assessed this storm recognize one other very important attribute—adaptability—and the recognition that preparing for the unexpected will continue to be a salient part of their planning. PM

ENDNOTES AND RESOURCES

[1] Umair Irfan. "Hurricane Ian's Exceptional Death Toll Explained" Vox. October 7, 2022. https://www.vox.com/science-and-health/23389508/hurricane-ian-death-toll-storm-florida-landfall-climate

[2] Ibid.

[3] Ibid.

[4] WFSU Public Media citing a report from NOAA, January 1, 2023

[5] NOAA report, U.S. Department of Commerce, November 29, 2022.

[6] Chase Kara Castes. "How Big is Hurricane Ian? The Massive Storm is Twice as Wide as the Florida Peninsula". September 28, 2022.

DR. ROBERT E. LEE, ICMA-CM (RETIRED), is MPA program coordinator and associate professor at Florida Gulf Coast University. He is faculty advisor for the university's ICMA Student Chapter.

Investing in Your Teams and Alliances Before a Crisis Strikes

How early relationship-building prepares us for the next emergency

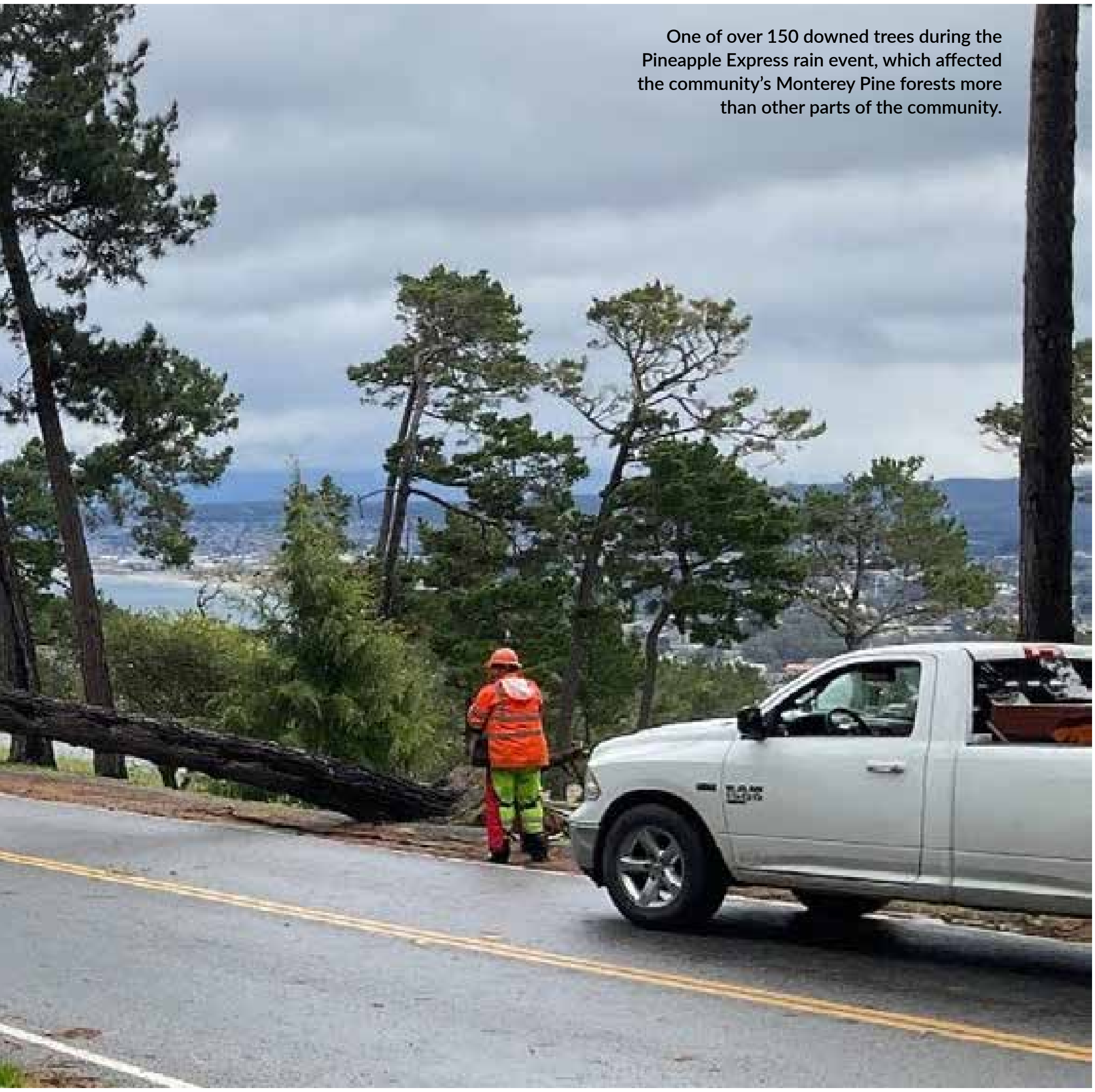
BY NAT ROJANASATHIRA

In many cases, we are underprepared because we haven't taken enough time to build strong relationships within our teams and foster alliances outside of our agencies before a crisis hits.

Our communities continue to face risks and hazards from disasters and crises. In 2022, the United States experienced 18 weather and climate disasters that each caused over a billion dollars in damage, the third costliest year of billion-dollar disasters since 1980. The frequency, number, and cost of disasters have surged over time due to increased exposure, vulnerability, and climate change.[1] Natural and human-caused crises include earthquakes, tornadoes, hailstorms, droughts, wildfires, flooding, hurricanes, social unrest, cyberattacks, migrant overcrowding, the opioid epidemic, and acts of terrorism. Sobering data shows that 646 mass shootings and 44,343 gun violence deaths plagued the United States in 2022,[2] sadly reminding us that no community in the United States is immune to mass shootings or gun violence. As professional managers responsible for the day-to-day operations of public agencies, we often focus time on our elected officials, constituents, and workforce. The focus on the "here and now" can lead to being underprepared for emergencies and crises.

Inadequate planning and training in the Emergency Operations Center (EOC), outdated emergency playbooks, dusty disaster plans, and unclear responsibilities can be some of the reasons for the lack of preparedness. However, in many cases, we are underprepared because we haven't taken enough time to build strong relationships within our teams and foster alliances outside of our agencies before a crisis hits.

"Build the relationship before you test it," states Leonard Johns, chief of police for the Federal Reserve Bank of Richmond. Johns is a former crisis management expert with the Federal Bureau of Investigation (FBI) and recognized the value of relationship-building during his tenure working closely with local governments while at the FBI. He added, "The first place to meet your partners (for the FBI, state, and local representatives) is not in the middle of a smoking hole." Internal trust and collaborative relationships with our agency's allies *before a crisis strikes* can make the difference between a coordinated response and a chaotic response.



One of over 150 downed trees during the Pineapple Express rain event, which affected the community's Monterey Pine forests more than other parts of the community.

Pineapple Express Hits California

In March 2023, emergency managers throughout much of California were given a four-day warning that a powerful atmospheric river, known as a "Pineapple Express," was heading straight for the Golden State. In the city of Monterey, atmospheric river systems over the span of three weeks brought wind gusts of up to 65 miles per hour, resulting in multiple days of widespread power and mobile communications outages. Over a three-week span, our coastal community of 30,000 residents and daytime population of nearly 70,000 experienced 151 downed trees, 82 road closures, mudslides, flooding, and over 250 fire department calls for service.

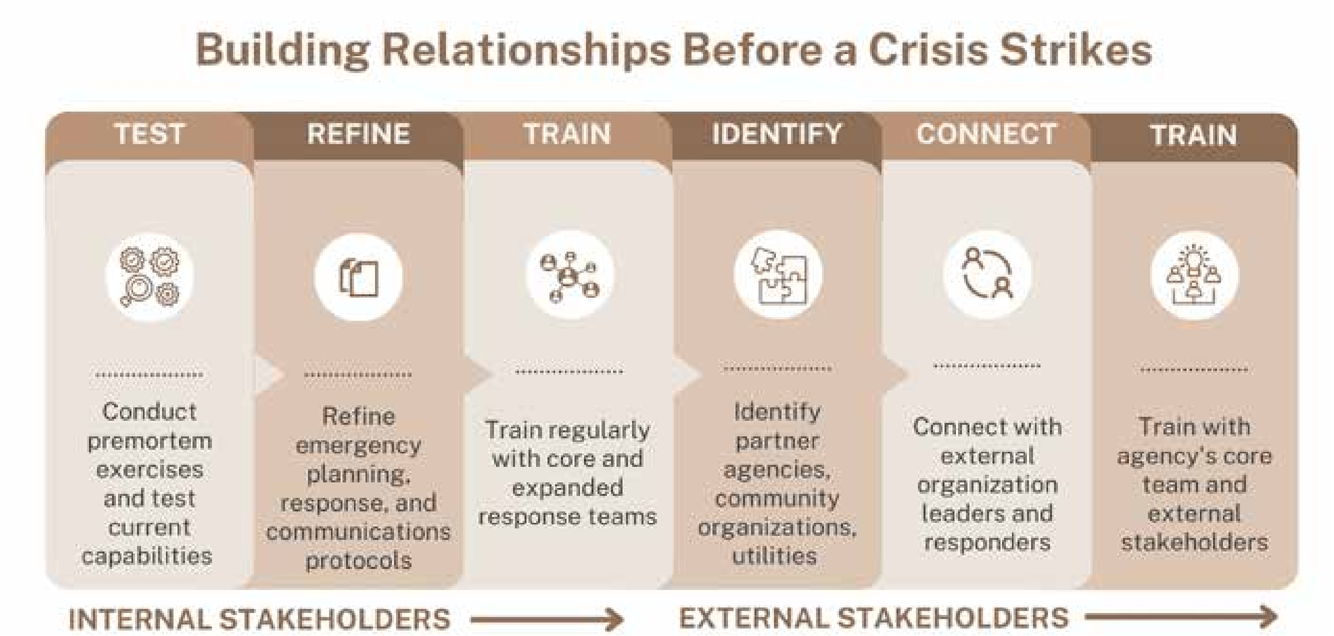
At its peak, the fire department received 136 call-outs in an 18-hour period. Most of the community was without electricity for over 36 hours due to downed transmission lines. For over two days, most of the Verizon Wireless mobile communications service citywide was down, immobilizing our fire department's mobile data systems on fire apparatus and in fire stations. After several hurdles, Verizon deployed generator-supported mobile communications towers to our community.

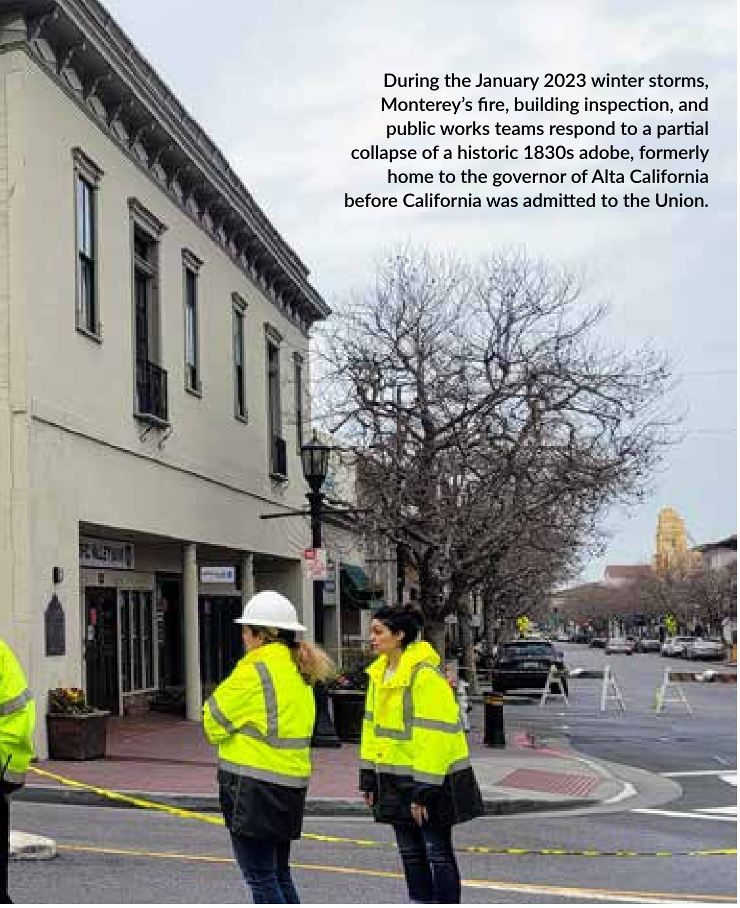
The atmospheric rivers brought together our city's fire, police, streets, harbor, sewer, library, parks, building inspection, and recreation teams in one of the largest coordinated responses our city has experienced in decades. Our organization's pre-existing team-oriented culture, fostered by City Manager Hans Uslar, helped us respond to the crisis in a coordinated, agile, and efficient way.

When our fire department responded to downed trees on roadways and homes, our police personnel, forestry crews, and streets staff swiftly responded at all hours of the night to clear trees and manage road closures. When trees toppled onto homes, building inspectors quickly arrived to assist. When the EOC was short-staffed, our parking division staff stepped up to provide support. When it was known that impacted electrical transmission lines would result in a multi-day widespread power and wireless communications outage, our fleet division transported and fueled generators to support library and recreation staff who opened up facilities as community resiliency centers. At the Monterey Public Library, at any given time, over 150 patrons relied on the city's free Wi-Fi service to connect with the outside world.

Building Trust Within the Team

As leaders of public organizations responsible for one or multiple aspects of crisis and emergency management, we must keep our team working effectively and collaboratively, and build trust within our organizations. As generalists responsible for multiple departments and with a larger span of control, it is important to realize that stand-alone department staff may not consistently collaborate and





During the January 2023 winter storms, Monterey's fire, building inspection, and public works teams respond to a partial collapse of a historic 1830s adobe, formerly home to the governor of Alta California before California was admitted to the Union.

work with other departments as the city manager's office does.

"It can be challenging for department directors (especially new ones) to expand outside of their area of expertise for a couple of reasons. We feel we are hired to run the department in which we are the leader, and we tend to be loyal to people within our department," explained Jeff Boyles, fire chief for Newport Beach, California. He added, "However, building relationships across the landscape with finance, city attorney, human resources, public works, city manager, and other public safety departments can be just as crucial."

Monterey's team-oriented culture that led to our successful response to the Pineapple Express events did not happen overnight. One element of our success is that we have a full-service city with resources in multiple departments to rely on, yet we are nimble enough to address issues across our community's 8.4 square miles. We have also had the opportunity to become more resilient and trusting with each EOC activation in recent years: the COVID-19 pandemic in March 2020, lightning and arson-generated wildfires in August 2020, and the tsunami in January 2022 caused by the Tonga volcano eruption. Our muscle memory kicks in because our team has had practical experience with evacuation plans, emergency alerts to employees and citizens, emergency shelters, GIS mapping, crisis communications resiliency shelters, as well as harbor and beach evacuations.

Trust was paramount when, during the Pineapple Express, the Monterey Peninsula's population of over 100,000 residents was at risk of becoming an "island" with no road access to the rest of California. We notified all employees via their landline, cell phone, text message, and email about how to report to work and identified key staff who needed to be placed in hotels. Our employees appreciated that we looked out for the well-being of their families during the event.

While our team in Monterey has been fortunate to work together in less catastrophic EOC activations, the internal relationship-building outside of emergencies has made the difference. We intentionally collaborate on cross-departmental projects throughout the year, hold regular team-building and all-department management meetings, and foster a culture that encourages employees to grow their careers within the organization and experience working in multiple departments.

Conversely, teamwork built in a crisis can help build camaraderie that helps our organizations thrive outside of a crisis. Public leaders like Newport Beach's Fire Chief Boyles share that sentiment. He stated, "During the COVID-19 pandemic, we experienced a shared mutual bond during that time that strengthened our relationships beyond any I have experienced in my 30 years of public service."

Building Alliances Outside Your Agency

It can be too easy to go into a fight-or-flight mode in a disaster or crisis. We become overly territorial, telling others to "stay in your lane." We become dismissive and defensive of our mistakes by saying, "I didn't send out the wrong information to the public." We blame others for what went wrong, saying, "If they didn't ignore the issue, this wouldn't have happened!" We also become tightfisted when resources are scarce: "Let me secure this resource before someone else gets it." This is not a productive or healthy way to lead during a crisis. As leaders, we must work toward building alliances and preserving our relationships, not severing them.

Peter Neffenger, a former administrator of the

Key Takeaways

- Build the relationship before you test it.
- Lean on and build your organization's team-oriented culture so that your agency can respond to the crisis in a coordinated way.
- Intentionally collaborate on cross-departmental projects throughout the year, hold regular team-building and all-department management meetings, and foster a culture that encourages employees to grow their careers within the organization.
- Remove your ego from the situation and "get out of the basement." It's not about you. It's about working together to solve the problem.
- Work to better understand other organizations' resources, needs, roles, and limitations; and offer resources if your agency is able to.
- We have a responsibility as public managers to work together to be prepared for the next crisis.

Transportation Security Administration, who guest lectures at the Naval Postgraduate School's Center for Homeland Defense and Security and teaches at Harvard's National Preparedness Leadership Initiative, refers to crisis managers' fight-or-flight mentality as "going into the basement," a concept discussed at length in the book, *You're It: Crisis, Change, and How to Lead When It Matters Most.*[3]

Neffenger has stated, "The whole goal of this is ultimately to get you to remove your ego from the situation. Worrying about 'what might happen to me,' 'what people might think of me,' gets in the way of actually making good decisions about everyone around you.' One of the mantras they have is, 'This is about the success of those around you.' It's not about you. If everyone works to make everyone else succeed, then everyone succeeds. That's a tool for getting yourself out of the basement—out of that panic mode—to say, 'Wait a second, everybody's going to be panicked here, but we have an opportunity to try to fix it.'"[4]

Building trust with outside organizations before a crisis requires understanding other organizations' resources, needs, and roles. For example, the extended power outage during the Pineapple Express was frustrating. However, once we better understood the storm's impacts on major transmission lines and that electrical utility crews were stretched throughout the state, we could better work toward solutions for the public good instead of hastily pointing fingers. Public agencies are part of an interconnected and interdependent system that relies on collaboration and communication to be successful. Getting to know each other's resources and limitations allows us to be more solutions-oriented and serve the public effectively.

In addition to hotwashes and after action reports, an increasingly popular method of strengthening relationships ahead of a crisis is conducting a pre-mortem exercise with partner agencies, utilities, service providers, and community members to challenge assumptions and identify reasons a crisis management response may fail before the crisis occurred. Dr. John Comiskey, associate professor of homeland security at Monmouth University, and Michael D.

Checklist: How to Invest in Your Team and Build Relationships Before the Next Crisis

- **Think out of the box and train with your team.** With the staff turnover that many of our organizations are experiencing, it is more important than ever to maintain an updated list of employees assigned to the EOC and as key disaster service workers and ensure they undergo regular training. Build positive working relationships with them early to create a deep bench.
- **Build and test emergency communications with your team.** Test how quickly you can stand up your EOC in an activation. Practice contacting your employees *en masse* after business hours. Can public safety employees who live outside your community get to work if major transportation corridors are inaccessible?
- **Create communication backups.** Ensure that your teams have functional radio systems and know how to use them in the event of a mobile communications outage.
- **Review your extended power outage plan.** Identify which facilities, including fire stations, community centers, and libraries, would serve as community resiliency centers for residents during an extended power outage, which facilities have onsite or mobile generators, and if any can provide refrigeration for residents' medication(s).
- **Effectively deploy CERT Teams.** Community emergency response teams (CERTs) and their members can be effective in a crisis response strategy, as well as preparedness and community resilience.
- **Conduct multi-jurisdictional tabletop exercises.** Counties, cities, fire districts, transit systems, airports, and utilities (electrical, gas, water, telephone, and mobile communications providers) should hold annual tabletop exercises and pre-planning meetings to practice EOC activations and get to know one another.
- **Conduct a hotwash after each incident and be sure to follow-up.** We often get better after each emergency and each crisis. Don't forget to conduct a hotwash by discussing what went well and what could have been improved, and summarize those findings with an after action report (AAR). Follow-up on lessons learned with actionable items, clear deadlines, and assigned staff for each task. Utilize resources available from the Federal Emergency Management Agency (FEMA).
- **Conduct a premortem.** Emergency managers use pre-mortem exercises and worksheets to identify causes and reasons a crisis management response may fail. This can be helpful, particularly when both internal and external stakeholders are brought in.
- **Discuss resiliency and emergency preparedness with neighborhood and community groups.** Identify educational institutions, healthcare systems, military partners, nonprofit organizations, service clubs, and neighborhood associations that can support your agency during a crisis.
- **Update your communications plan.** Identify how you will keep your constituents informed based on different situations. Mass notifications, social media, word of mouth, email blasts, door-to-door notifications, and traditional radio, television, and news media are all part of an effective crisis communications mix.

During the first six months of the COVID-19 pandemic, partnerships between Monterey's recreation division and the Monterey County Food Bank resulted in produce distribution every weekday, serving more than 25,000 people.

Larrañaga, president of R.E.M. Risk Consultants, describes the process: "The premortem process reframes problems to identify threats *a priori* rather than *a posteriori,* as in the case of an autopsy (postmortem). A premortem analysis is a management tool that is the hypothetical opposite of a postmortem in which the question 'What might go wrong?' is evaluated instead of the postmortem question of 'What did go wrong?' to anticipate potential problems that can be avoided."[5]

Relationship-building can also help us identify opportunities and our own shortcomings, explains Superintendent Lanita Cullinane, chief of the Bureau of Field Services for the Boston Police Department. Cullinane oversees the patrol division, community policing, special events management, tactical operations, and field support for the 20th largest law enforcement agency in the United States.

"I have found that building relationships across disciplines is a necessary part of capacity building. It's about breaking down silos, so we have an opportunity to look at operations from a whole systems perspective, learning where needs and blind spots may exist," explains Superintendent Lanita Cullinane.

Using some of these relationship-building tools helped us in our collaborative response during the Pineapple Express. Our Monterey city government had a strong relationship with the county of Monterey's department of emergency management because we've worked together through the pandemic, wildfires, and tsunami in recent years. In prior emergencies, our police department assisted the Monterey County sheriff's office during evacuations, our IT team provided GIS expertise to the county's EOC, and our conference center hosted a 30,000-square-foot evacuation shelter during the 2020 wildfire evacuations. Our fire chief and I have served as controllers and evaluators in the county EOC's functional exercise training events. Our police chief has a strong relationship with the sheriff, who was chief of a nearby city before being elected sheriff. While we've helped the county, they have also supported us during times of need.

Other community and governmental organizations have been critical to Monterey's resiliency during times of crises. Entities operating within our city limits, including the school district, community college, state parks, Navy, Army, Coast Guard, hospital, fairgrounds, and major employers have partnered with the city on emergency planning, community engagement, disaster response, and resource planning.

Lessons Learned

Further reflecting on the Pineapple Express event, there were gaps in communication and opportunities where we could have built stronger alliances before the crisis. The utilities and communication providers are one example. While our EOC kept in touch with Pacific Gas & Electric (PG&E) staff via text messages and phone calls, some communications were delayed. We didn't learn until several hours into a power outage that most of Monterey would be without power for over 36 hours, and some neighborhoods would be without electricity for over three days. When the fire department's mobile data system went down, it took us over 12 hours to connect with a Verizon Wireless representative two time zones away to receive an update on when service would be restored. Comcast's high-speed internet system was also shut off for extended periods. We knew extended power and communications outages were possible but didn't comprehend the actual effects of such an issue. In hindsight, we should have built stronger connections and relationships with both PG&E and Verizon Wireless. And with the Pineapple Express behind us, we will work on those relationships and become more resilient during the next crisis.

As chief of Boston Police Department's largest bureau, Superintendent Cullinane finds ways to complement and supplement another agency's needs if her agency has the capacity. She adds, "This idea of shared responsibility is not meant to do someone else's job, but to provide support in an effort to ensure we are holistically providing the best service we can."

In our profession as professional public managers, we have a shared responsibility to build critical alliances within and outside of our organizations so that our communities are better prepared for the next crisis. PM

ENDNOTES AND RESOURCES

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IT CAN HAPPEN HERE: No Local Government Is Safe from Fraud

The fact that fraud and embezzlement are growing problems in local government is a clarion call for a more robust focus on elimination and prevention.

BY RANDALL REID, DAVE ROSS, AND KEVIN KNUTSON

"Whoever is detected in a shameful fraud is ever after not believed even if they speak the truth."

—Phaedrus, 370 BC

Spring Lake, North Carolina, is a small town of 12,000 residents just outside of Fayetteville, adjacent to Fort Liberty Army base (formerly named Fort Bragg). In 2022, the town received undesired national notoriety as their finance director was convicted of fraud and embezzlement. She embezzled more than $567,000 over five years for her personal use by either depositing it into her bank account or using it to pay for rent at the assisted living facility where her husband lived. Unbelievably, city checks were used to pay the rent and the husband's name was listed in the memo section of the check. After the state auditor became involved, it was revealed the town has no record of over 25 vehicles that had been purchased for the town now either missing from fleet records or stolen. The town operations are now under state oversight.

It may be understandable when a corrupt individual strikes a small, understaffed community like Spring Lake, but scores of cities and counties of all sizes across the country with solid management teams and reputations have had scandals over alleged and realized fraud and embezzlement. A summary of recent embezzlement cases from internet news sources found over 650 alleged cases that were as high as $53,000,000 in Dixon, Illinois.

The magnitude of the fraud problem. According to statistics from the Association of Certified Fraud Examiners (ACFE) 2022 Report to the Nations, fraud and embezzlement is on the rise. Recently, inadequate staffing levels and workplace changes due to COVID-19 responses and new technology may have contributed as former processes were disrupted. Fraud accelerates as system safeguards are set aside and control processes are stressed due to staffing turnover and remote work impacts. Every ICMA manager reading this should ponder their recent post-COVID operational changes, often made in haste or temporarily, to accommodate workplace and staffing changes.

According to the ACFE, the most common types of fraud committed in government are corruption, billing schemes, non-cash fraud (including asset misappropriation), payroll fraud, and expense reimbursement fraud. Half of all frauds are due to either a lack of effective controls or someone overriding existing controls without detection. Asset misappropriation represented 86% of all fraud in 2021, with a median loss of $100,000. The average loss to fraud increases dramatically to over $800,000 dollars when its duration exceeds five years. The average loss to government agencies is greater than other corporate entities and local government fraud cases averaged 123% higher in dollar loss than in state governments. Average dollar loss was similar whether the government had fewer than 100 employees or more than 10,000 employees.

Managers may know and trust the perpetrator. The ACFE report also sheds light on the profile and techniques of the perpetrators of fraud. Sixty-two percent of all fraud was committed by management-level employees, with ages ranging from 31 to 50, and in 65% of cases, committed by someone with a college degree. The average loss per fraud is 150% greater and continues for twice as long a period when committed by a manager. Typically, 18-24 months pass before a government identifies and acknowledges that it has experienced fraud.

Half of all fraud cases are committed by a long-term trusted employee (25% with more than six years of employment and 20% with more than 10 years). These long-tenured employees steal almost three times more than less tenured perpetrators

and are also more likely to collude with others and take longer to detect. The six most recent red flags associated with long-tenured employees are someone living beyond one's means, having a close relationship with a vendor, having control issues, being unwilling to share duties with a peer, bullying or intimidation, and irritability or defensiveness. Typically, 85% of fraudsters displayed at least one of these six behavioral red flags.

Retroactive annual audits are insufficient in protecting you. Most managers publicly promote and may believe that their annual audit will protect their jurisdiction's and their own reputations, but according to the ACFE report, that is misplaced trust. When it comes to fraud prevention, "trust but verify" and "eternal vigilance" are better mantras. The ACFE report found that an external audit is associated with detecting fraud only 4% of the time. Good fiscal and inventory controls do assist in preventing fraud, but the most common control implemented after a known incident is "management review." Therefore, it is more beneficial to proactively complete a fraud risk assessment to identify vulnerabilities before something happens. Proactive data monitoring and analysis is associated with the greatest reduction in the duration of fraud (56%) and a 47% reduction in the financial cost of the fraud experienced.

This article will assist managers in understanding the best practices to save you from experiencing fraud within your organization. The review in the previous paragraphs provides some solid statistical insights into fraud, but *PM* readers will benefit from hearing some of thoughts from interviews with two ICMA members who are familiar as both managers and recognized consultants on the best financial practices for fraud prevention: Kevin Knutson, ICMA-CM, is assistant county administrator of Pinellas County, Florida; and David Ross, ICMA-CM, is president of 65th North Group, a national government fraud risk consulting firm. The following questions were posed by Randall Reid, ICMA southeast regional director.

The average loss to government agencies is greater than other corporate entities and local government fraud cases averaged 123% higher in dollar loss than in state governments.

From your work experience, what do you see as the principal damage to organizations that have experienced fraud?

Kevin Knutson (KK): The rising rates of white-collar crimes, including fraud and embezzlement, should make every local government manager take note, as it is never just a financial issue.

Fraud also undermines public confidence and trust in the government. Fraud destroys reputations and the brand and self-image of communities. It has broader consequences for society and robs other programs of resources. It doesn't matter if it's perpetrated by internal staff or outside threats either. An increasing number of public organizations have experienced cyber fraud perpetrated by isolated hackers or highly sophisticated networks with links to organized crime and international drug cartels.

Local governments will require increasing use of data analytics and artificial intelligence tools in local government to prevent fraud and global-based cyber schemes through continuous monitoring and data integration. There will be additional continuing expenses to do this properly in addition to the occasional loss.

What are the best practices for proactive fraud risk mitigation that a local manager should employ?

David Ross (DR): The best fraud risk mitigation practices for government organizations are to begin with the mindset that the annual external audit does not protect you from fraud, nor is it designed to find your organization's fraud and embezzlement risk vulnerabilities. Managers must never use trust as a control.

Many frauds in local government happen for years, after receiving several "clean" audit reports. External audits serve a valuable purpose, but fraud risk reduction is not one of them. All government fraud incidents happen in organizations with professional staff in place (many have been there for years), the organization received a clean (unqualified opinion) on their most recent external audit, and they have professional policies in place.

For most of these organizations, the fraud incident caught them completely by surprise. They didn't realize they had vulnerabilities in their processes and the person who committed the fraud was a trusted employee. For managers, trusting employees is essential to support a positive workplace; however, trust must never be used *as a control.* Placing trust in someone *to the exclusion of ensuring proper safeguards are actually in place (not just you thinking they are in place)* is one of the top reasons why fraud happens in local government.

A comprehensive fraud and embezzlement risk assessment is one of the most important recommendations for local government leaders to identify vulnerabilities in existing processes. While it might be uncomfortable to complete an assessment because it will show vulnerabilities, not completing one means that all the vulnerabilities that exist will remain. It's better to keep your eyes open, know what you are dealing with, and address vulnerabilities before falling victim.

The next best move mitigate risk is to ensure you

are performing regular data analytics, at a minimum, on your employee purchases. Procurement systems are a top fraud scheme and advanced data analytics with professional monitoring of the data results is known to significantly reduce fraud risks and duration.

KK: Awareness of the potential for fraud, detection procedures, and clear prevention policies should be part of ongoing operational planning and performance management by the leadership team. Demonstrating that senior leaders are paying attention can alone reduce the risk of fraud and increase the potential for identifying unethical behavior. In our organization, we have assigned certain compliance and analysis functions to staff to ensure that there is appropriate analysis and oversight.

We must start with the attitude that "it *can* happen here," *and has.* We all hope that nothing like that is happening in our organizations, but we can't assume it. We also should not be afraid of asking the right kinds of probing questions when things don't add up or our intuition suggests something is awry.

What are the differences between an "annual audit" and a fraud risk assessment?

DR: An annual audit looks at whether funds are recorded properly in all the right buckets (whether the organization presented its financial statement information fairly and in accordance with U.S.-accepted accounting principles). There is often limited sampling of certain controls (such as purchasing or payroll), and it looks back in time to see if those limited samples reveal any issues.

A fraud risk assessment is forward-looking based on existing practices and policies. It is a means to identify vulnerabilities that expose the organization to fraud, regardless of whether someone has exploited those vulnerabilities in the past.

Joy Tozzi, township administrator of Robbinsville Township, New Jersey, states it well. "An audit only takes you so far. It provides a snapshot of where you were, and its focus is on its financials. A fraud risk assessment is an overall risk assessment of the entirety of your organization. It takes a deep dive into your practices and shows you where there are potential vulnerabilities and makes recommendations regarding policies and procedures, asset management, and cyber security vulnerabilities. Once the assessment is completed, any threats to your organization have been greatly reduced."

KK: An audit is designed to ensure that what's in your financial statements can be reasonably assumed to be accurate, not whether the transactions were appropriate. Working as a consultant, I have stumbled across fraud where all the financial paperwork was executed and passed a financial audit, but the work was either not completed or the materials were used for other purposes.

In one example, an employee was building a vacation home out of materials purchased by his agency.

We recognized that many types of fraud by insiders will look legitimate on the surface—appropriate paperwork and proper documentation on the general ledger—so there is no way to catch it through an annual audit. We wanted to ensure that we had better ways to detect potential fraud and make it difficult for anyone to find a way to misuse taxpayers' money.

What are the dangers of dependence on your annual audit when it comes to fraud risk?

DR: Solely depending on an annual audit for fraud risk identification, which was never designed to identify fraud risks or vulnerabilities to fraud within the organization, has been disastrous for local government managers. Only a fraud risk vulnerability assessment will comprehensively identify vulnerabilities to fraud within the organization. Ask any of the hundreds of current or former managers in local government whose organization fell victim to a multi-year fraud after having received multiple clean audit reports.

Where do you begin if you want your organization to be better protected and what are some sources of assistance for managers?

DR: Once you've identified your vulnerabilities, it is important to begin addressing them in a systematic manner. A good assessment will prioritize recommendations with the knowledge that there are only so many employees to implement them, and money can be a factor as well. Certain audit or CPA firms can complete fraud risk assessments; however, while not taking away from their work, it is best to ensure that whoever completes the fraud risk assessment is highly trained in internal controls within a government setting, is knowledgeable about government operations, is a certified fraud examiner, and ideally has completed numerous fraud risk vulnerability assessments in the past. An in-house employee with this level of training or a consultant specializing in fraud risk assessments will help ensure your needs are met.

KK: After uncovering an instance of fraud in our organization that went undetected until we received a tip from the public, we decided to conduct a comprehensive risk assessment to accomplish two main goals. First was to see if there were other areas where we might be unknowingly experiencing fraud, and second, to identify gaps in our policies and procedures that could be exploited by bad actors. As part of that effort, we have looked at recommended practices from the Government Finance Officers Association, the Association of Certified Fraud Examiners, and the Institute for Internal Auditors.

What are the widespread problem areas or specific assessments to consider in reducing fraud vulnerabilities?

DR: Organizations should consider their needs and decide whether to complete an assessment of all functions or a limited number of functions. Simply put, any internal processes, point of customer interaction or payment, inventory storage or distribution center, fleet maintenance, property or equipment acquisition, and any automated systems could be appropriate, as could a review of a department organizational unit. Common functional areas looked at during a fraud risk assessment are included in Table 1.

What frequency for assessments is most effective?

DR: In addition to an initial comprehensive fraud/embezzlement risk reduction assessment, annual follow-up assessments are also highly beneficial since computer systems change, employees change, fraudsters are always coming up with new ways to steal, and employees have been known to override controls.

TABLE 1. Common Functional Areas Examined in a Fraud Risk Assessment

- Vendor maintenance/vendor payments.
- Cybersecurity and cybercrime risks.
- Cash and check handling.
- Fuel use management.
- Purchasing, including p-cards.
- Utility billing.
- Field operations (all departments).
- Entity-level controls.
- Inventory management.
- Payroll fraud.
- Permitting operations.
- Subrogation.
- Claims management.
- Accounts payable and accounts receivable.
- Refunds, voids, and chargebacks.
- Fictitious vendors, false invoices, or fraudulent returns.
- Travel advances and expense reimbursements.
- Worker's compensation management.
- Bid rigging.
- Kickbacks.
- Conflicts of interest.
- Scheduled drug management (fire/EMS operations).
- Evidence oversight and management (law enforcement operations).

Performing monthly disaggregated data analytics of purchases, including p-cards, is a fantastic way to reduce purchasing risks by identifying risky vendors and risky employee purchase transactions. It is amazing what disaggregated data analytics can do as they create a picture that a good fraud examiner can look at that isn't otherwise visible when just looking at raw purchasing data each month.

Once a risk assessment is completed, how should this information be shared with elected officials?

DR: This is something that is best left to each organization; however, as a rule, it is appropriate for elected officials to be aware that a fraud and embezzlement risk assessment is being completed. These assessments serve several important purposes that elected officials and constitutional officers often find valuable:

1. They identify fraud and embezzlement risk vulnerabilities not previously known.
2. They are a best practice.
3. They create accountability in operations.
4. They improve resident trust in employees and operational performance.
5. They significantly reduce risk of a multitude of different types of fraud schemes that could occur or go undetected.

What considerations are appropriate when considering a fraud risk vulnerability assessment in house versus using a consultant?

DR: It all comes down to the level of knowledge and expertise by the in-house employee. If they are a certified fraud examiner who is trained and knowledgeable in conducting a comprehensive fraud and embezzlement vulnerability assessment, then it can be appropriate to use in-house employees. Then it comes down to whether these employees have the time to complete the assessment and author the report with recommendations. A typical assessment takes approximately three months to complete. If cost is a factor, a good consultant can often do the work much more cost-effectively than in-house employees, when considering salary and benefits.

KK: For our organization, getting expertise from the outside was critical because of the size and complexity of our operations, but also to ensure that it was "arm's length"—that no one in a position to commit fraud participated in the analysis. Most county governments collaborate with constitutional officers and internal auditors cooperatively to identify and schedule when system or departmental assessment reviews should occur and contract external assistance if needed. We have the good fortune of having an internal auditor function that can conduct specific investigations and reviews of individual processes, where many other organizations would benefit from outside help for those kinds of activities as well.

What training can assist internal staff with completing an in-house assessment?

DR: The best training is taking steps to become a certified fraud examiner who specializes in government operations. Obtaining this certification can take years, depending on the employee, but this is the best place to start. The Association of Certified Fraud Examiners has resources available that include a fraud resource library and training courses that will be of benefit to anyone working on a fraud risk assessment.

ICMA managers reside in numerous countries around the world, and while ethics and laws vary, do you see risk assessment innovations outside of the United States?

DR: As a former police officer, I know fraud is an international problem, and the response to fraud vulnerabilities in each country is different based on their laws and culture. The UK is in the process of making "failure to prevent fraud" a criminal offense.[1] The law would make it a crime for an organization's leaders to not have "adequate" and "reasonable" controls to prevent wrongdoing.

The fraud problem in the United States for local government is getting worse and it may only be a matter of time before similar action is taken here. Regardless of the possibility of a new law being enacted, this should be about taking proactive measures to reduce risk and protect the organization, its employees, and taxpayer money.

Are there other advantages of risk assessments over audit dependency for local governments?

KK: Risk assessment can be a critical component and catalyst for a continuous improvement effort in your organization and can improve operations, reduce waste, or streamline processes. Maryann Ustick, city manager of Gallup, New Mexico, shared how her community benefited. "We contracted and conducted a fraud risk assessment for internal service departments in Gallup. The outside consultant's report provided invaluable information that enabled the city to revamp processes and procedures to significantly reduce the risk of fraud especially in our financial and procurement processes. This risk assessment not only assisted the city in developing procedures and processes to reduce the risk of fraud, but it also uncovered very serious deficiencies in the city's warehouse, which resulted in a complete overhaul of staffing and procedures. The outcome resulted in eliminating potential fraud, but also resulted in a much more efficient and effective warehousing system."

While audits focus on procedural compliance, a quality risk assessment review can bring a positive perspective and process to build awareness and solicit input. Supporting this viewpoint is Sharon Gilman, deputy county administrator of Cochise County, Arizona. "The fraud risk assessment is an amazing tool for improvement, especially since it is not intended to look backward, but rather forward to raise awareness within our organization of how we can better protect our employees and the organization as a whole."

Additionally, Catherine Traywick, Cochise County treasurer, states, "I recommend that other governments look at a similar study on their own operations. We have already implemented several recommendations from our internal control and fraud/embezzlement risk reduction study. My office, my employees, and of course, our taxpayers' money are much safer due to following our consultant's recommendations."

How should managers prepare for artificial intelligence (AI) and how will it impact fraud prevention?

KK: For most managers, the first step is awareness of AI's potential and how it will be phased into analytical software we are presently using in local government. According to the ACFE, AI will increasingly assist cleaning and compiling data, preparing it for faster analysis, generating and analyzing networks, identifying anomalies, and scoring for potential fraud, error, and abuse. It should furthermore efficiently identify potential fraud, scenario prioritizing, and comprehensive documentation.

Confronting Fraud Is in ICMA's DNA

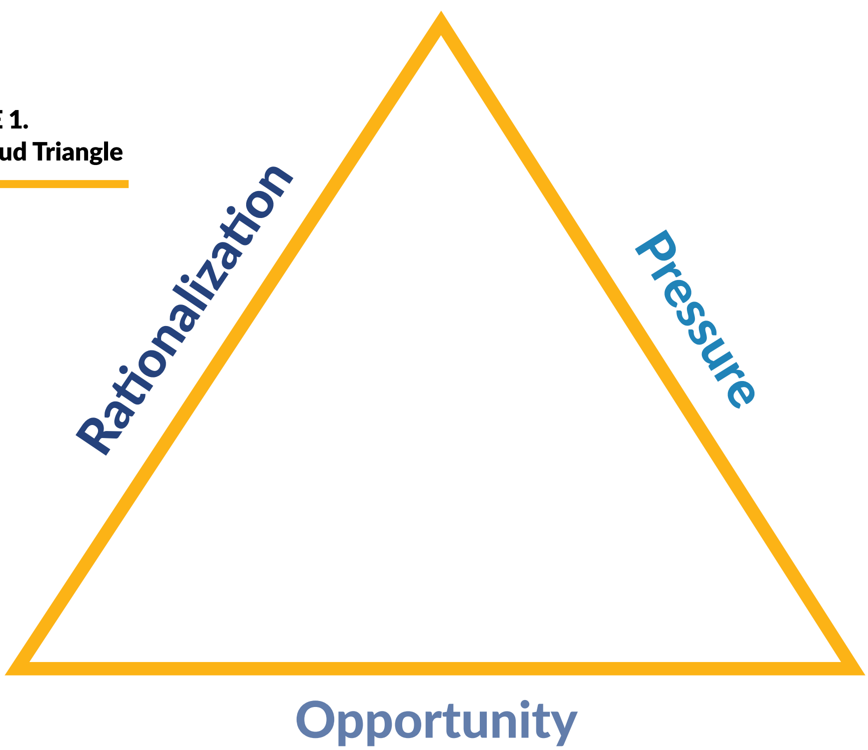
The history and purpose of our profession, arising out of the early progressive reform movement, was in large part to fight municipal corruption. Preventing fraud is in our professional DNA. Research from Dr. Kim Nelson at the University of North Carolina shows that the form of government does matter in this regard. Her findings "indicate that municipalities with the council-manager form in North Carolina are 57% less likely to have corruption convictions than municipalities with the mayor-council form." Our ICMA Code of Ethics also requires us to set exacting standards of integrity to safeguard and protect public resources. This must be routinely reenforced among all our employees, particularly the long-tenured, who we may trust completely. At the personal and global level, an ethical culture will fortify and assist compliance where accountable systems are assessed and proactively evaluated.

Preventing Fraud with a Culture of Accountability

The Fraud Triangle (seen in Figure 1) demonstrates that to commit an act of fraud, someone experiences pressure (often financial), they then rationalize their action, and there must be opportunity to do so. Organizational cultures can help address pressure. Ethics and values training can reduce self-serving rationalization. However, reducing opportunity is where local government leaders can make the biggest impact to minimizing their risk. This means a fraud may not start with the perpetrator intending to profit from it, but that those involved gradually read the possibilities, and then develop and refine the fraud over time.

The fact that fraud and embezzlement remain a growing problem within our organizations is a clarion call for a more robust focus on their elimination and prevention. Portraying our unqualified annual audits as a flag of purity in our operations is a surefire way of setting ourselves up for embarrassment. As ICMA managers, we need to embrace creating a culture of accountability and continuous improvement to prevent fraud. A culture where we use proactive risk assessment, strategically update policies aligned with technology and workforce changes, and utilize modern disaggregated data analytics to routinely manage records, test our systems, and verify that checks and balances are in place will protect public resources and remove temptations from our employees during these socially and economically stressful times. PM

FIGURE 1.
The Fraud Triangle



ENDNOTE

[1] UK poised to finalize 'failure to prevent fraud' offense, February 1, 2023, retrieved from https://www.strategic-risk-europe.com/home/uk-poised-to-finalise-failure-to-prevent-fraud-offence/1443682.article.

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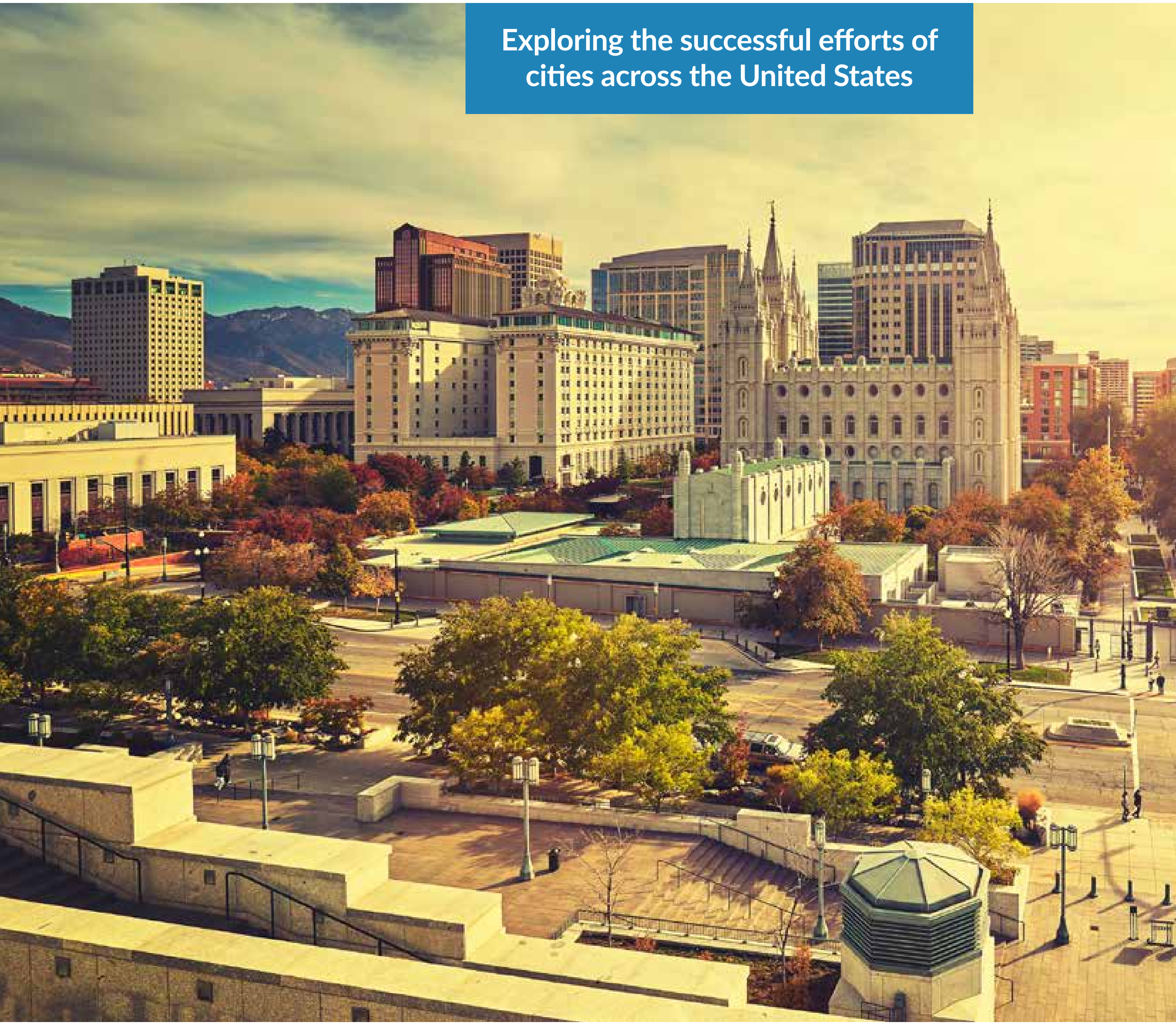
Identifying Highest Impact Practices in **Municipal Budgeting for Equity**

Exploring the successful efforts of cities across the United States



Local governments can have a lasting and significant impact on equity creation for all residents of their communities. The budget is one of the most powerful tools for influencing change.

BY CHRIS FABIAN

This summary provides an overview of interviews and research performed by ResourceX along with tool and technique findings through direct work with municipalities across the United States. Organizations that have demonstrated new and emerging practices toward advancing equity budgeting—such as Dallas, Texas; San Antonio, Texas; Oakland, California; Portland, Oregon; and Milwaukee County, Wisconsin—were interviewed. In addition to multiple cities—such as Pittsburgh, Pennsylvania; Salt Lake City, Utah; Denver, Colorado; and Tacoma, Washington—whom ResourceX supported through the Bloomberg Philanthropies and Results for America Cities Budgeting for Equity and Recovery (CBER) initiative.

In this summary, we will explore the key themes, trends, and best emerging practices actively being deployed by cities across the United States.

Budget Message and Questions (Tools)

The initial budget message, guidance, and instruction is critical in communicating budget priorities and guides the development of budget proposals. Cities that struggle to advance key priorities such as equity, sustainability, economic development, etc. can, in part, tie these challenges back to a failure to clearly communicate their importance during the budget message.

Equally as important is the strategic development of budget proposal templates and platforms. It is critical to intentionally design budget proposal templates and platforms with questions designed to encourage staff to identify which priority(ies), if any, the proposal is designed to advance, provide data and evidence to support the proposal, and identify other departments that may be impacted and/or are needed to successfully implement the proposal (among other factors). Understanding these key factors of any given budget proposal not only provides a thorough understanding of budget proposal impact, but they are also important later in the budget development process in evaluating and potentially approving a given proposal.

The emergence of budget equity tools represents an initial breakthrough in city efforts to advance equity outcomes. The budget equity tools we analyzed from cities such as San Antonio, Austin, Dallas, Portland, and Milwaukee County are actually a series of questions distributed to city departments designed to supplement budget proposals to drive equity-focused budget proposals.

Key Takeaways

- Represents a questionnaire supplement to the traditional budget proposal development process.
- Supplemental questions designed around specific criteria (equity impact, data-driven, community engagement, etc.).
- Supports departments to understand that the programs and services they


Pittsburgh, Pennsylvania

provide do connect, support, and provide an opportunity to advance equity.
- Ultimately elevates those budget proposals that have the greatest opportunity to advance equity outcomes.

Challenges

- A disconnect remains on how proposals get prioritized against every other strategic priority for the city. It's still left unclear how those proposals impact climate, public safety, or economic vitality, etc.

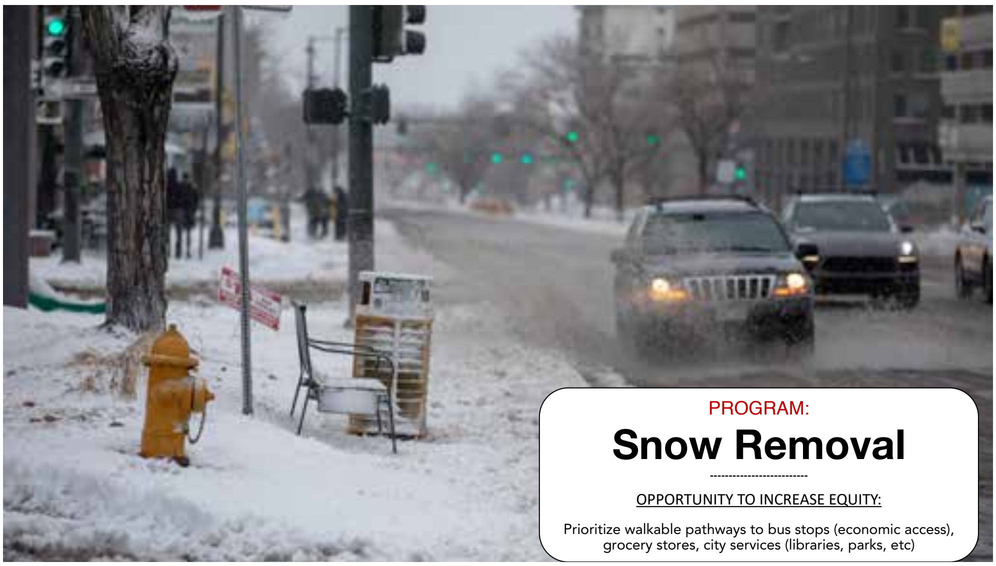
Program Equity Analysis

A challenge many municipalities face is attempting to understand budget line-item alignment with organization outcomes. From a line-item perspective, it is extremely challenging to understand how line-items such as postage, training, supplies, etc. align and/or advance equity. ResourceX strongly recommends a transition from a line-item to a program budget to truly understand how programs and services align with equity outcomes, and how programs and services may be adjusted to advance equity outcomes.

Programs provide not only an easy-to-communicate frame of reference; they are a living and breathing, three-dimensional expression of the cost and impact each service you provide has on your organization and community. Each program translates the line-item budget and strategic plan into a singular point of reference that stands alone and completes the holistic picture of your entire service offering.

Tacoma additionally leverages their equity office to work directly with departments to identify budget proposals that will advance the city's equity goals. And perhaps more importantly, they support the development of data and evidence into the budget proposal questionnaire to further attempt to prove the value and integrity of equity-focused budget proposals.

Given that new year-on-year budget proposals typically



only represent about 10% of an organization's new budget spending, it is critical to also perform equity evaluations on base budget programs. These base budget programs (those programs not requesting new or additional funding and/or those base programs where the budget increases in alignment with inflation) represent far more opportunities to advance equity than simply evaluating budget proposals. To truly advance equity in any community, both base budget and new budget proposals must be evaluated to identify new strategies to deliver that program or service to significantly move the needle on equity.

For budgetary, finance, and policy leaders, program budgeting provides a clear pathway for cities to understand what services they are providing and the associated impact each has on their community's well-being. By establishing a clear equity mission and clearly defined goals, evaluating and adjusting existing programs, starting new programs to meet equity goals, and solidifying funding for these equity-focused programs within the budget, local governments can enter a new era of resident-focused governance with an equity focus.

Key Takeaways

- A transition from line-item budgeting to program budgeting provides a new lens to identify equity opportunities.
- Leveraging the equity office to support departments allows for a collaborative effort across the organization to produce program-based equity opportunities.
- Performing "program equity analysis" across new budget proposals and base programs allows for organization-wide opportunities to advance equity across every department.

Challenges

- Departments are often used to working in silos. Partnering with the equity office can be viewed by some staff as "interference" in departments work and area of expertise.

The challenge is that most organizations have new programs and services they wish to launch in order to create a brighter future for their communities, but they don't have the people or the money to do so.

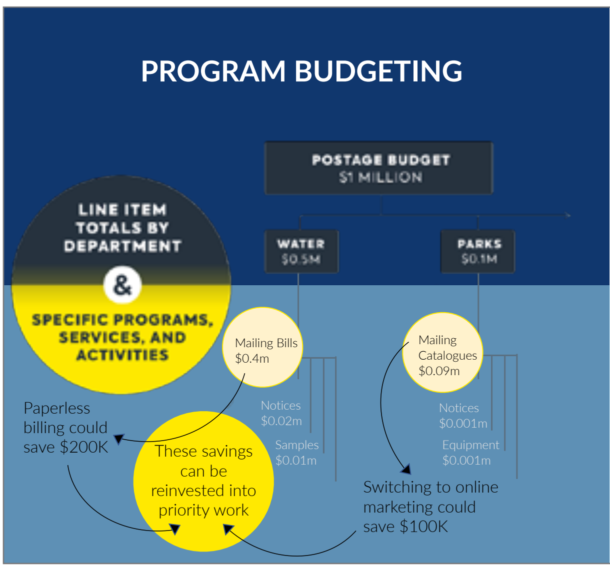
- Performing a "program equity analysis" of every program and service delivered by the city requires effort. Large cities may consider implementing this approach through department cohorts over a series of years.

Resources to Fund Budget Proposals

An additional challenge in budgeting for equity, climate, and other core city outcomes is identifying resources to fund budget proposals. Many cities face an "ambition gap,"—which is the ability to develop strategic and comprehensive equity and/or climate plans, but an inability to fund and implement equity and climate plans in the budget. Thus, cities lack the ability to move beyond planning due to their inability to identify funding to execute meaningful equity and/or climate action.

Through the Bloomberg Philanthropies and American Cities Climate Challenge grant, Pittsburgh was able to apply program data to identify opportunities to free up, repurpose, and prioritize resources to fund equity and climate objectives.

It is an established best practice to identify the programs and services cities offer so that they can understand what it costs to deliver them and how individual programs may or may not contribute to their overall strategy and values. This program identification is foundational to this work. Pittsburgh identified 249 programs across all 23 of their departments. Each of these programs now exists in their OnlinePBB model to easily manage, apply recommendations, and track changes over time. Of these 249 programs, 74 programs (45%)



HOW IT DIFFERS FROM TRADITIONAL BUDGETING

- PBB tracks costs and revenues under distinct programs, services, and activities, such as snow removal, trail maintenance, and utility billing were marked as actionable toward impacting their equity and climate priority

Priority-based budgeting (PBB) and program-based budgeting are toolsets. They are frameworks for evaluating options and alternatives with respect to resource allocation decisions, and fundamentally a means to achieve a solution to a particular challenge. The challenge is that most organizations have new programs and services they wish to launch in order to create a brighter future for their communities, but they don't have the people or the money to do so.

At the same time, for many, the cost of providing current services continues to increase, putting additional strain on the resources available to achieve the results that matter most to their residents. Through program evaluation, organizations discover solutions to optimize their current resources and explore opportunities to attain new resources in order to successfully launch the new programs and bolster the highest-priority programs required to create the best future they can.

The challenge is one of resource scarcity, for which there are two primary means to create an abundance of resources and overcome the problem. Conceivably, the organization can either change the way it spends or allocates the current resource base that it is provided, and/or it can devise new ways to generate additional resources. To solve resource scarcity, both levers aim to create new resources, with which the organization can fuel the (equity-focused) programs it desires to launch.

- **Free up and re-allocate current resources:** This approach focuses on the "expense" side of the equation, exploring opportunities to rethink how current resources are being spent.
- **Generate new revenue:** This approach focuses on the "revenue" side of the equation, exploring all opportunities to generate new resources into the organization.

ResourceX supported the city of Pittsburgh through a three-day climate and equity action repurposing workshop. The purpose of these workshops was to encourage departments to produce a library of ideas, present those ideas to a cross-functional group of peers for feedback, develop the most feasible and effective ideas into recommendations, and then submit them to leadership for approval. The team identified 186 recommendations or "program insights" with $41 million in potential repurposing opportunities and entrepreneurial revenue-generating opportunities toward their climate and equity objectives.

Key Takeaways

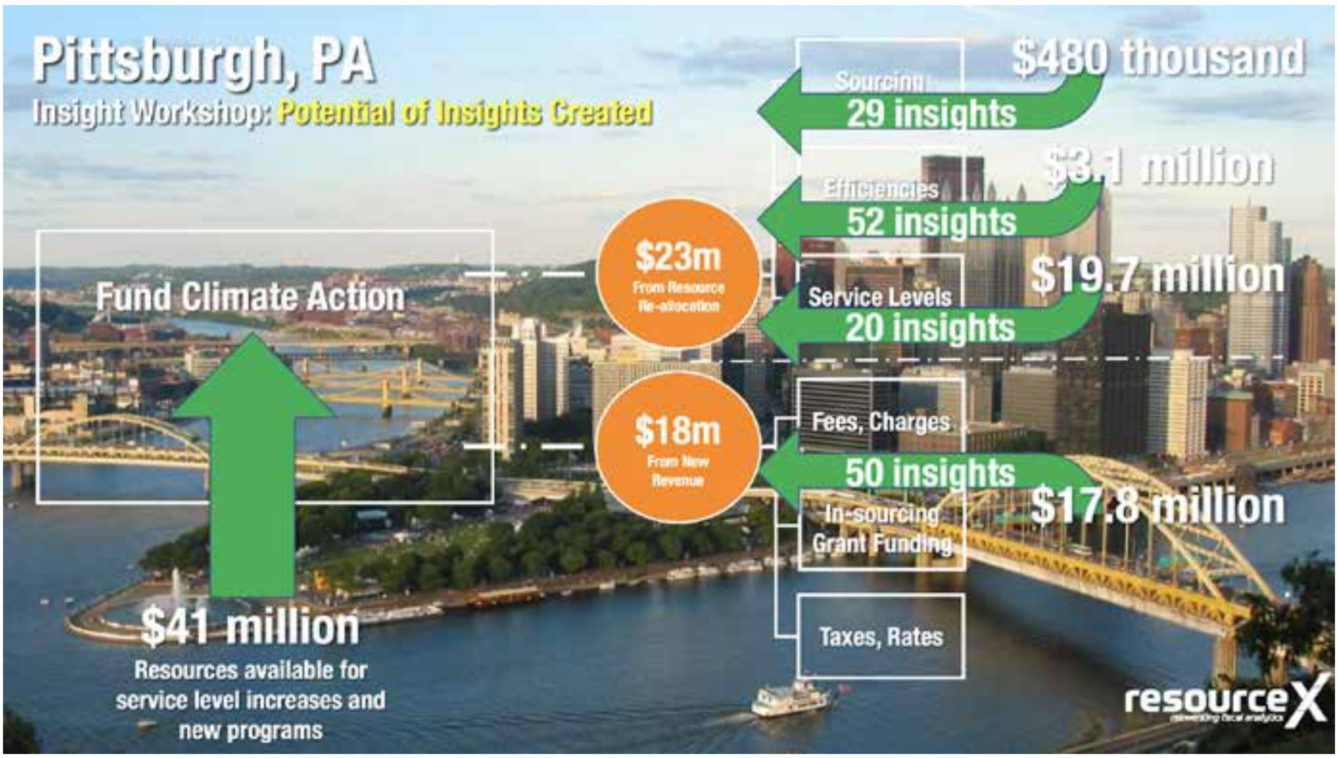
- Cities must address potential "ambition and/or capacity gaps" to move beyond equity and climate planning to equity and climate action.
- "Insight workshops" have proven to be a replicable way for cities to repurpose existing resources and identify new revenue opportunities to fund equity and climate action.

Challenges

- Cities are often reluctant to change, modify, reduce, and/or eliminate a program once it has been established. The ability to evolve a program requires strong organizational leadership.

Budget Proposal Evaluation

Proposal evaluation is a data-driven breakthrough designed to create a "cause and effect" ranking when evaluating a wide variety of



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Salt Lake City Program Scoring Matrix

	Mandate	Reliance	Cost Recovery	Community Benefitting	Equity Impact - Process	Equity Impact - Outcome	Economic Development	Environment + Sustainability	Infrastructure
0	No Mandate	Other public sector entities provide this service	Program does not currently generate revenue	Less than 25% of Community Benefitting	No relationship to equity impact(s)	No relationship to equity impact(s)	Meets 2 or less of Economic Development metrics	Meets 2 or less of Environment + Sustainability metrics	Meets 2 or less of Infrastructure metrics
2	Self Mandate	Other private sector entities provide this service	Program recovers < 50% of program expense	26% to 50% of Community Benefitting	Program design and decision making reflects some understanding of disparities in the city	Program helps some but not all stakeholders overcome unique barriers to success	Meets 3 - 4 Economic Development metrics	Meets 3 - 4 Environment + Sustainability metrics	Meets 3 - 4 Infrastructure metrics
4	State or Federal Mandate	City is the sole provider of this service	Program recovers 50% or more of program expense	Majority of Community (51%+) Benefitting	Program design and decision making reflects deep understanding of disparities in the city	Program allocates resources or creates opportunities that helps stakeholders overcome unique barriers to success	Meets 5 or more of Economic Development metrics	Meets all 5 Environment + Sustainability metrics	Meets 5 or more of Infrastructure metrics

competing budget proposals and supports identification (backed by data) to determine which proposals to ultimately approve in the advancement of equity outcomes.

Salt Lake City was a part of the Results for America City Budgeting for Equity and Recovery (CBER) initiative, which helped bring the city and ResourceX, together.[1] The CBER initiative supported the city in formulating an equity definition encompassing the past, present, and future. This definition is an integral part of the evaluation of programs and budget proposals.

Salt Lake City first identified the programs and services provided by the city to determine the baseline costs of those programs. This process involved a comprehensive review of all city departments and their programs and services.

Once leaders and staff identified their programs and services, the city developed a custom evaluation matrix to evaluate the effectiveness of each program. Their custom scoring evaluation matrix incorporated basic program attributes (BPAs), such as mandate, reliance, population served, and cost recovery. Additionally, Salt Lake City included specific priorities around equity impact (process), equity impact (outcome), economic growth, environment and sustainability, and infrastructure.

Finally, the city developed a budget that allocated resources based on each program's impact on the community, with a focus on equity.

Program budgeting and evaluation has several advantages for achieving equity. First, it allows government entities to prioritize programs and services that impact underprivileged communities. This means that resources are allocated to programs most needed by those most vulnerable. Second, this approach allows government entities to evaluate the effectiveness of their programs and services. This means that resources are allocated to programs that are advancing their goals.

Finally, this approach is a more transparent approach to budgeting. It allows the public to see how their tax dollars support specific programs and services. This promotes accountability and helps to build trust between government entities and the public.

Priority-based budgeting evaluates the relative importance of individual programs rather than entire departments through the lens of each organization's strategic priorities, such as community safety, robust infrastructure, growing economy, equity, climate, and more. This holistic approach helps provide decision-makers with a more informed, data-backed foundation from which to frame better-informed financial and budgeting decisions and helps ensure that your community can identify and preserve those programs that are advancing key city priorities and outcomes.

Key Takeaways

- The creation of an "evaluation matrix" is critical to consistently and effectively evaluate budget proposals and supports the determination of which proposals to approve.

- As a best practice, the evaluation matrix should be applied to both base programs and new budget proposals.

Challenges

- It is important to identify specific metrics within the evaluation matrix that provide value but are not overly burdensome for staff to provide in the development of budget proposals.

Citywide Program Prioritization Framework for Budgeting

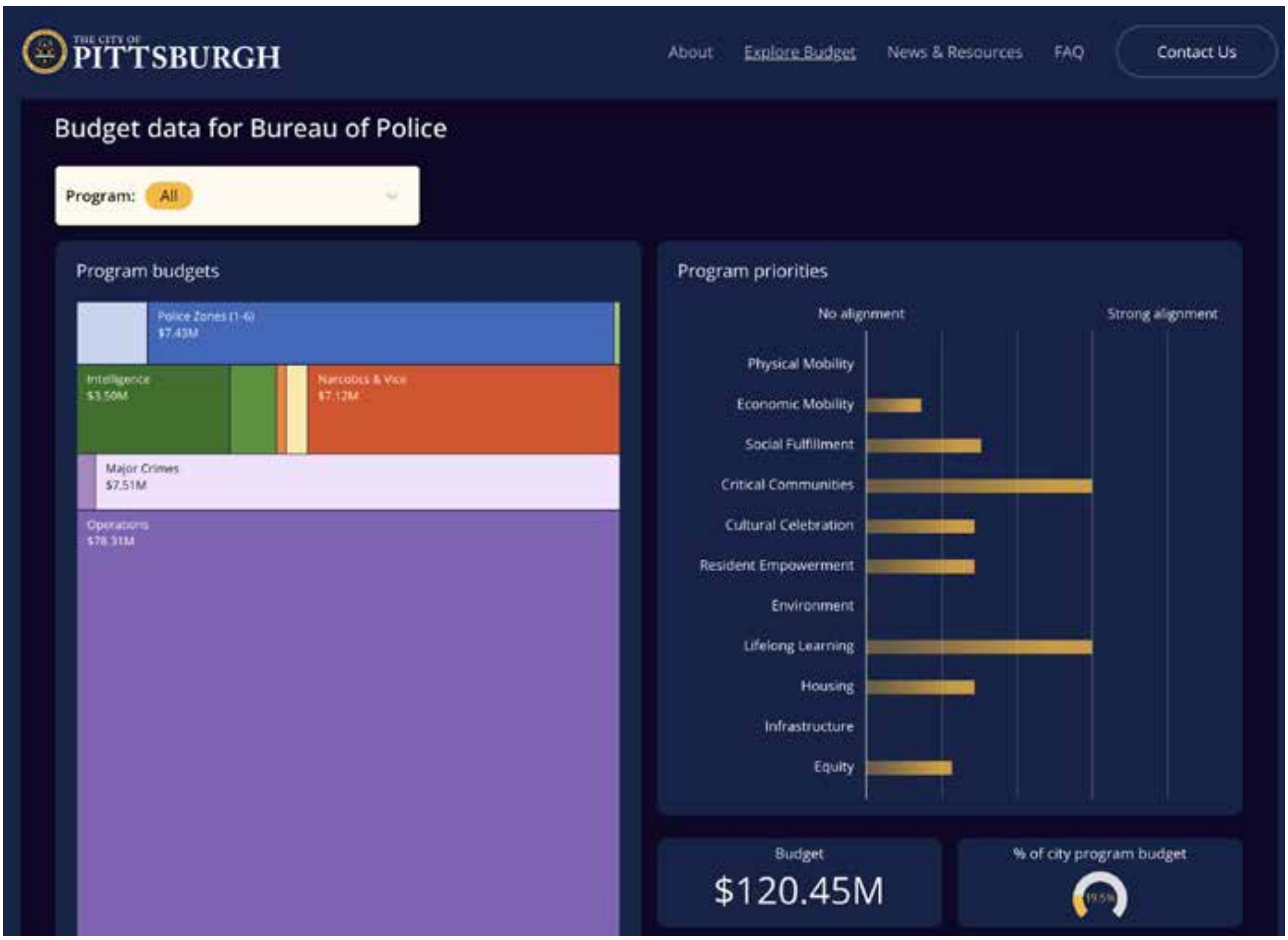
As important as it is to identify budget proposals that advance equity, climate, economic development, and safer/healthier communities individually, it is critical to develop a framework for budgeting that evaluates a specific outcome (equity or climate) against all of an organization's prioritized outcomes.

While prioritizing equity in the budgeting process is important, most cities have multiple competing priorities and outcomes they are attempting to achieve. Creating a budgeting framework that takes into consideration the need to deliver various programs and services that are designed to achieve diverse outcomes is critical to success. And without unlimited funding, a framework must be strategically designed to compare and evaluate budget proposals that advance different but equally important outcomes.

Among all cities interviewed, only ResourceX customers apply the full priority-based budgeting decision-making framework to their resource allocation decisions. And by applying a full and comprehensive program prioritization framework, they are advancing resource maximization by evaluating and aligning all base programs and new budget proposals to not only advance equity, but to advance all city priorities and outcomes for the benefit of residents and the community.

Advantages of a Priority-based Decision-making and Budgeting Framework

- Offers transparency into what services the government provides and how much it costs to provide them.
- Includes program alignment to community priorities to ensure the funded programs reflect community needs and illustrates city investment toward key priorities and outcomes.
- Gives decision-makers more insight to fund programs that deliver on impact rather than those that were predefined.
- Directs funds straight to community priorities.



Denver, Colorado

- Identifies programs and reframes the budget relevant to how elected officials and residents experience public services.
- Aligns priorities by evaluating programs against community needs and allocating spending to maximize impact on organizational and community goals.
- Plans for the future by tying programs to desired outcomes, such as addressing equity and climate change and charting a course of action.

Key Takeaways

- A comprehensive budgeting decision-making framework allows for the evaluation of budget proposals (and base programs) alignment against the full spectrum of city priorities and outcomes.
- Provides more value to decision-makers as they evaluate various budget proposals.
- Allows for the opportunity to identify individual budget proposals that deliver maximum ROI and impact based on potential alignment with multiple city priorities and outcomes.
- Achieves a "whole of government approach" to strategically align programs and resources to city priorities and outcomes.

Challenges

- Requires a commitment from city leadership to advance this approach to budgeting.
- Requires a commitment from staff and department heads to identify and communicate how base programs and budget proposals align (or do not align) to one or more city priorities.

Summary

ResourceX analysis identifies a range of strategies and best practices for budgeting for equity, drawing on examples from other cities, organizations, and current city partners. This analysis emphasizes the importance of clear equity definitions and metrics, strategically communicating equity budgeting guidance and expectations through the initial budget message, the creation of tools and questionnaires to further support budget proposals backed by data and evidence, the development of a program evaluation matrix to consistently and transparently evaluate equity-focused budget proposals, the need to evaluate both baseline programs and budget proposals to understand potential alignment with equity goals, the opportunity to repurpose resources to bridge the ambition gap and transparency and accountability in the budgeting process.

Our budgeting for equity analysis provides insights into how to design, implement, and evaluate budgets to achieve equitable outcomes. The themes, best practices, and trends discussed in the presentation highlight the importance of analyzing programs and services, evaluating budget proposals through an equity lens, using data and metrics, engaging stakeholders, integrating equity considerations into all aspects of the budgeting process, and demonstrating leadership commitment. By following these practices and implementing these trends, cities and organizations can create a culture of equity in budgeting and accelerate equity impact throughout the community.

Budgeting for equity remains an "emerging practice." While various practices and systems have proven to be successful and effective, tensions in this effort remain. And with more and more cities identifying equity as a strategic priority, many of these emerging practices will soon become best practices. ResourceX remains committed to continue partnering with cities in the advancement of budgeting for equity and will continue to identify and publish new advancements in this important initiative. PM

ENDNOTE

[1] https://results4america.org/wp-content/uploads/2021/11/CBER-Public-Good-Change-Management_v3_111221.pdf

CHRIS FABIAN is CEO and co-founder of ResourceX. For over a decade, Chris has been invested in solving the problems associated with resource scarcity in local government. Through ResourceX, his team provides the software solution for priority-based budgeting (PBB) using data and evidence to transparently and exponentially improve results for citizens and the community. PBB is now practiced and applied by over 250 organizations across North America.

ResourceX

ResourceX created the original priority-based budgeting (PBB) framework and software to enable local governments to strategically align resources with community outcomes. This alignment between resources and priorities accelerates data-driven decision-making and provides a platform to fund critical initiatives to ensure a fiscally sustainable future for the community. ResourceX believes in the purpose of government and its potential to lead the charge in tackling some of the world's most significant challenges, such as equity and climate action. As thought leaders and budget software innovators, we can support local governments in their vital work.

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Let's Think Differently About...

Requiring a College Degree for Most Local Government Jobs

If you want to attract more qualified applicants, retain your talented employees, and practice effective DEI policies, rethink your college degree requirement.

Thesis

Local government is missing out on hiring and promoting a large pool of high-quality employees by unnecessarily and arbitrarily requiring a college degree for far too many positions. As a result, local government is enforcing a "paper ceiling," which limits a vast number of potential candidates and its own employees who want to advance.

There is *no* hard evidence or rigorous research suggesting that employees with a college degree perform better on the job than employees without a college education.

Background and Context

For years, the private and public sectors have required four-year

college degrees for most of their recruitments in middle- and upper-level positions. There has been a steady "degree inflation" that began when World War II veterans completed college with the help of U.S. Department of Veterans Affairs benefits and started applying for jobs.

College degree requirements again surged in the 1980s as U.S. employers outsourced their more automated work globally and began looking for more "soft skills" in their domestic hires, assuming a college degree would ensure a candidate's suitability. Another surge occurred with the labor surplus of the Great Recession.[1]

In 2018, the *Harvard Business Review* stated that one-third of the jobs that once required a high school diploma now require a four-year degree.[2] One in four jobs that used to require a bachelor's degree now require a master's degree. While this change has been occurring, surveys indicate that 75% of Americans believe higher education is unaffordable and out of reach.

How did we get into this predicament? One answer is articulated in a 2022 *Human Resource Executive* article: Requiring a college degree is a sign of a "lazy employer."[3] Both the private and public sectors have been using college degrees as an easy screening device to evaluate job applications. The degree filter is quick and easy, but unfortunately, not based on research findings and therefore not valid.

As the supply of applicants significantly outpaced the number of job openings, false and random minimum qualifications were implemented to handle the large volume of applications. Interestingly, during the pandemic when employers had difficulty attracting and hiring the necessary number of job candidates, there was a temporary halt in requiring degrees in the private sector.

Many organizations use degrees as a proxy for the "soft skills." However, it is an inaccurate assumption that someone who has a degree possesses more refined social skills, such as the ability to work in groups, communicate effectively, prioritize tasks, etc.

Byron Auguste, CEO of Opportunity@Work, stated it best: "If employers don't have a strategy for engaging non-degree individuals, then they don't have a talent strategy at all."[4]

What the Data Tells Us

An important study conducted by the Harvard Business School of Research in 2017 analyzed 26 million job postings.[5] What they found is that employers generally perceived degree and non-degree workers in the same occupation as nearly or equally productive on many performance metrics. Other research is clear and overwhelming, as noted from several reputable sources:

Paperceiling.com Research Data *(2023)*[6]

1. 70 million U.S. workers do not have a college degree, which represents 50% of the workforce.

BY STEPHANIE CASTRO AND ED EVERETT, ICMA-CM (RETIRED)

2. Between 2012 and 2019, 69% of all new jobs created were in occupations requiring a bachelor's degree or higher. Only 31% of all new jobs created were available to those without a degree.
3. College degree requirements disproportionally and negatively affect the following: 61% of Blacks, 55% of Hispanics, 66% of rural workers, and 66% of veterans.
4. Only about 33% of Americans have a four-year degree.

Harvard Business Review: *Myth of the Well-Educated Manager (1971)*[7]

1. There is no correlation between scholastic standing and success in business. Grades don't predict how well an individual will perform in any position.
2. How effectively a manager performs on the job cannot be predicted by the number of degrees someone holds nor the grades they received.

Social Science Research Network (SSRN): *Pace University Finance Research Paper (2004)*[8]

1. There is no evidence that firms with CEOs from more prestigious schools perform better than CEOs from less prestigious schools.
2. Firms managed by CEOs with an MBA or law degree perform no better than firms with CEOs without a college degree.

We conducted a search on a very small sample of minimum job qualifications of local government positions in large, medium, and small cities. The results of this search indicated that local government seems to rely far too heavily on college degrees as a minimum requirement for too many jobs, which reduces the talent pool from which to select quality employees.

Local government must consider removing the college degree requirement for more of the profession's jobs. The data clearly shows that college degrees:

- Are not a valid or effective minimum qualification for the vast majority of jobs.
- Are not indicative of the invaluable experience a candidate has already acquired while working in similar positions.
- Do not correlate to effective and productive supervisors, managers, or executives.
- Prevent expansion of the talent pool, especially when wanting and needing to be more inclusive in hiring of minorities and military veterans.

Why Should Local Government Change Its Job Requirements?

The following are the strongest reasons for eliminating college degrees as a minimum qualification.

1. **You are severely limiting your candidate pool.** One-half of the workforce does not have a college degree, which means that local government severely limits the potential candidate pool for its job openings. This condition will get worse. In a study conducted by Pew Research Center, 75% of participants felt that college is too expensive for most Americans to afford."[9]
2. **You are following an erroneous assumption.** There is absolutely no data that supports the assumption that college degrees yield better or more productive employees.
3. **You are killing any honest effort at diversity and inclusion in your organization.** Requiring college degrees disproportionally affects Black and Hispanic Americans, as well as veterans. Your organization cannot say it has an effective diversity, equity and inclusion effort while simultaneously requiring college degrees for most jobs.
4. **You are losing your existing talent pool.** Seventy percent of workers without college degrees have applied for advanced opportunities. Eighty percent of these workers have had to move to another employer to get a promotion. Local government must significantly improve its training and retention of its own talent pool.[10]
5. **The requirement of a college degree is ludicrous.** Your college requirement would prevent you from hiring Bill Gates, Michael Dell, Elon Musk and Mark Zuckerberg, to name just a few. Although you may not be a fan of one or more of these people, they have all been successful.
6. **If you don't change, you are losing the race for talent.** The corporate world is beginning to change their hiring requirements. For example, 47% of Apple employees don't have a college degree and many other corporations are following suit. The states of Pennsylvania, Maryland, Utah, Colorado, North Carolina and New Jersey have already dropped the college degree requirement.

How to Move Forward

Knowing what the situation is and how we got ourselves here, the question now becomes: How do we move forward? Edie Goldberg from the Society of Human Resource Management (SHRM) stated that "moving from requiring a four-year degree to valuing other types of skills and credentials is a big mindset shift for many organizations."[11] The first step in the path forward is understanding the barriers and obstacles that lie ahead.

- **Status Quo Barrier:** When the status quo is challenged, statements such as, "No, that's not our policy" or "No, that's not how we do things," are very common, but they are a totally insufficient reason to require degrees.
- **False Assumption Barrier:** Many executives—including city managers, department heads, and human resources directors—are often ill-informed about the research and make false assumptions and conclusions about the importance and necessity of having a degree.
- **Lowering the Standards Barrier:** Some executives and managers in the organization will feel that no longer requiring degrees is a diminution of their own qualifications and their achievements and will lead to hiring less qualified employees.

Change starts when local government is willing to look at the data and change the status quo by adopting new and innovative policies on hiring practices. The following are some options to consider.

1. **Update the Minimum Qualifications:** Start with updating the minimum qualifications in the hiring requirements. San Mateo County, California, updated the minimum qualifications in their job descriptions decades ago to what they call their "typical way" language. The following is an example of how this language is used in a "program manager II" job description:

   Education and Experience: Any combination of education and experience that would likely provide the required knowledge, skills, and abilities is qualifying. A typical way to qualify is: Three years of experience in a health, social, or community services organization, including at least two years of significant responsibility for one or more of the following: program and budget development, funding, utilization, coordination of community resources, or program evaluation.

This simple change could make the difference between attracting fewer than five eligible candidates to as many as 20 candidates for a single recruitment. Employee shortages are being experienced across the nation. For those jurisdictions that are having a hard time filling positions and keeping talent, changing your minimum requirements will be imperative.

2. **Update Applicant Tracking Systems:** Many local governments use an Applicant Tracking System (ATS) program that screens for key technical capabilities, including college degrees. What these programs often do not screen for are certifications, years of experience, or applied knowledge through on-the-job training. By updating the filters in such systems, the focus can shift to include skilled-based applicants. Imagine the increased talent pool local government could attract if these changes were made.
3. **Rethink Your Hiring Strategy:** An innovative organization, Tear the Paper Ceiling has developed a very useful hiring playbook. The playbook includes a hiring strategy that consists of planning, retooling, and operationalizing hiring practices.[12]

Several government organizations have already made the shift. The Pennsylvania Governor's Office was more than willing to make the shift by issuing an executive order in January 2023, opting to "…recognize professional experience, skills, competency, and practical experience and not just educational accomplishments…" when recruiting for their state government jobs.[13] Other states that have followed suit include Maryland, Utah, Colorado, North Carolina, New Jersey, and Alaska.

Final Thoughts

It's simple: If you want to attract more qualified applicants, retain your talented employees, and practice effective DEI policies, then eliminate the college degree requirement. The job of all managers is to hire the best qualified individuals, but if you are adhering to the status quo of requiring a college degree for every position, you are failing at that job. PM

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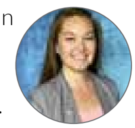

STEPHANIE CASTRO is an economic development project manager for San Bernardino, California.

Author's Note: *Stephanie Castro was the only person among PM readers to respond to my challenge to submit an article for this series. When she proposed this topic, I asked her to do some research. Based on her initial findings and my own research, I was stunned. As one who tries not to fall into the "status quo" group, I admit that I had never considered this issue. I assumed what we were doing was OK, and that was my big mistake. We hope this article will keep you from continuing to make the same mistake.*

The Art of Influence: Establishing Trust in the Public Sector

BY GREG MCKENNA

Increase your level of **influence** over stakeholders to effect positive change.

Leadership is the transfer of belief.

Influencing other people is difficult. Even under ideal circumstances, changing another person's mindset, let alone their behavior, is challenging. Yet, modifying workplace culture and improving behavior is the charter given to risk management departments in both private enterprises and the public sector.

Public risk management departments face two key headwinds in their effort to control risk. First, risk managers are expected to reduce the total cost of risk across vastly diverse departments and agencies. Consider common agency locations like airports, correctional facilities, or energy generation centers. Governmental risk programs include a wide array of essential services like law enforcement, first response, and public safety. In truth, public sector risk programs are an ecosystem of individual entities with unique work cultures and leadership structures, which limits the risk manager's ability to use direct authority and control practices to modify behavior.

Second, risk management departments often lack sufficient resources to cover the breadth of their organizations. Well-established surveys of risk management professionals regularly show that risk departments are routinely understaffed or under-compensated relative to the significant tasks confronting them.

These challenges in program scope and organizational scale require today's public risk managers to increase their level of influence over stakeholders to effect positive change. This article will explore the innovative ways they are optimizing their partnerships with claims administrators to expand their influence across departments and agencies. To begin, let's analyze the concept of influence itself.

Public risk managers who can successfully tie strategic safety initiatives to budgets or appropriation will exercise more direct authority over agency behavior.

The Art of Influence

Scholars have discussed the art of influence for eons. In Ancient Greece, Aristotle defined three ingredients necessary to influence others. He called them ethos, logos, and pathos. Together, they are critical to influence. This triad of rules combines to form an influential argument:

Exhibit Ethos. Ethos is all about demonstrating the characteristics of trustworthiness, expertise, and authority. Demonstrating ethos shows your audience that you are qualified to speak on the topic. Ethos starts long before you begin to make your case. You need to build your reputation by developing deep expertise in the topics you want to address.

Leverage Logos. Influence is more likely to occur when your argument contains strong logic and a straightforward rationale. A logical argument will lead your audience to arrive at a logical conclusion before you reveal it.

Promote Pathos. Pathos is all about your ability to tell stories to generate an emotional connection, or empathy, with your audience. Storytelling not only helps your audience visualize the concepts in your argument, but also elicits biological responses that increase your audience's attention span, focus and creativity.

Maximize Authority through Ethos

By focusing on ethos, public risk managers can explore the following ways to maximize their authority to drive influence across the enterprise.

1. Be an authority figure. Few modes of communication demonstrate more authority than numbers. The most effective public risk management programs encourage and facilitate the robust and active use of a risk management information system (RMIS).

Risk managers can use the RMIS to influence their agencies by helping them clearly see their risk profile, exposure data, and claims results unequivocally. In most cases, numbers speak louder (and faster) than words. The most successful

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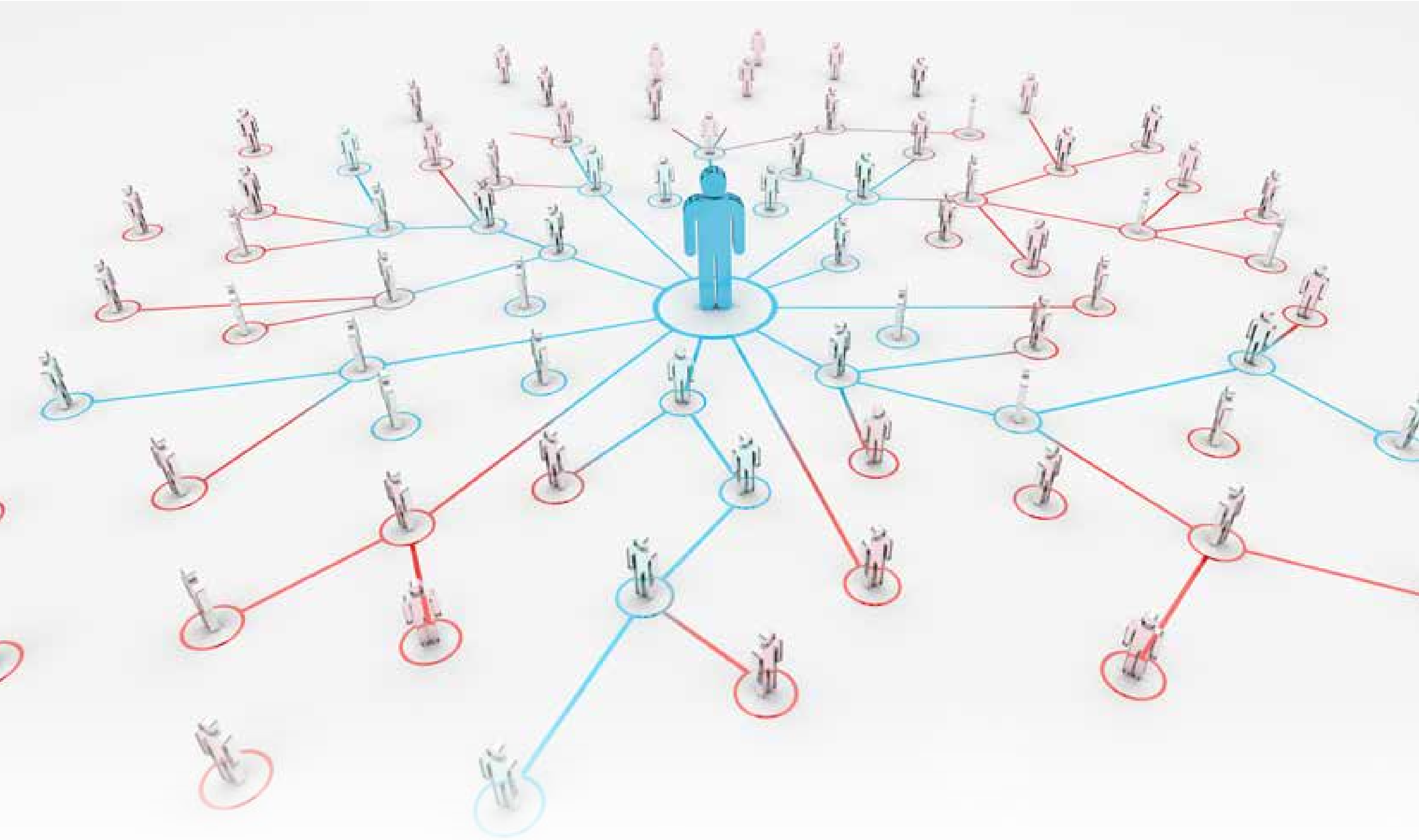


public risk management departments communicate quickly and authoritatively to their agencies through RMIS tools.

2. The persuasion of the purse. It is often said that budgets in the public sector rely on the "power of the purse" to drive behavior. Agencies rely on centralized budgeting processes and funding to operate. Both positive and negative changes to an agency's budget can impact performance.

Public risk managers who can successfully tie strategic safety initiatives to budgets or appropriation will exercise more direct authority over agency behavior.

One such mechanism is called agency allocation modeling. The process involves precisely measuring an agency's performance against baseline and historical averages. For example, an RMIS platform can accurately measure key metrics like claim frequency, severity, periods of disability, and expenditures, just to name a few. Leading RMIS platforms come equipped with allocation modules that can provide risk managers with the tools necessary to recommend equitable agency allocations, as well as the reporting required to support budget impact in a positive or negative direction.

If a risk manager can tie budget growth, or contraction, to an agency's performance on these key indicators, then they can wield higher levels of authority to drive safer workplace conditions.

3. A smarter approach to benchmarking. No two states or local agencies are created equally. Agencies differ widely in risk profiles, employee counts, job classes, and scope of public service. This is true for internal benchmarking with agency-to-agency comparisons, where interagency comparisons are difficult and ineffectual. It is equally challenging to benchmark an entire public entity to another for the same reasons. This diversity of risk creates a problem of comparison for public risk managers, limiting the authority to speak on performance when the agency lacks a suitable comparison.

However, risk managers can build a smarter data set by leveraging an RMIS that can readily incorporate exposure data, injury types, and job class codes to evaluate their agency's performance in a more apples-to-apples comparison. Additionally, a case-mix adjusted benchmarking dashboard can factor in dozens of characteristics to enhance context, improve claim-range accuracy, and provide better clarity into what can lower total cost of risk. When paired with a leading RMIS system, these solutions empower public risk managers to make smarter, more informed comparisons.

Exploring innovative ways to leverage partnerships in claims administration—through RMIS solutions, agency allocation modeling, and case-mix adjusted benchmarking—allow public entities to rethink how to expand the public risk manager's sphere of influence and thereby effect positive change. PM

A High-Performance Board

Nudging your board toward improved performance

BY MIKE LETCHER, ICMA-CM (RETIRED)

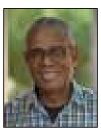
As a consultant who has worked with many governing boards, I have seen firsthand how buzzwords like "high-performance organization," "six sigma," and "priority-based budgeting" are insignificant if a board is not performing effectively. While these concepts can improve organizational performance, a board's effectiveness remains critical in governance and overall operational performance. So, how can you nudge your board toward improved performance?

The key to starting the board on its journey toward better performance is by providing a simple but effective roadmap that guides their efforts. Over the last decade, while working with governing boards across the country, I have identified four key factors that contribute to developing high-performance boards (HPBs): teamwork, expectations for executive leadership and operations, strategic focus, and evaluating board and executive effectiveness and results. Let's explore these factors and why they are essential.

Teamwork is essential for any elected board to work together effectively. From my experience, it's illuminating to see how boards lack trust in some members, leading to a cascading set of issues that results in avoiding conflict, not holding each other accountable, and other problems, which are covered in Patrick Lencioni's book, *Five Dysfunctions of a Team.* When confidentially surveyed, the boards I have worked with over the years have provided a litany of issues and problems with their teamwork, along with solutions for improving it. Once these issues or impediments to their effectiveness are identified, the hard work of addressing them starts.

Before discussing how to address their teamwork issues, I use a simple icebreaker for the board to get to know each other on a personal level. Surprisingly, even though they meet frequently as a board, they often do not know each other well. The discussion revolves around how they were raised, who their hero is, their hobbies, what they are passionate about, and more. It's not an easy conversation, but in the end, it sets the stage for building trust to tackle the more difficult subject of teamwork. The ensuing discussions are not merely an exchange of information between board members, but uncovering a deeper connection with one another through their shared interests.

For some organizations, the roles of the board and manager become unclear and difficult to define. The lack of clarity within these roles can result in a disconnect that impacts teamwork and the ability to deliver results for the community. The ideal role of the elected public board is to develop public policy while leaving the implementation of that policy and the responsibility for day-to-day organizational operations to the manager.



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So, why does this create friction between the roles?

The answer is simple: friction occurs when we've neglected to establish the expectations that the board has for its manager. How can any employee function effectively if they don't know what their supervisor expects of them? Conversely, the supervisor should know what the employee expects of them to perform their job. It is this shared set of expectations that provides the clarity needed for teamwork. Oftentimes, the charter does not define how the board and manager can set these expectations to work together more effectively. In our experience, once clear expectations on the outcomes of the roles of the board and manager have been set, boards begin to recognize the value proposition of letting the manager do his or her job.

"Managing the horizon" is a beautiful phrase coined by Peter Senge in his bestselling book, *The Dance of Change.* So who should set the strategic direction to manage the horizon, the board or manager? In my consulting journeys, we've found push and pull between the manager and the board over this simple question. In some cases, strategic plans are driven entirely by the manager, while in other cases, the board plays a pivotal role. The key is to focus on the interdependence between the board and management. It's all about developing and adopting a strategic plan that aligns the priorities of both.

Figure 1 shows four characteristics that we have determined that high-functioning boards have in common: teamwork, expectations, strategic focus, and evaluation. The chart serves as a compass for your board to evaluate the four characteristics of HPBs based on their current state and what desired future state they would like to achieve. Once any deficits are identified, the board can develop plans to move toward improved governance.

To learn more about building an HPB, join us for the "Building High Performing Board-Manager Relations" micro-certificate course at the 2023 ICMA Annual Conference in Austin, Texas, on September 30, 2023. PM

Figure 1

High-Performance Board Characteristic	Definition	Present Situation	Desired Future State	Deficiency	Action Plan/Steps
Teamwork	The board works together effectively and addresses any issues that impede collaboration.				
Expectations for Executive Leadership, Operations, and Board Support	The board has identified key day-to-day and leadership expectations for the manager and how they will support the manager.				
Strategic Focus	The board, in collaboration with the manager, has developed a strategic plan.				
Evaluation of Board and Executive Effectiveness and Results	The board annually evaluates its HPB efforts and, if necessary, makes any adjustments to improve governance.				

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