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***Ethics Matter!***

**For Whom the Bell Tolls**

**Questionable practices harm everyone**

English Poet John Donne’s 17th-century verse “For Whom the Bell Tolls” reminds us that our fates as human beings are linked often in ways beyond our capacity to comprehend. In writing about the Spanish civil war, Hemingway in his 1940 novel with the same title centered on the surrender of one’s self for the common good.

How ironic that the importance of those messages especially to the local government profession was reinforced this past summer by allegations of unethical and illegal conduct coming from Bell, California. Reports centered on compensation for the city manager and senior staff at levels routinely described as “obscene” by most observers, a personal loan program set up for city officials and funded by taxpayer dollars, and the distortion of provisions of state law so that some councilmembers could serve on multiple boards and commissions—where it appears no real work took place—in order to collect $100,000 in salary for part-time work.

In the end, eight officials, including the former city manager and assistant manager, were indicted on charges of misappropriating more than $5.5 million in public funds.

The legal system will determine whether they violated the law. The verdict is in, though, on the damage inflicted on the profession. As the story went viral, city and county managers across the United States and possibly around the world were answering questions about their compensation as though they too were feasting at the public trough. Yet the vast majority in the profession, who are grounded in strong public service values, receive reasonable compensation that is nowhere near the Bell level. How do we restore our credibility? In compensation matters, the local government profession should embrace an approach that emphasizes the governance responsibilities of elected officials, more rigor in calculating compensation, greater transparency, and a stronger voice denouncing practices that are unethical and harmful to the profession.

**Oversight Responsibility**

Elected officials perform a critical governance role in providing oversight of the management of the organization. To that end, they must be engaged in establishing the process for determining compensation for all executives they appoint. Operating as a committee of the whole or as a designated subcommittee, the elected officials should design and implement the methodology for setting compensation for their appointees.

They should call on expert assistance where needed to get the information required to create fair and reasonable compensation levels. It’s an inherent conflict of interest for the manager to play a significant role in structuring managerial compensation. For that reason, the elected officials must step up and take responsibility for this function.

How will anyone determine whether the compensation is reasonable? Apply more rigor to determine the requirements of the job, the experience needed to be successful, market conditions, benchmark data for comparable positions regionally and nationally, and the organization’s financial ability to afford and sustain the compensation. Merit pay and bonuses should be linked to predetermined performance standards.

Although unique factors may influence the final outcome, the process must be informed by the facts. For the process to have any credibility, the organization must be able to articulate clearly how the compensation package was calculated. In the interest of transparency, compensation for the local government manager must be approved by the governing body in public.

Once approved, the compensation should be made available on the organization’s website. Placing it in an agenda packet or providing it upon request alone doesn’t achieve the level of transparency required. If publicly traded companies are required to report all compensation for the CEO and highest-paid executives in annual proxy statements, why shouldn’t publicly funded local governments do the equivalent?

**Managers Must Be Responsible**

A better methodology and more rigor doesn’t relieve the individual from responsibility. Local government managers have an ethical obligation to be clear about what is being requested and to avoid excessive compensation. When requesting compensation changes, managers should present the governing body with the total compensation package along with a clear explanation of the change and financial impact on the organization.

The decisionmakers then have the requisite big picture upon which to make an informed decision. If the request leads to questions, the governing body should not rely on the manager’s guidance but should seek outside expert advice.

Greed is not good for any profession. Pension spiking, taking more than one salary for handling multiple duties, putting into effect leave accruals and buyouts far in excess of the organization’s norm, and providing severance that is so high that it serves as an impediment to termination are practices that should not be supported by this profession.

Just because a talented negotiator can win it, doesn’t make it ethical to do so. As professionals in a field built on core values of integrity, equity, and merit in all personnel actions, we lose the high ground when some colleagues sink to this level. And those attempting to negotiate reasonable compensation for themselves might find their efforts harder as a result. After all, as Donne noted, no man is an island.

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