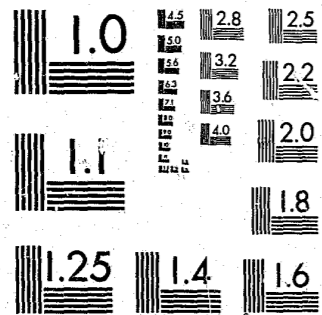


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United States Department of Justice
Washington, D. C. 20531

10/4/82

United States Department of Justice
Office of Justice Assistance, Research and Statistics
National Institute of Justice

CUTBACK MANAGEMENT IN CRIMINAL JUSTICE

A Participant's Handbook For
The Research Utilization Workshop

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For:

THE CRIMINAL JUSTICE RESEARCH UTILIZATION PROGRAM

NATIONAL INSTITUTE OF JUSTICE

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JANUARY, 1982

This handbook was prepared by University Research Corporation, Sheldon S. Steinberg, Project Director, pursuant to Contract No. J-LEAA-014-81 awarded by the Law Enforcement Assistance Administration, U.S. Department of Justice, under the Omnibus Crime Control and Safe Streets Act of 1968, as amended. The points of view or opinions expressed do not necessarily represent official policy or position of the U.S. Department of Justice.

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INTRODUCTION

The *Cutback Management in Criminal Justice* workshop series has been developed by the National Institute of Justice of the U.S. Department of Justice to assist criminal justice policy makers and executives to improve their management and administration during periods of fiscal stress.

This workshop has been designed by the Research Utilization Program of the National Institute of Justice and is a continuation, expansion, and an updating of a similar series of workshops, *Managing the Pressures of Inflation in Criminal Justice*, which were delivered, nationwide, in 1979.

The *Cutback Management* has been substantially revised since 1979 in order to take into account the significant new findings of a vast amount of research that has been conducted since this earlier period about the twin issues of fiscal stress and cutback management. Over 600 articles and studies have been produced within the past three years that address either one or both of these two public management issues.

In our review and analysis of this literature, we have been guided by a singular question --- *What information and ideas can we extract from this new literature in order to design a workshop that will enable criminal justice executives to understand more about the types of changes that will be imposed on them as a direct consequence of a continuing, long-term, decline in available resources?*

The question is not only a device used by us to guide our work. The question, when applied to the real world of government financing, revealed a set of insights and answers that could be synthesized into one overall operational assumption: *Current trends suggest strongly that fiscal stress and its correlate, cutback management, are not merely short-term, cyclical, problems that local governments can address in a piece-meal, incremental manner...rather, fiscal stress presents long-term problems for governments and their criminal justice agencies that require large-scale strategic choices, new skills, and new behavior on the part of government executives.*

The *Cutback Management* workshop has been designed with this operational assumption in mind.

The workshop design and curriculum is divided into five sections. An *Introductory Section* (Session 1) summarizes the problems to be addressed in the workshop, specifies the workshop objectives, describes the curriculum and the methods of delivery, and proposes the anticipated outcomes of the entire workshop.

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Section I (Sessions 2-3) presents a more detailed analysis of the meaning and impact of *fiscal stress* on the financing and management of government agencies. *Fiscal stress* is defined as the gap between supply of available revenues and demand for criminal justice services. The nature and characteristics of this gap is examined from two perspectives, the national economy and a local government's economy. This section lays the foundation and framework for subsequent sections of the workshop.

In *Section II* (Sessions 4-9) the concept and methodology of *cutback management* is presented. *Cutback management* is defined as a process by which criminal justice agencies are managed towards lower levels of resource consumption and higher levels of productivity. Critical steps to be followed to reach these twin objectives are then analyzed, and practiced, in several interdependent sessions in this section. The framework of the workshop becomes more precise and demanding and the outcome of this section is seen as one in which *cutback management* becomes more clearly a new form of public management.

One critical step in *cutback management* is the manager's search for productivity improvement models or programs. *Section III* (Sessions 10-11) is in reality a series of concurrent sessions each of which focus on a review and analysis of productivity improvement programs for law enforcement executives, prosecutor, defender, judges and court executives, and corrections executives. Within each of these three concurrent sessions, presentations are made which discuss in detail cost-efficient methods for delivering current criminal justice services. Two themes run throughout these sessions: (1) alternative, tested, methods of delivery are available as a consequence of the decade long investments made by the National Institute of Justice's program of research and demonstration and (2) many of these productivity improvement programs require--and, in some instances, demand--new types of collaboration across criminal justice agency boundaries. Thus, a further aspect of *cutback management*--as a concept and as a method--begins to emerge more clearly, namely, the need and demand for *collaboration* by criminal justice agency executives who, heretofore, have remained independent and, at times, aloof from each other.

Section IV (Sessions 12-14) offers to participants a structured opportunity to apply the lessons, results, and insights of previous sections and sessions. Participants are aided in the construction of a *written plan of action* to be used to guide them in the development (after the workshop) of a series of steps to improve the productivity of the delivery of their own agency's services and to improve the process of collaboration across agency lines--a process, we may add, which actually begins in this workshop.

Methods used in the delivery of the workshop curriculum are lecture presentations given in plenary sessions that are usually followed by small group tasks. Three types of structured small group processes are used: Nominal Group Technique, Stakeholder Mapping and Responsibility Charting. Practice in the use of these techniques is done in the workshop

so that participants will be able to apply these, after the workshop, as one way of improving the productivity of the management of agency meetings and task forces.

The combination of presentations and small group tasks is intended to facilitate team building for specific criminal justice agency executive teams and for jurisdiction-wide teams that may, after the workshop, continue the processes learned in this workshop.

The *Cutback Management* workshop seeks to increase awareness in the criminal justice policy-maker and executive about new aspects of resource management. The workshop will help managers reconceptualize previously held notions about public financing and management and, in some instances, it will present hard facts about how, prudently, to respond to the long-term demands of fiscal stress. The actual daily practices of *cutback management*--some of which are new and previously untried in many criminal justice agencies--will, of course, be dependent on the skill, leadership, abilities, and capacities of the agencies which these executives must manage.

It is our hope that the workshop will assist these managers to carry out new roles and new activities so that the administration of justice can be served in a way that builds on the accomplishments of the past and maintains and expands improvements for the future.

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January 1982

ABOUT THE NATIONAL INSTITUTE OF JUSTICE

The National Institute of Justice is a research, development and evaluation center within the U.S. Department of Justice. Established in 1979 by the Justice System Improvement Act, NIJ builds upon the foundation laid by the former National Institute of Law Enforcement and Criminal Justice, the first major Federal research program on crime and justice.

Carrying out the mandate assigned by the Congress, the National Institute of Justice:

- Sponsors research and development to improve and strengthen the criminal justice system and related civil justice aspects, with a balanced program of basic and applied research.
- Evaluates the effectiveness of federally-funded justice improvement programs and identifies programs that promise to be successful if continued or repeated.
- Tests and demonstrates new and improved approaches to strengthen the justice system, and recommends actions that can be taken by Federal, State, and local governments and private organizations and individuals to achieve this goal.
- Disseminates information from research, demonstrations, evaluations, and special programs to Federal, State and local governments; and serves as an international clearinghouse of justice information.
- Trains criminal justice practitioners in research and evaluation findings, and assists the research community through fellowships and special seminars.

Authority for administering the Institute and awarding grants, contracts, and cooperative agreements is vested in the NIJ Director, assisted by a 21-member Advisory Board. The Board recommends policies and priorities and advises on peer review procedures.

NIJ is authorized to support research and experimentation dealing with the full range of criminal justice issues and related civil justice matters.

Reports of NIJ-sponsored studies are reviewed by Institute officials and staff. The views of outside experts knowledgeable in the report's subject area are also obtained. Publication indicates that the report meets the Institute's standards of quality, but it signifies no endorsement of conclusions or recommendations.

James L. Underwood
Acting Director

RESEARCH UTILIZATION PROGRAM

WHAT IT IS

The National Institute of Justice (NIJ), part of the U.S. Department of Justice, supports wide-ranging research in criminal justice, including the testing and evaluation of innovative programs. As new knowledge is gained, the Institute follows through with the essential step of communicating what has been learned and any related policy, program, and research implications.

The Research Utilization Program, administered by NIJ's Office of Development, Testing, and Dissemination, makes research and evaluation results accessible to criminal justice officials, other government executives, community leaders, and researchers. The goal--to influence crime control and criminal justice improvement efforts and map out future research strategies.

HOW IT WORKS

The Research Utilization Program (RUP) consists of three elements: Research Utilization Workshops, Special National Workshops, and Field Test Support.

Research Utilization Workshops (RUWs)

These are workshops held for criminal justice practitioners, government executives, and community leaders on the application of research and evaluation results to public policy and programming.

Research Utilization Workshops address subjects where a body of research findings suggest new program approaches. They are oriented to action or operations and address important needs of state and local governments. The topics chosen are generally based on NIJ Field Tests, Program Models that outline potential program options and the advantages and disadvantages of each, or research/evaluation studies.

Prior to 1981 the RUWs were normally 3-day workshop series held at several locations across the country and attended by 50 to 90 top criminal justice policymakers and administrators in a multistate area. In 1981 the Institute began to look at less costly ways to conduct training and disseminate research findings. One major approach being considered is the use of modern telecommunications technology. This method of delivery seems particularly promising in reaching relatively large, geographically dispersed audiences.

Since its inception RUP has presented workshops on a wide range of topics which were attended by several thousand criminal justice officials, other government executives, community leaders, and researchers. The topics covered in these workshops included:

- Improving Police Management
- Neighborhood Justice Centers
- Compensating Victims of Crime

- Developing Sentencing Guidelines
- Community Crime Prevention Planning
- Management of Stress in Corrections
- Operating a Defender Office
- Improved Probation Strategies
- Maintaining Municipal Integrity
- Managing the Pressures of Inflation
- Managing Patrol Operations
- Health Care in Correctional Institutions
- Victim/Witness Services
- Prison Grievance Mechanisms
- Managing Criminal Investigations
- Juror Usage and Management
- Rape and Its Victims

Participants in RUWs receive summary findings of relevant research, comprehensive bibliographic references, individual program planning guides, self-instructional materials, handbooks, and selected readings. Each participant is awarded a certificate of attendance at the workshop's conclusion. Multimedia packages on most RUW topics are available on request to agencies interested in implementation. Included are videotapes, Institute publications, handbooks, manuals, and other resource documents.

Special National Workshops (SNWs)

Special National Workshops are one-time events designed to establish directions for future research or share information and develop awareness among executives and policymakers.

The SNWs inform researchers and practitioners about important new research and evaluation findings, define appropriate new directions for NIJ research, and meet the needs of groups such as elected officials, planners, and evaluators for information on current research and advanced practices in aspects of criminal justice. These workshops are less operationally oriented than RUWs or Field Tests since they do not represent a particular program design or specific program options. They do, however, have action implications for public policy, present practices, and future research.

The Research Utilization Program assembles a team of nationally recognized experts on each SNW subject. Extensive conference support services are also provided for the workshops, including multimedia development, editing and publication of materials, and logistical support.

Special National Workshops have been held on:

- Research and Evaluation Methods and the Third National Workshop on Criminal Justice Evaluation--An update of recent developments and methods used to investigate and analyze social programs and criminal justice evaluation procedures.
- Historical Approaches to Studying Crime--Modern-day criminal justice problems approached through an historical perspective of violent and non-violent crimes.

- State Legislative Planning for Correctional Reform--Methods and resources for planning and developing appropriate correctional legislation at the state level.
- Prevention and Detection of Fraud, Waste, and Abuse of Public Funds--A conference of state and local practitioners, researchers, and federal officials to assess needs and develop strategies to prevent and detect fraud, waste, and abuse of public funds.
- The Serious Juvenile Offender--Review of research and development needs for planning (in cooperation with the National Institute of Juvenile Justice and Delinquency Prevention).
- Stochastic Modeling--A promising new technique for crime analysis.
- Plea Bargaining--Current issues and new research on this judicial process.
- Second National Workshop on Criminal Justice Evaluation--The entire spectrum of criminal justice research and evaluation issues.
- Forensic Science Services and the Administration of Justice--Interdisciplinary exchange of views among various members of the criminal justice community.
- Mental Health Services in Local Jails--Models for improving service delivery.
- The Career Criminal--Implications of research from the NIJ Career Criminal program.
- Argersinger v. Hamlin--Legal counsel for indigents facing jail.
- Update '77; Update '78--The role of local officials in criminal justice decisionmaking.
- Determinate Sentencing--Implications of this trend for the criminal justice system.
- Pretrial Release--Discussion of a demonstration project with judges from all 50 states.
- Crime Control; State of the Art--An update of criminal justice knowledge for governors and representatives of State Planning Agencies.
- Urban Crisis Planning--Simulated planning of responses to hypothetical crisis situations.
- Performance Measurement--Organizational assessment techniques for police, courts, and corrections.

Additional SNW's will be scheduled as significant research and evaluation results occur and state/local needs are identified.

Field Test Support

Field Test Support provides technical assistance and training for staff and policymakers at sites selected to implement NIJ Field Test designs. These designs represent promising new operational approaches to controlling crime or improving criminal justice.

The Field Tests involve carefully designed program strategies that are implemented in a limited number of sites under controlled or quasi-controlled conditions to determine the effectiveness, transferability, and suitability of the concepts for further demonstration.

Key representatives from the Field Test sites receive training and technical assistance designed to:

- Orient test-site staff on the goals, methods, and requirements of the Field Test project
- Build skills in the particular program technology
- Assist in project implementation
- Assist test agencies in conducting technology transfer conferences to familiarize colleagues in nearby jurisdictions with the test experience.

Field Tests currently in operation or in the planning stage are:

- Employment Services for Ex-Offenders

Boston, Chicago, and San Diego are the sites of this field test to examine the impact of employment services in reducing recidivism and increasing job tenure for ex-offenders. The test will assess the influence of follow-up support services that supplement expanded vocational training, counseling, and job placement in preventing post-release criminal behavior.

- Supervised Pre-Trial Release

This field test provides services to facilitate the release of defendants who are unable to post bail or are ineligible for release on their own recognizance. The goals of the approach include reducing arrests during pre-trial release, insuring court appearances, and reducing jail overcrowding. Participating jurisdictions are Portland (Ore.), Milwaukee, and Miami.

- Differential Police Response to Calls for Service

The increased volume of citizen-initiated calls for service in recent years, coupled with strained police budgets, has made it increasingly difficult for police departments to respond to all calls for service in the traditional manner of sending a patrol unit as quickly as possible while maintaining their current level of activity in other areas. Departments have attempted to meet these competing demands through various approaches, all of which share the common objective of developing

more efficient means of allocating available resources. Three police departments in Garden Grove, California, Toledo, Ohio, and Greensboro, North Carolina will participate in attempting further efficiencies through the development and implementation of a refined call classification scheme, an expanded range of response techniques, and optimal matching of calls to response. The resulting quality of police services will be measured by police effectiveness and costs as well as citizen satisfaction.

• Early Representation by Defense Counsel

Three local public defender offices will participate in this test to determine the effects of early representation on the operations of the participating public defender agencies, the quality of attorney-client relations and the impact on other components of the criminal justice system in processing felony cases. Each participating site will develop procedures for defense counsel representation for indigent clients at or near the point of arrest and sufficiently in advance of the initial court appearance. The test shall determine in a systematic fashion whether the limited research and empirical evidence are valid that indicate early representation will speed the process by which cases are disposed and will improve the overall quality of representation.

• Differentiated Parole Supervision

Parole supervision, which aims at both surveillance and service, has been criticized in recent years for providing neither effectively. Neither style of supervision has had its outcomes carefully observed and distinguished from one another. This field test aims at providing information which will help parole agencies select and implement supervision methods best suited to different types of clients. Models to be investigated include control oriented parole, service oriented parole, traditional supervision, and summary parole.

• Commercial Security

Conducted in St. Louis, Denver, and Long Beach (Calif.), the Commercial Security Field Test will assess the merits of procedures to reduce commercial crime in small retail and service businesses. Aimed at such crimes as robbery, burglary, and larceny, the test program includes security surveys of businesses in selected commercial neighborhoods with high crime rates. Close police-community interaction and follow-up activities to encourage adoption of the security recommendations are also emphasized.

• Structured Plea Negotiation

Though widely criticized and misunderstood, "plea bargaining" accounts for 80 to 95 percent of case disposition in many jurisdictions. This field test will create in participating jurisdictions a structured conference procedure involving not only the defense and prosecuting attorneys, but also a judge, the defendant, and the crime victim. The experiment will analyze whether the approach increases consistency and

fairness of plea bargaining agreements (in fact and in the public's perceptions), speeds case dispositions, and streamlines court operations. Wayne County (Detroit), Michigan, Jefferson County (Louisville), Kentucky and Pinellas County (Clearwater), Florida are conducting the test.

• Multijurisdictional Sentencing Guidelines

Participating in this test are four courts of general jurisdiction representing urban, suburban, and rural areas in Florida and Maryland. The test will study past sentencing decisions in these courts, then use the information to develop sentencing guidelines that judges in the participating courts will follow for a 1-year experiment. The test will determine the feasibility of using sentencing guidelines as a tool for reducing unwarranted sentencing variation and articulating sentencing policy in diverse jurisdictions.

Other Field Tests receiving support from RUP since 1976 are:

- Managing Criminal Investigations
- Juror Usage and Management
- Neighborhood Justice Centers
- Pre-Release Centers
- Managing Patrol Operations
- Improved Correctional Field Services.

① Results

The most recent Research Utilization Workshop findings imply long-term potential for change in these areas:

- Compensating Victims of Crime--About three-fourths of the participants indicated that they gained additional insights on basic issues for establishing and operating a victim compensation program.
- Management of Stress in Corrections--The results on actions taken by participants soon after the workshop indicate that at least three-fourths of the respondents perceived the concepts presented at the workshops as appropriate for their systems/institutions. Specifically, impact of the workshops is indicated by actual progress on preliminary steps that should lead to organizational change.

Internal and external evaluations were conducted on selected 1979 topics. Results of both show significant progress in the initial phases of the change process. Both the internal and external evaluation results were consistent with each other.

- Maintaining Municipal Integrity--About half the participants reported a heightened awareness of ethical issues and said they have taken steps to assess their jurisdictions' investigative ability, vulnerability to corruption, and regulatory and enforcement capabilities.

- Operating a Defender Office--Over half the participants reviewed their personnel policies. Almost half evaluated their current scope of services and determined areas where additional staff training was needed.
- Improved Probation Strategies--Over half the probation officials at the workshops have subsequently disseminated strategies for improving probation and evaluated their present services. Almost half have reviewed current caseloads and assessed available resources for planning and implementing a more efficient monitoring system.
- Managing Patrol Operations--Over half the police personnel analyzed their patrol operations using the systematic assessment procedures presented at the workshop.

Results also show that a majority of participants reported positive effects on their activities:

- Health Care in Correctional Institutions--Two-thirds of the medical, correctional, and planning personnel who attended the workshop evaluated their health care procedures and began generating outside support for change. About half revised both their medical record and medication distribution systems and stopped using inmates to deliver health care services.
- Victim/Witness Services--Almost three-fourths of the participants--prosecutors, law enforcement officials, and community organizers--publicized new victim/witness services and sought new advocates for such programs. More than half attempted to increase interagency cooperation in this area.
- Managing Criminal Investigations--Changes in case screening, initial investigations, and management of investigations were reported by about half the participants.
- Juror Usage and Management--Over half the participants instituted changes in their jury selection and use procedures after attending this workshop.
- Rape and its Victims--Over three-fourths of those attending the workshop reported increased cooperation and communication among community agencies providing services to rape victims.

About the Office of Development, Testing, and Dissemination

Within the National Institute of Justice, the Office of Development, Testing, and Dissemination is responsible for distilling research findings, transforming the theoretical into the practical, and identifying programs with measurable records of success that warrant widespread application. As part of its program, ODTD also provides financial and technical assistance in adapting and testing model programs in selected communities. The Office also disseminates information to justice system executives nationwide through a variety of vehicles. The aim is to give justice professionals ready access to promising new approaches in the administration of justice.

ODTD has built a system to bridge the operational gap between theory and practice and the communication gap between researchers and practitioners. The program provides:

- Practical guidelines for model justice system programs
- Research utilization workshops for key executives that explain selected model programs based on promising research and evaluation findings
- Field tests of important new approaches in different communities
- On-site training visits for justice system officials to agencies operating successful, innovative programs
- Clearinghouse and reference services for the international justice community.

BIOGRAPHICAL NOTES

- H. JEROME MIRON is a senior associate of the University Research Corporation and is the Director of the Police Technical Assistance Project. As a Team Leader for the Research Utilization Program, he is responsible for the design of this workshop and other workshops including Managing Criminal Investigations, Managing Patrol Operations, Managing the Pressures of Inflation in Criminal Justice and Small Business Crime Prevention. He is the author of Prevention and Control of Urban Disorders: Issues for the 1980s and has also published over ten books and numerous articles about the management of federal, state and local law enforcement agencies.
- MARK D. CORRIGAN is the Director of the National Institute of Sentencing Alternatives, Brandeis University, Waltham, Massachusetts. Prior to this most recent appointment, he was, successively, the Deputy Commissioner of the Department of Corrections in New York City and the Executive Deputy Commissioner of the New York State Department of Corrections. He is a consultant member of the Research Utilization Program and was an original member of the team that developed this workshop and its predecessor workshop Managing the Pressures of Inflation (1979).
- CHARLES H. LEVINE is the Edwin O. Stene Distinguished Professor of Public Administration at the University of Kansas. He was previously Director of the Institute for Urban Studies and Governmental Research at the University of Maryland, College Park. He has published several studies and books on the topic of fiscal stress and cutback management including The Politics of Retrenchment (1981), Managing Fiscal Stress (1980) and Fiscal Stress and Public Policy (1980). As a consultant to the Research Utilization Program, he was an original member of the team that developed this workshop and the predecessor workshop, Managing the Pressures of Inflation (1979).
- EDWARD J. PESCE is an attorney and private consultant. For the past two years he has been associated with the Research Utilization Program as a Team Leader responsible for the design and implementation of several important national Field Tests sponsored by the National Institute of Justice including the Commercial Security Field Test and the Early Representation of Defense Counsel Field Test. He is an acknowledged national expert in the fields of crime prevention, court management improvement practices and related productivity improvement programs for prosecutors and defense attorneys. He was an original member of the team that developed this workshop and the workshop on Managing the Pressures of Inflation (1979).
- FRED WM. BECKER is a senior Program Manager of the National Institute of Justice's Office of Development, Testing and Training and represents NIJ as a member of the Cutback Management Workshop training team. He is also responsible for the Commercial Security Field Test Program, the NIJ HOST program, and other Research Utilization Program efforts, including the predecessor workshop of this series, Managing the Pressures of Inflation in Criminal Justice.

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SESSION 1

INTRODUCTIONS AND ORIENTATION TO THE WORKSHOP

Summary of Session

At the beginning of this session, participants and training team members will be introduced.

An overview and orientation to the workshop will then be presented which will address the following topics:

- A review of the problem to be addressed in the workshop;
- The approach to be followed in this workshop in order to address aspects of the problem;
- A listing of selected questions and specific issues to be treated in the workshop;
- The objectives, curriculum and methods to be followed in the conduct of the workshop;
- A listing of the anticipated outcomes and products of the workshop;
- Some final observations about some of the characteristics of cutback management.

This session will conclude with some observations about the use of the Participant Handbook and the Manual of Readings. At the conclusion of this session, there will be a brief break, after which we shall begin with Session 2: Fiscal Stress... A Closer Look.

ASPECTS OF THE PROBLEM TO BE ADDRESSED

• Local Government's Dilemma in the 1980s

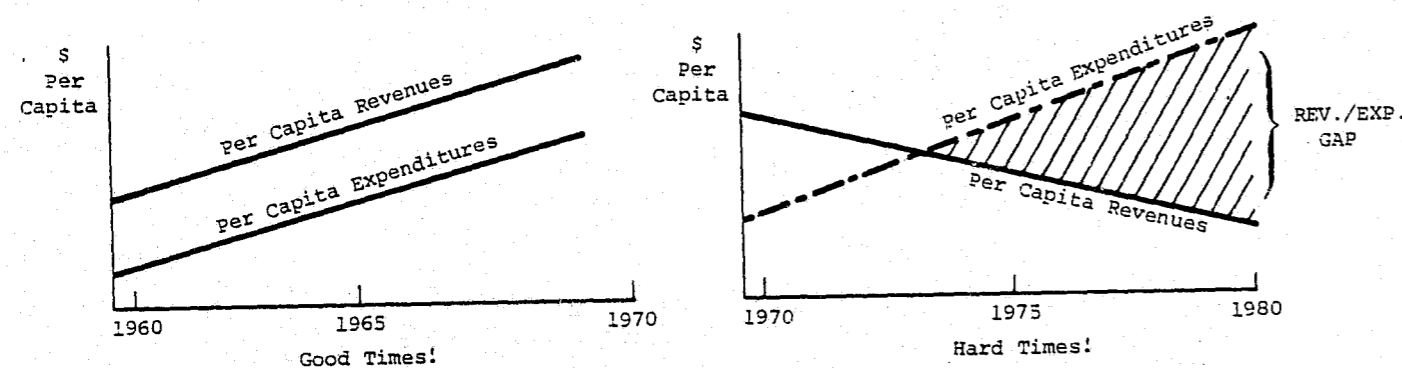
Two competing pressures will continue to impact on local government policy-makers and executives in the foreseeable future:

- Pressures to maintain and/or expand currently established, tax-supported, government services;
- Pressures to eliminate and/or cutback currently established, tax-supported, government services

• Fiscal Stress: A Cause of the Dilemma

- Fiscal stress refers to the gap which exists between the availability of local government revenues and the expectations of citizens and government employees alike who have come to expect and need more services, benefits, and wages from government.

• Good Times Have Become Hard Times:



• Some Causes of Fiscal Stress:

- Fiscal stress may be due to the inability or the unwillingness of the economy--as measured by the Gross National Product (GNP)--to generate sufficient growth, annually, so that governments can derive sufficient revenues to support services and wages;
- Fiscal stress may be due to the inability or unwillingness of government policy-makers to put unacceptable demands on taxpayer's take-home pay or profits by the use of various taxing authorities;
- Fiscal stress may be a symptom of resource scarcity at the societal and even, global, level;
- Fiscal stress is due to a multiple and complex series of causes that include economic factors, political factors, and political-economic beliefs and judgments.

• Some Consequences of Fiscal Stress:

- Governments, at all levels, are being forced to stretch resources, ration services, cut back programs, make tradeoffs between various programs, close facilities, cancel projects, defer maintenance, abolish positions, and lay off employees;
- Government executives are required to develop and use new and untried managerial practices to reduce resource consumption and to apply these practices to public organizations that have previously been dependent on a growth of resources;
- Government executives now have to make policy and exercise management decisions in a new political environment that is composed of citizens, clients, competing interest groups, public employees, and elected officials each of whom, in differing ways, may not easily be persuaded to make sacrifices or lower expectations so that lower levels of public resources are spent.

CLARIFYING THE PROBLEM

• The Impact of Fiscal Stress on Public Management:

- The causes and consequences of fiscal stress have effectively altered our customary understanding about the meaning and practice of public management and public policy making;
- Fiscal stress will continue and become more intense and more complicated. Therefore, it demands a new type of public management and new forms of managerial arrangements within public organizations;
- Public organizations have been designed and managed --in the recent past--under assumptions of growth; public organizations now must be re-designed and re-managed--in the current and near future--under operational assumptions of resource scarcity.

• The Impact of Fiscal Stress on Criminal Justice System Management:

- Criminal justice managers have believed that their services are necessary and essential and therefore are immune from cuts.

Fiscal stress has altered that belief!

- Criminal justice managers have justified growth in expenditures by referring to increases in workload and demand for services.

Fiscal stress has called into question such justifications!

- Criminal justice managers have argued that the principal problem facing the system is economic--the enormous discrepancy between demand (crime incidents) and supply (available resources).

Fiscal stress is beginning to doubt this assumption!

THE PROBLEM DEFINED

- The combination of fiscal stress and its consequences are producing such pressures on the current criminal justice system as to require a new form of executive management and policy making for the system.
- The problem is that, until quite recently, there has been little effort expended by criminal justice executives to explore the dimensions and characteristics of this new form of management and to apply its practices, across the board, to criminal justice agencies.

APPROACH TO THE PROBLEM

- The *Cutback Management in Criminal Justice Workshop* is one approach to addressing the problem of the impact of fiscal stress on the criminal justice system in a local government.
- As used in this workshop, *Cutback Management* refers to a process by which the criminal justice system and its agencies are managed in such a manner that--
 - managers and policy-makers agree on the level of available resources;
 - managers and policy-makers agree to define and to deliver primary core services in an efficient and effective manner;
 - managers and policy makers agree on strategies to manage resources so that appropriate levels of available resources are prudently consumed;
 - managers and policy-makers agree to management strategies that effectively provide beneficial effects on the community and jurisdiction served by the criminal justice system.

ISSUES TO BE ADDRESSED IN THIS
WORKSHOP

- What is the nature of fiscal stress, what are its characteristics, can it be managed and controlled by local governments, and what should criminal justice policymakers and executives know about this problem in order to plan for appropriate adjustments in the design and delivery of their services?
- What is cutback management? Why is it different and difficult? How does resource scarcity alter our previous understanding and practices about public management and criminal justice management?
- What essential steps can be taken by criminal justice executives in order to manage their organizations toward lower levels of resource consumption and organizational activities? Is this always possible within criminal justice agencies? What strategic decisions are available to be used by executives as a framework for taking actions to respond to budget cuts imposed by funding organizations?
- Who decides--and how--to determine primary core services of specific criminal justice agencies?
- When and under what conditions can imposed cuts be accepted or resisted by agency executives?
- What are--or should be--the factors that directly influence the many choices that a criminal justice executive faces when he/she becomes aware that lower levels of resources are projected for his/her agency?
- What cost-effective and cost-saving ideas are available to policymakers and executives? How can they be applied? Under what circumstances?
- Can policymakers and executives work together within the criminal justice system in order to establish collaborative means by which the impact of fiscal stress can be lessened? What are the conditions for such collaboration? What fosters or prevents such collaboration?

*There are not ready solutions to these questions--
except those which you, as a group, are willing to
create and use with each other...*

OBJECTIVES OF
CUTBACK MANAGEMENT WORKSHOP

The objectives of the workshop are to enable criminal justice executives and policy makers--

- To define fiscal stress and to describe the characteristics of fiscal stress;
- To define cutback management and to describe the operational characteristics of cutback management on internal agency operations and external agency relationships with funding organizations;
- To ascertain the primary core services or activities that a criminal justice agency must provide and to ascertain what level of resources are needed to support or protect the effective delivery of these services;
- To use a strategic planning process by which a criminal justice agency and a jurisdiction can adopt selected strategic decisions or choices to use or to protect resources needed for the effective delivery of core services;
- To acquire an understanding of new policy-options and new management-oriented technologies that have increased efficiency and reduced costs in some jurisdictions in the operation of law enforcement, courts, and corrections agencies;
- To produce a two-part plan of action by which individual criminal justice agencies and the jurisdiction-wide criminal justice system can lessen the impact of fiscal stress on the operations of the system.

CURRICULUM OF
CUTBACK MANAGEMENT WORKSHOP

The *Cutback Management* curriculum has been designed as four related sections; each section contains several workshop sessions. Each section--and its sessions--is intended to establish a foundation for succeeding sections and sessions. The outcome of the workshop is a written plan of action to be created and used by both specific agencies and by the local jurisdictional leaders of the criminal justice system.

Section I: Fiscal Stress and Financial Indicators...A Closer Look

In this section, several sessions will explore and discuss in some detail the meaning, characteristics and causes of fiscal stress. Participants will also discuss some of the indicators of local fiscal stress and offer judgments about the ability of a local jurisdiction to forecast and control some of the factors that contribute to fiscal stress.

Section II: Cutback Management...Meaning...Issues...Tasks

Cutback management will be described and defined and a methodology of cutback management will be explained in this section. Several inter-related sessions will then be presented which will focus on each step in the methodology. A concluding session in this section will enable agency teams to choose a strategy and map out the means needed to support the effective implementation of the chosen strategy.

CURRICULUM

Section III: Reviewing Alternative Approaches To Improve
The Criminal Justice Agency

Choices about how to manage an agency towards lower levels of resource consumption also mean that managers, as part of their strategic-decisionmaking processes, explore available alternatives to their current manner of designing and delivering their services. This section will examine how other criminal justice executives have used knowledge and technology in order to improve the efficiency and, at times, reduce the costs of services. Sessions in this section will be agency specific in the sense that concurrent sessions will be delivered for law enforcement executives, judicial, prosecutor and defender executives, and corrections executives. Policymakers and other fiscal personnel are to choose whichever sessions they need in order to increase their own understanding of potential improvement programs of specific agencies.

Section IV: Constructing a Plan of Action

In this section, participants will apply the knowledge, skill and insights they may have gained from the previous four sections of the workshop. In one session of this section, representatives from the same agency will work together as a team in order to develop a plan of action that can be used in their agency as a way of lessening the impact of fiscal stress on their operations and, at the same time, aid in improving the efficiency of these operations. In a succeeding session, all participants will work together as a system-wide team of executives and policymakers in order to construct a jurisdiction-wide plan of action.

WORKSHOP METHODS

Several different methods will be followed in the conduct and delivery of the curriculum of the workshop:

Plenary Session Lectures and Presentations

Selected sessions will be delivered to the full assembly through the use of a prepared lecture and presentation accompanied by visual aids. Questions, discussion and comments will be welcome. Due to time constraints, the presenter may need to close off the time for questions or comments. Usually, a plenary session will last approximately 40:00 minutes.

Agency-Team Task Groups

Other sessions will be conducted with the active participation of participants. Usually small groups of participants will be formed as representative of the principal agency within the criminal justice system---e.g., police, courts and corrections teams.

At least three different forms of small-group processes will be used in this workshop:

- *Nominal Group Technique* which is a way of organizing a meeting to enhance its productivity. Its purpose is to balance and increase participation, to use different processes for different phases of creative problem solving and to reduce the errors in aggregating individual judgments into group decisions or consensus.
- *Stakeholder Mapping* which is a group technique to assess the potential impact of all stakeholders--defined as those groups or individuals outside an organization---whose actions can affect a set of organizational objectives, strategies or plans of action. Information derived from this technique can be used by organizational managers in a variety of ways.
- *Responsibility Charting* is a technique by which a group can identify and correlate the tasks, responsibilities, time deadlines, and activities needed to carry out a particular plan or strategy.

There is a dual purpose in the use of these group-techniques: to assist participants during the workshop to carry out workshop related tasks and to enable participants to experience the use of these techniques so that they may be able to apply them appropriately in their own agencies following the workshop.

WORKSHOP SCHEDULE OF SESSIONS

- Session 1: INTRODUCTION AND ORIENTATION TO THE WORKSHOP
- Session 2: FISCAL STRESS...A CLOSER LOOK...
- Session 3: *ASSESSING LOCAL FISCAL STRESS: A GROUP TASK*
- Session 4: *CUTBACK MANAGEMENT...MEANING...TASKS...METHODOLOGY...*
- Session 5: *GOVERNMENT FINANCING...FINANCIAL CONDITION...FINANCIAL INDICATORS...BUDGETING...*
- Session 6: *DETERMINING PRIMARY CORE SERVICES...ENDS PLANNING...MEANS PLANNING...POLITICAL SPACE...*
- Session 7: *DETERMINING A CORE PROGRAM: A GROUP TASK*
- Session 8: *STRATEGIC DECISIONMAKING...TO ACCEPT OR TO RESIST CUTS...*
- Session 9: *TESTING A CHOSEN STRATEGY: A GROUP TASK*
- Session 10: *COST-EFFICIENT ALTERNATIVES...CONCURRENT SESSIONS...FOR POLICE, PROSECUTORS, DEFENDERS, JUDGES, AND CORRECTION OFFICIALS AND EXECUTIVES*
- Session 11: A CASE FOR COLLABORATION...
- Session 12: *AN AGENCY-SPECIFIC PLAN OF ACTION: A GROUP TASK*
- Session 13: *A JURISDICTION-WIDE PLAN OF ACTION: A GROUP TASK*
- Session 14: SUMMARY AND CONCLUSION OF WORKSHOP

Sessions listed in *italics* are *small group sessions*; all other sessions listed are plenary sessions.

Exact beginning and end times for each day and for each session will be negotiated with local co-sponsors of the workshop.

OUTCOMES OR PRODUCTS OF THE
WORKSHOP

Three outcomes are anticipated as products of this workshop.

Intra-organizational Team Building

The combined use of presentations, group processes, and group tasks is intended to aid participants from the same agency understand and agree to some of the major managerial problems that their agency faces as a result of fiscal stress. Such common understanding and agreement often are the essential foundations for the development and enhancement of an effective agency management team.

Cross-organizational Team Building

The curriculum and the methods to be followed are also intended, perhaps for the first time, to assist executives and policy makers who represent different agencies in the criminal justice system to understand the constraints and the opportunities that are present to each other.

While the workshop cannot create a criminal justice team it can and will point out through its curriculum and its processes that there is a need for collaboration and cross-organizational relationships. Furthermore, the workshop itself represents how such a need can be accomplished by a planned and structured process. Whether this collaborative process will be maintained after the workshop experience, will, of course, depend solely on the leadership and willingness of participants.

An Agency and Jurisdiction Plan of Action

The curriculum has been designed so that each session will build upon and use the information, data, processes, and findings of preceding sessions. All sessions will, cumulatively, build to the final sessions which will apply the lessons of the workshop to a product: a written plan of action to be developed by each agency and a jurisdictional cross-agency plan which is intended to continue the initiatives developed in this workshop.

FINAL OBSERVATIONS ABOUT THIS
WORKSHOP

• Cutback Management As a Political-Management Process:

"The major obstacle to solving economic problems by government and within governments is *political*... because... Society tends to view economic change as a *zero-sum game* in which a *gain* for one is a *loss* for another...and...The problem with zero-sum games is that the essence of problem-solving is *loss* allocation. But this is precisely what our political process is least capable of doing...When there are economic *gains* to be allocated, our political process can allocate them...When there are large economic *losses* to be allocated our political process is paralyzed...And with political paralysis comes economic paralysis..."

Lester Thurow
The Zero-Sum Society (1980)

• Cutback Management as a Response to the New Crises in the Public Sector

"Economic growth is a powerful solvent for the problems that trouble governments...because it allows government benefits to expand without depriving anyone and...it helps solve the most fundamental political problem of democratic societies: it helps maintain national consensus by reinforcing citizens' beliefs that their system of government works to their advantage and that their taxes are being spent well by a government that is equitable, stable, and efficient..."

Fine-tuning the finances and administration of public agencies and programs will not *alone* solve the larger problems of stimulating economic growth, but it may contribute--along with other government policies and private-sector initiatives--to restoring...economic growth rates...

Thus, public officials have an opportunity to fashion strategies to combat fiscal stress and to take imaginative action to improve cost effectiveness in government..."

Charles Levine
Managing Fiscal Stress: The Crisis in
the Public Sector (1980)

● Cutback Management As a Human and Organizational Issue

"In order to carry out its prescribed tasks over a long period, an organization must survive; and to survive, it must avoid undue and unnecessary consumption of human energy and of other human sacrifices. Every individual belongs to several organizations, each of which requires effort or some other sacrifice on his part. To some extent, these organizations must compete for his contributions. We may assume, therefore, that the less human sacrifice required by an organization to perform a given task under given circumstances, the greater the assurance that the organization will survive and continue to fulfill its purposes..."

Edwin O. Stene
An Approach to the Science of Administration
(1940)

● Cutback Management As A Process of Long-Term Thinking and Managing

" Let's review what we know about the retrenchment of public organizations. In a world without politics, with perfect information, fungible revenues, and flexible assets, retrenchment is a reasonably simple, straightforward process. All we would have to do is identify our programs, account for their costs, rank order our priorities, assemble our resources, and fund programs that have high priorities and ignore programs with low priorities. This is, of course, the logic behind Zero Base Budgeting...*But in the real world of government, this method of decision-making is impossible...* In government there is substantial complexity, uncertainty and differences of opinion about means and ends that convert into disagreements about priorities...Furthermore, there are few fungible assets since most revenues are earmarked, committed to specific programs, or tied to satisfying legislative or judicial mandates..."

The result of these constraints is a strong preference among policy makers for short-run, incremental, and piecemeal problem-solving methods. It is hardly surprising, therefore, that when confronted with revenue shortfalls, few public officials have viewed retrenchment as a *long-term problem requiring large-scale strategic choices...* Incremental thinking is so deeply engrained in contemporary public administration that even when political leaders seem to agree to target an agency or program for deep cuts or termination, *administrators and employees rarely take the cut as the beginning of a secular shift in agency fortunes...*

Instead, they initiate methods of adaptation that conform to routine budget and personnel adjustments as if the cutback was part of a downturn of a cyclical nature...making the assumption, of course, that the fund reductions will be restored in the near future...

Charles Levine
Cutting Back the Public Sector
1981
14

• Cutback Management as a New Form of Public Management

Fiscal stress or *Hard Times* makes *public agencies, public managers or executives, and the leadership roles of such executives* different than these would be in periods of economic growth or *Good Times*. These differences are accounted for in our workshop definition of *Cutback Management*. Moreover, these differences can be contrasted and displayed as follows...

In Good Times, public organizations...

- provide new resources for new work...
- permit redundancy...
- forgive mistakes and errors...
- offer several choices among competing "goods"...

- permit services to new constituencies...
- make changes seem inviting and possible...
- orient themselves to both present and future...
- allow and promote various rewards for staff...
- select and train key subordinates...
- invite attention to novel and innovative programs...
- rarely force a departure from settled plans, policies, and established management principles...
- are willingly open to outside observers...

In Good Times, Managers manage to...

- down-play personal authority and delegate major responsibilities to subordinates...
- maintain a low personal visibility...
- seek predictability and to control risks...
- motivates others by the promise or offer of rewards...
- permit diversity and pluralism within the organization...
- cooperates, coordinates, and collaborates with outside organizations...
- keep organization open to outside observers...

In Hard Times, public organizations...

- impose new tasks without new or sufficient resources...
- eliminate redundancies and "take their one best shot"...
- penalize mistakes heavily...
- force choices among related "evils" and choose the lesser of multiple "bads" or "evils"...
- ensure broad client dissatisfaction...
- make change seem threatening and difficult...
- steer attention towards the past...
- lessen the opportunity for motivational rewards...
- permit little upward mobility...
- force priorities to focus on "basics"...
- are forced to manage by crisis and depart from settled policies, plans and programs...
- often close themselves off from others, circle the wagons and stimulate a closed, centralized decision-making process that borders on secretiveness...

In Hard Times, Managers manage, as Leaders, to...

- exercise forceful leadership, centralize decisions and inspire subordinates through a reliance on personal status...
- attracts personal public attention...
- thrive in an atmosphere of crises and drama...
- demand efforts from others that amount to personal sacrifices...
- demand organizational unity and uniformity...

- compete and possibly confront outside organizations...

- insist on confidentiality of the organization's processes.

LIMITS OF WORKSHOP

The three-day *Cutback Management Workshop* can heighten awareness among policy makers, executives, and managers of the criminal justice system of various new aspects of resource management and help to reconceptualize certain aspects and notions, and, in instances, present some hard core facts about how prudently to respond to the demands of fiscal stress.

It can do no more.

SESSION 2

FISCAL STRESS...A CLOSER LOOK

Summary of Session

In this session, a presentation will be given that will examine more carefully the phenomenon of fiscal stress. Criminal justice executives, now more than at any other time, need to know more about the nature, extent and characteristics of fiscal stress because such knowledge is essential in order to devise and apply suitable management strategies.

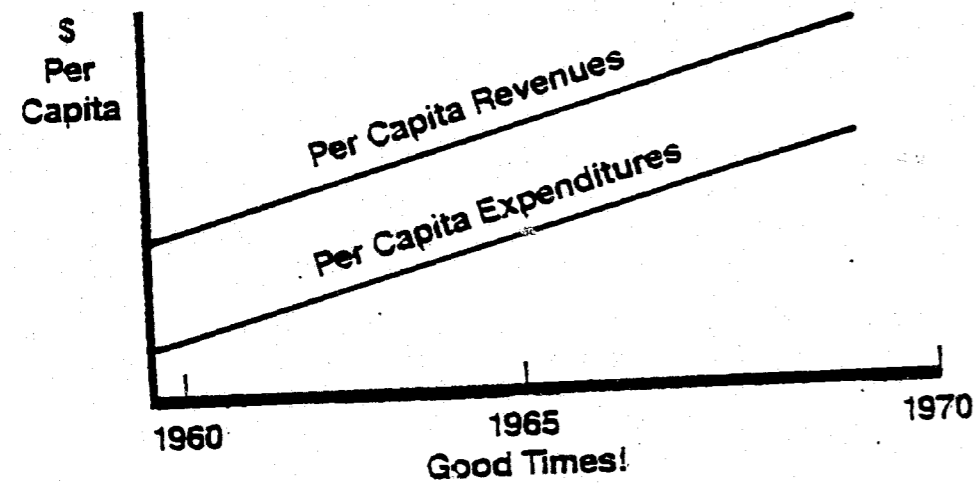
Indeed, judgments made about the extent to which fiscal stress will continue and for how long or judgments made about how to control and manage locally derived revenues which are often directly related to national economic trends, are the types of judgments and calculations that all public managers need to make if they are to be effective.

The presentation will be in the form of observations, data, and responses to the following questions and topics:

- How real, how widespread, and how long will fiscal stress be?
- How recent is this phenomenon?
- The relationship of fiscal stress to the national economy, recessions, OPEC, inflation, and the national debt--some observations and definitions.
- Is a long-term comprehensive plan or a short-term incremental plan appropriate as a response to fiscal stress by public managers?

The session will conclude with some summary observations and discussion. Following this session, there will be a brief break after which we will assemble for Session 3: Indicators of Local Fiscal Stress...An Agency-Team Task.

A Glossary of Budget and Economic Terms used in this session is attached as an appendix to this session.



A LOOK AT...GOOD TIMES!

(Note: An understanding of the complexity of fiscal stress is best obtained by comparing "hard times" to "good times"... because current fiscal stress is generally seen as both a comparison with the past and a search for ways to improving a future...)

● ECONOMIC INDICATORS OF GOOD TIMES...FOR GOVERNMENTS...

- A 4%-5% average annual rate of growth in the real Gross National Product (GNP)...and...
- A 1%-2% annual rate of price inflation ...and...
- A 4% annual national rate of unemployment...and...
- An annual (FY) Federal Budget that is balanced or, if unbalanced, has a politically acceptable annual deficit that is, usually, acceptable at a less than 1% of the GNP for a given year (FY)...and...
- A cumulative gross Federal Debt that is managed in a way that does not excessively crowd out or displace dramatically non-governmental borrowing of available capital funds from the credit market...and...
- A tax rate on median income that is considered tolerable to taxpayers and generally acceptable to economists and government policymakers.

● GOOD TIMES...CREATE...FOR GOVERNMENTS...FISCAL DIVIDENDS...AND...
POSITIVE CHOICES...

- The national economic growth patterns of the good times indicators have the following, persistent, effects for governments...at all levels:

- There is a faster growth in government revenues... because of the efficiency of the tax collection system...

- This growth is at a faster rate than could be absorbed by the normal annual rate of growth in government expenditures...

- The resulting excess of revenues becomes available as a fiscal dividend which is projected to be available for use, by government policy-makers, in various ways...

--to cut taxes...or...

--to reduce tax rates...or...

--to expand current government programs...or...

--to create new government programs...

— *pay off debt*
● Failure to channel the fiscal dividend back into the stream of income--from which it came originally-- will, in time, alter some of the indicators of good times...

A LOOK AT...HARD TIMES!

● CHART #1: THE ECONOMY'S COURSE--1960-1980:

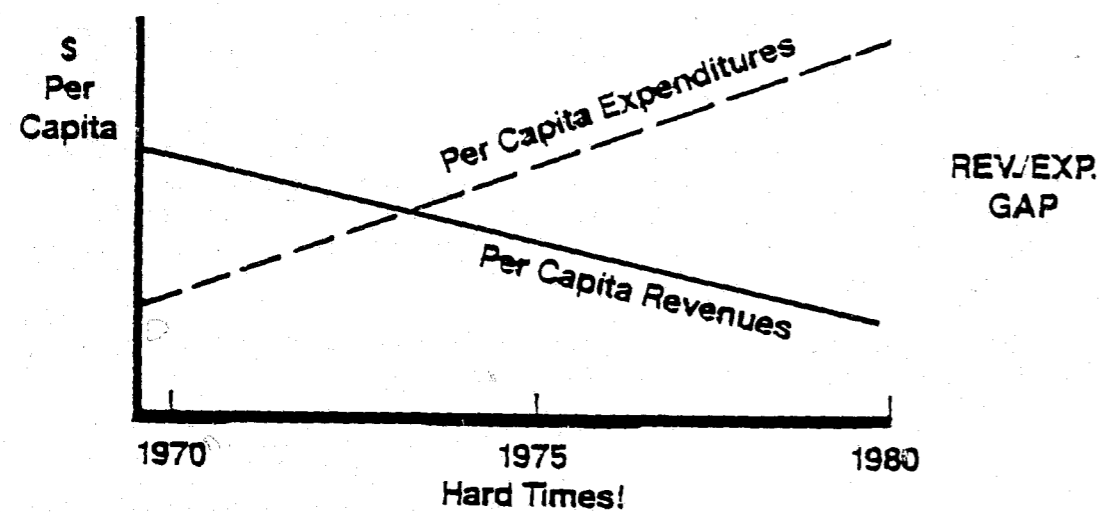
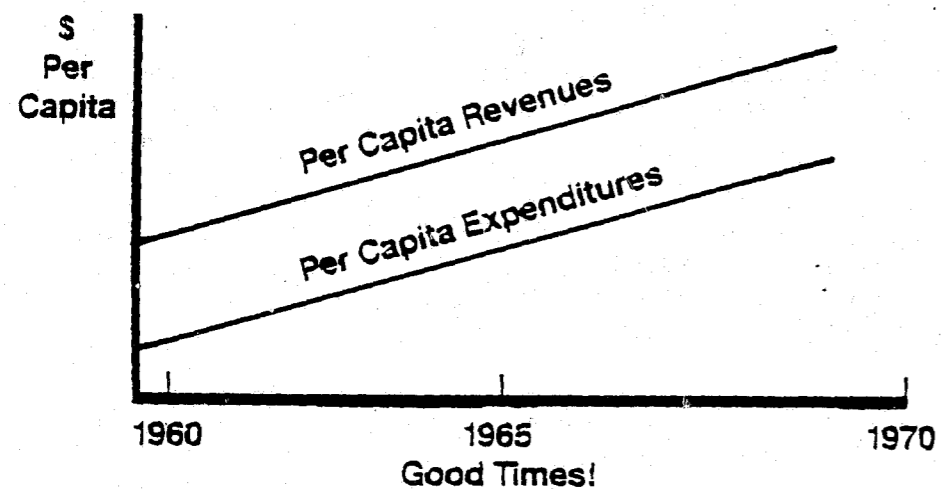
The three charts on the next succeeding pages are illustrative of the movement from good times to hard times...An analysis of "Hard Times" indicators is as follows:

- The GNP annual growth rates between 1970-1980 were below the good times indicators...approximately 3%...
 - The inflation rate between 1970-1980 was dramatically above the good times indicators...approximately 7% for the decade...and in some years in the 1970s...percentage rates were double-digit percentages...
 - The annualized average unemployment rate for the decade was above the good times indicators...between 7%-8%...as a decade average...
 - The Federal Budget, annually, in the period 1970-1980 has never been balanced in any given year...deficits, annually, have ranged from 2.8 billion (1970) to 59.6 billion (1980)... and, for most years, the deficit annually, has been at a 3% level of the GNP for the given year...
 - The Gross Federal Debt--all public and agency debt issues outstanding and owed by the Federal Government--as of 1980 was \$914.3 billion--by contrast, it was \$382.6 in 1980...and... another useful contrast is that in 1980, the Gross Federal Debt (\$914.3 billion) was 36% of the GNP in 1980 (\$2,567 billion)...
- Borrowing by the Federal Government, usually through the Federal Financing Bank, to pay installments due on this debt has had the dual effect--in the 1970s--of (a) increasing Federal expenditures and outlays of the Budget and (b) crowding out private investment from the credit market by stimulating--through quarterly borrowing-- interest rates in this market...
- Tax rates in the 1970s generally remained stable...but the effects of inflation on prices have stimulated wage inflations with the net effect that median income tax brackets have increased... and more taxes were paid...but not enough to cope with increased expenditures...
 - The cumulative effects of these hard times indicators--compared to the good times indicators--have been...

- A vanished fiscal dividend...and...

- A persistent trend of expenditures... in excess of revenues...

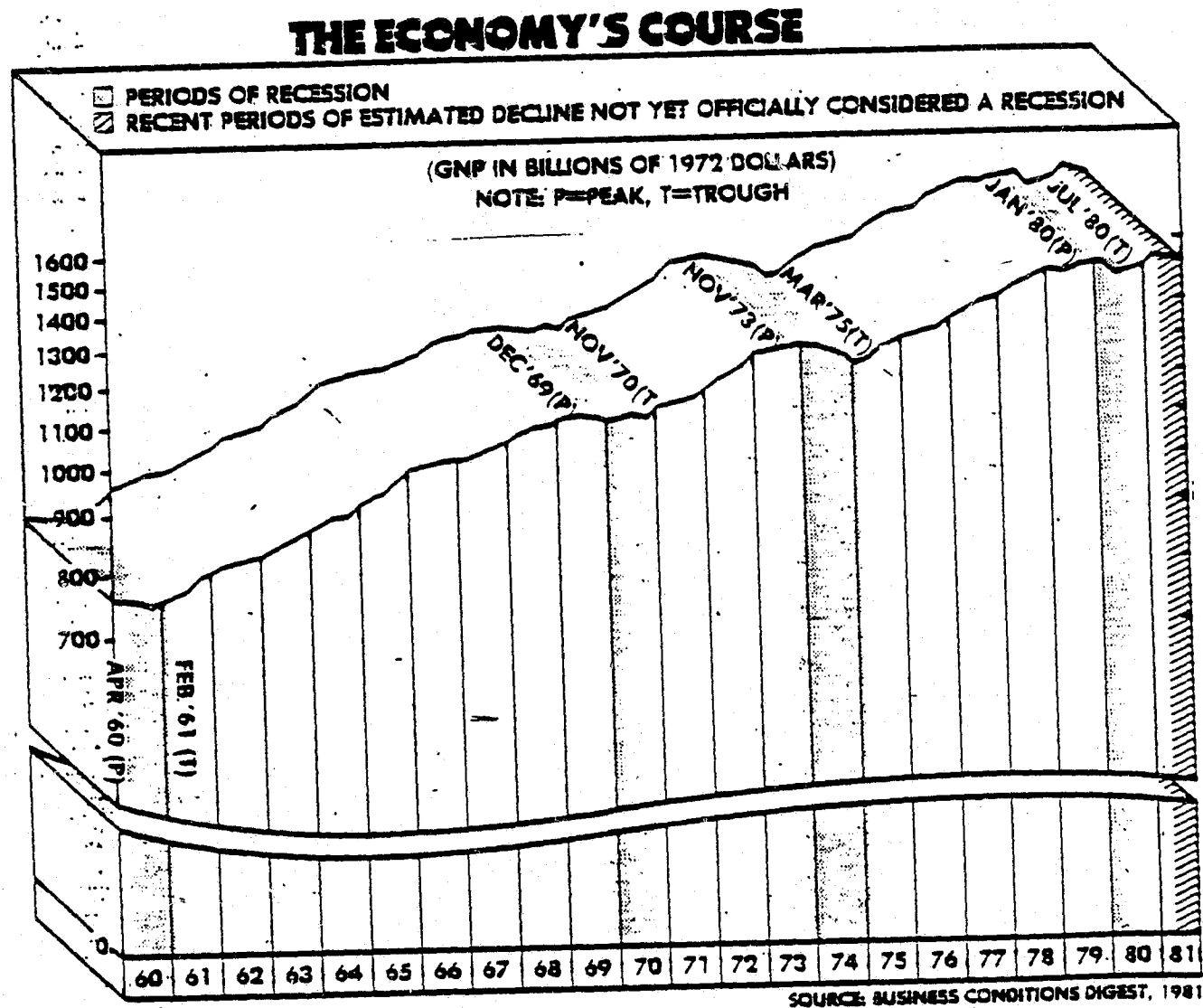
GOOD TIMES HAVE BECOME HARD TIMES!



SUMMARY COMPARISONS

<u>INDICATOR</u>	<u>GOOD TIMES</u>	<u>HARD TIMES</u>
● GNP	4-5%	3% or less
● INFLATION	1-2%	7% or more
● UNEMPLOYMENT	4% at most	7-8% or more
● FEDERAL BUDGETS	Balanced or Marginal Deficits	Unbalanced and Large Deficits
● GROSS FEDERAL DEBT	Annual Increases Less than 1% of GNP and Cumulative Year Debt, in any given year, less than 12% of GNP for that year	Exponential annual increases on the order of double digits and, annually, in the 3% of GNP, and, cumulatively, in a given year, above 30% of given year GNP
● PRIME INTEREST RATES	5-7%	13-20% ranges
● TAX RATES: MEDIAN INCOME	17-22%	25-30% ranges
● EXPENDITURE RATES OF FEDERAL BUDGET	Keep pace, generally, with revenues	Rates, persistently, are above revenues
● FISCAL DIVIDENDS	Occur persistently	Vanish
● GOVERNMENT SEEN AS	Benign, progressive, leading, solving social problems, and rewarding	Harsh, regressive, economic minded, untrustworthy, and punishing
● EFFECTS	No problem too big to handle	All problems are too big to handle
● CONSEQUENCES	Expansionary	Sacrifices and cuts

CHART 1



SOME CAUSES OF FISCAL STRESS

- Economic Growth Rates: Declining

Throughout the 1970s, the economic growth rates of Western industrial nations declined from the levels attained during the 1950s and 1960s. See Chart 1.

Economic growth is a powerful solvent for problems that trouble government. Each increment of real growth in national income can either be used by government's taxing authorities to create or maintain new public programs without accelerating the rate of inflation or be used to enhance and increase take-home pay of citizens.

Absent real growth along with annual increases in inflation, and any government is faced with a politically divisive trade-off between old programs and new demands...usually expressed as "Stop spending...decrease taxes...and get control of inflation..."

- The OPEC Shocks: 1974, 1979, and 1982(?)

Few would deny that a partial reason for the decline in economic growth rates in the 1970s for industrialized countries have been partially due to the rapid increases in OPEC prices. The complexity of the relationship between such increases on local, regional, and national economies and in both the private and public sector is not yet fully appreciated...a prospect which will not long continue given the fact that 1982 is the year that the current price freeze by OPEC will be reviewed. See Chart 2.

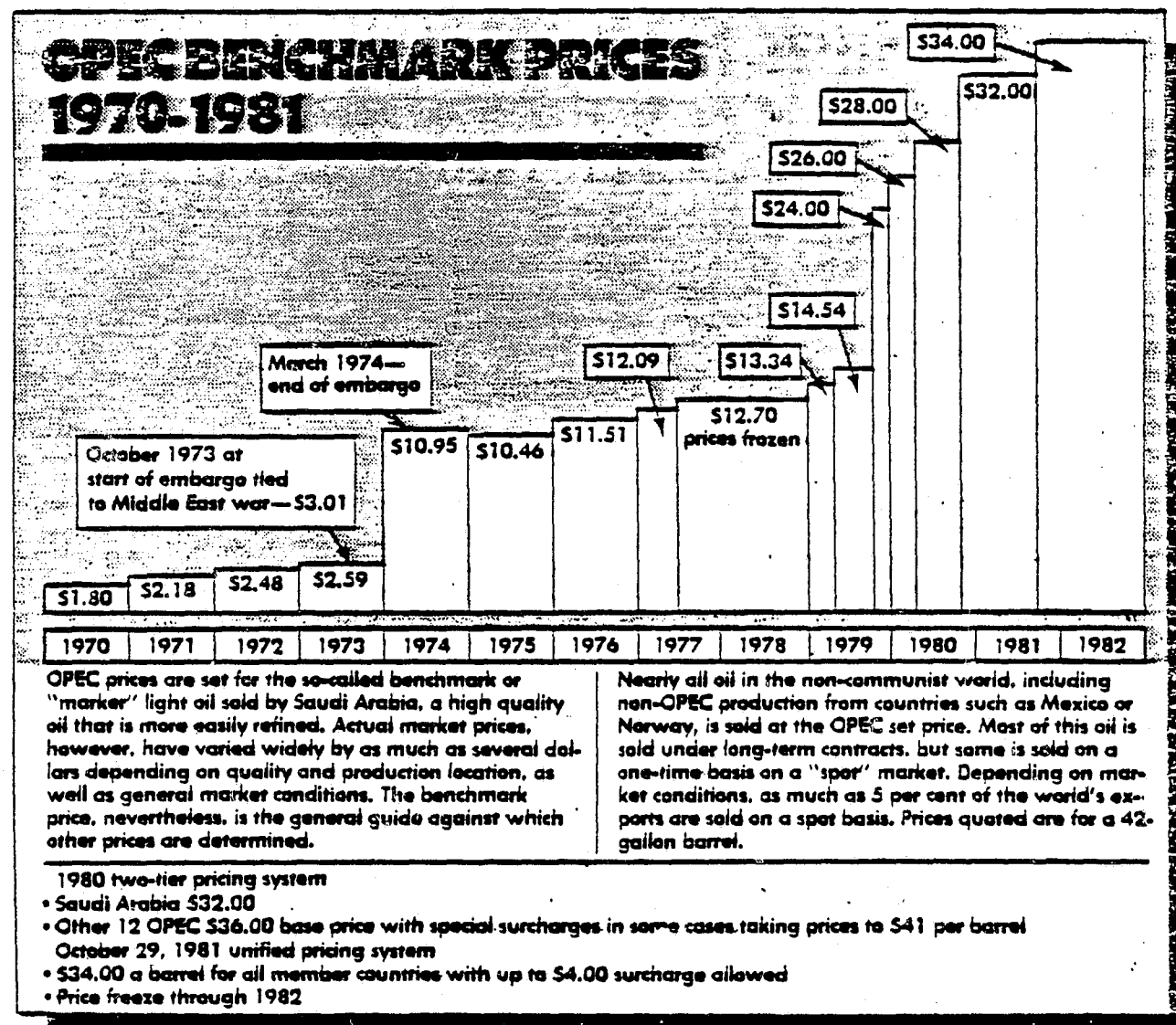
- Inflation: Definition, Measures, and Impact on Consumer Confidence

Inflation has been defined as a condition of significantly or substantially rising prices. Economists used to say that this country is in a state of inflation when average prices go up 3% or more a year. In the past 10 years, the average annualized rate of inflation has been above 7%...in some years this rate has been above 12%. The effect has been an "inflationary psychology" that has created in consumers and taxpayers alike a strong desire to increase their disposable income by lessening, sometimes at all costs, the rate or amount of taxes that they are required to pay. See Chart 3.

- The National Debt

Borrowing from the credit market by government to reduce the amount of debt owed by government is seen by many as an unacceptable way--except in wartime--of managing a government budget. A strong effort to reduce spending, balance the budget and eliminate the practice of deficits is believed by many to be the only acceptable alternative. See Chart 4.

CHART 2



DEFINITIONS OF INFLATION

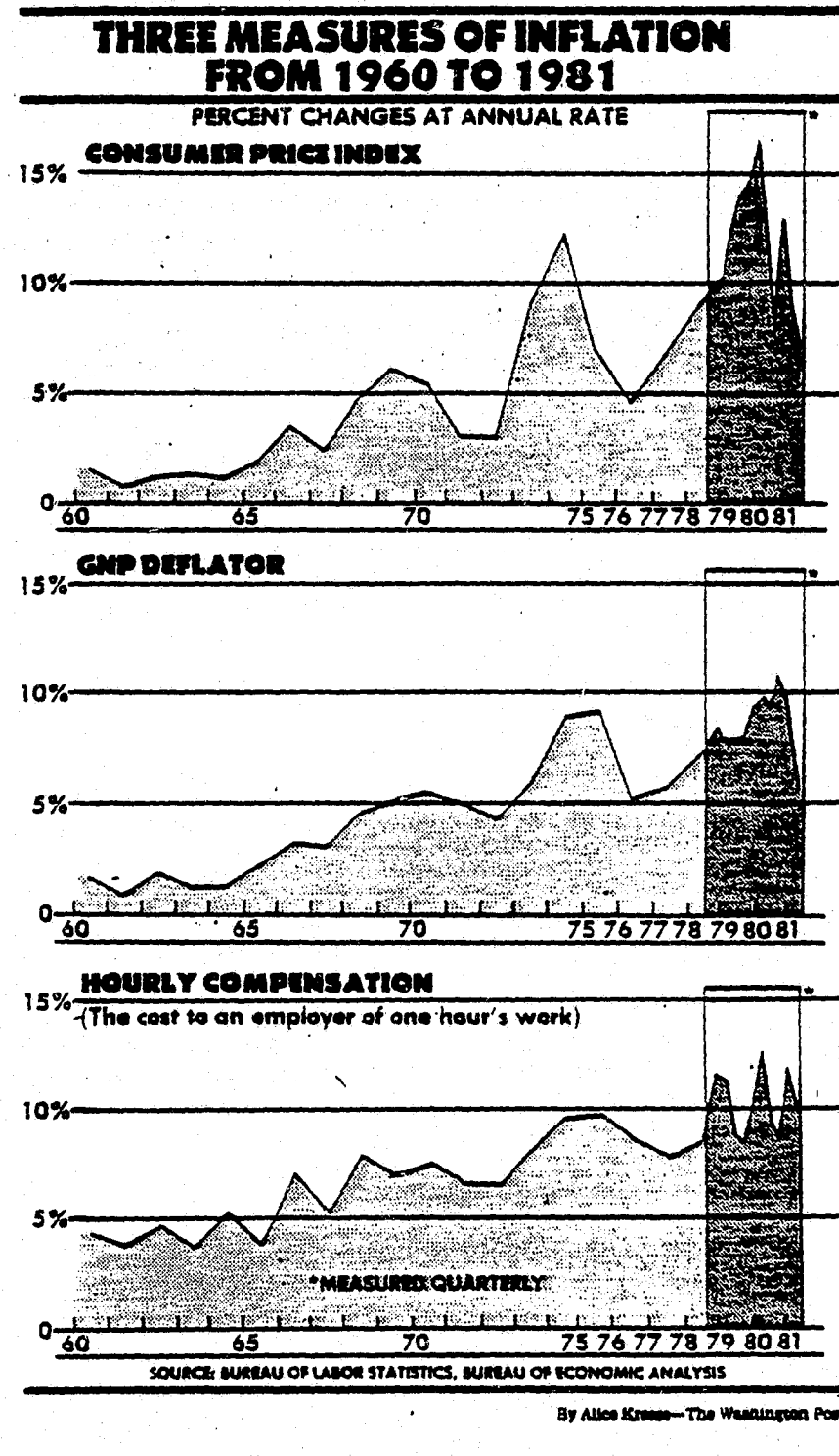
• SOME GENERAL COMMON DEFINITIONS:

- "An increase in the amount of money in circulation, resulting in a relatively sharp and sudden fall in its value and rise in prices." *Webster's New World Dictionary*
- "A persistent rise in the general price level that results in a decline in the purchasing power of money." *General Accounting Office*
- "Inflation is a condition of significantly or substantially rising prices." *Cost of Living Council (1972)*
- "Inflation is caused by too much money chasing too few goods." *Anonymous Economist*

• SOME SPECIFIC DEFINITIONS:

- "Demand inflation is when too much money chases too few goods." *Cost of Living Council (1972)*
 - "Cost inflation occurs when prices are rising even though there isn't too much money chasing too few goods. In this sort of inflation, prices and wages go up even though sales may be decreasing and more and more people are out of work. This situation seems contrary to the law of supply and demand which suggests that when demands for goods or services goes down, prices should too." *Cost of Living Council (1972)*
 - "Stagflation is the simultaneous existence of high unemployment and inflation." *General Accounting Office*
- A RULE OF THUMB ABOUT INFLATIONARY TIMES:
- "Many economists and analysts maintain that this country is in a state of inflation when average prices go up 3% or more in a year." *Cost of Living Council (1972)*

CHART 3



MEASUREMENTS OF INFLATION

• THE CONSUMER PRICE INDEX (CPI)

This index is a monthly tabulation of the retail sales of most of the things most of us buy. The DOL checks prices throughout the country of several hundred selected goods and services every month. The results of this survey are fed into a computer. The computer figures out how current prices compare to prices charged for the same items in past years. It expresses this comparison as an index of how current prices compare to prices charged in 1967. This is a measure of inflation.

• THE GROSS NATIONAL PRODUCT (GNP) DEFLATOR

The GNP is the sum total of all goods and services produced in the nation expressed in dollars. Economists wish to know what the GNP would be if prices were not increased by inflation. A computerized statistical analysis program is used to compare the current GNP with what the same amount of goods and services would have cost in 1958 (or any other convenient base year). Statisticians divide the current-dollar GNP by the same amount of goods and services expressed in 1958 (or other year) dollars and come up with what is called "the implicit price deflator". The deflator is a three digit number; changes in the number can be translated into annual rates of change such as 4% or 8% or 15%. This is a measure of inflation.

• HOURLY COMPENSATION

Hourly compensation or the cost to an employer of one hour's work is another measure of inflation. It is measured quarterly by the DOL and reported quarterly and compares hourly wages (in dollars and rates) with a base year.

• INFLATIONARY YEARS SINCE WORLD WAR II

If one were to accept the definition of inflation as one in which average prices increase 3% or more a year and if one were to use these measuring devices (with special emphasis on the CPI), one could figure that since World War II, some years were not inflationary years, and, some years were inflationary years.

INFLATIONARY YEARS

• NOT INFLATIONARY YEARS SINCE WORLD WAR II:

1949	1950	1960	1971
	1953	1961	
	1954	1962	
	1955	1963	
	1959	1964	

• INFLATIONARY YEARS SINCE WORLD WAR II:

1946	1951	1965	1970	1980
1947	1957	1966	1972	1981
1948		1967	1973	
		1968	1974	
		1969	1975	
			1976	
			1977	
			1978	
			1979	

• CONTRASTS:

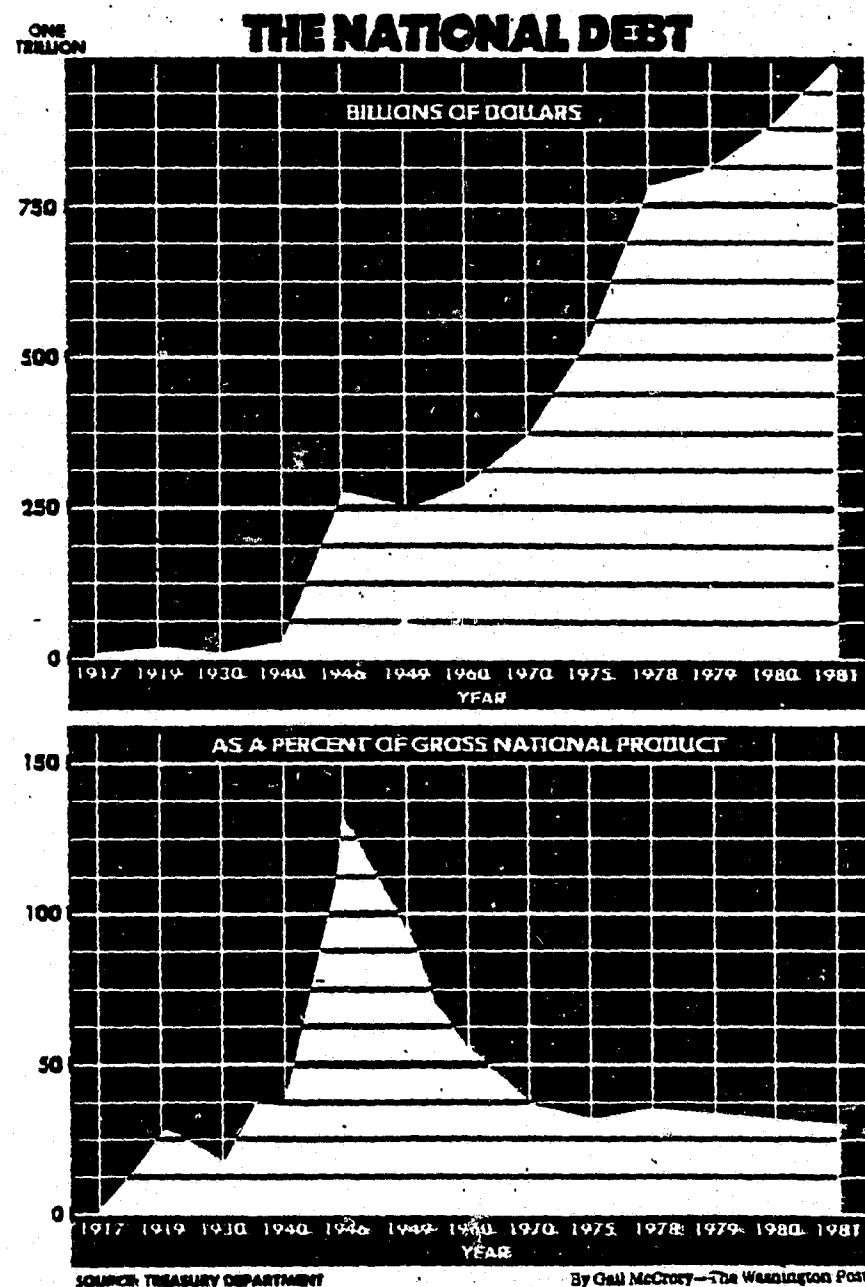
The marked worsening in inflation in the past two decades--1960s and 1970s--is clearly illustrated by the fact that inflation averaged (over the 1960s decade) less than 2.5% a year, but averaged (over the 1970s decade) about 7% a year.

• A WARNING NOTE:

The 3% annual increase in prices as a rule-of-thumb adopted by economists to distinguish an inflationary year from a non-inflationary year is, obviously, a subjective rule. It is clear that today one would welcome an annualized 3% increase in prices and we would consider it an acceptable level of annual inflation given the fact of several years of double-digit inflation!

There are some economists who suggest that a 5%-6% annual increase may be an acceptable underlying inflation rate for the US economy for the next decade!

CHART 4



EFFORTS TO CONTROL...FISCAL STRESS...
OR CREATING FOR GOOD TIMES...

● EFFORTS TO CONTROL...FISCAL STRESS...BEGAN IN THE MID-1970s...

Government efforts--at all levels--have been focused on attempts to control fiscal stress...by lowering the rate of expenditures of governments at all levels...

Charts 5, 6, and 7 display these...and Chart 8 shows the dramatic decline in spending...as adjusted for inflation...

● EFFORTS TO CONTROL...FISCAL STRESS...HAVE BEEN ACCELERATED... IN 1980 and 1981...WITH MIXED RESULTS...

On August 13, 1981, the Omnibus Reconciliation Act of 1981 was signed into law...

- It lowered, drastically--as some believe and argue--the rate of Federal spending...which...
- Also drastically--as some believe and argue--lowered the rate of state and local government spending because it lowered the amount of intergovernmental transfers of funds to these governments from the Federal Government...and...
- It lowered tax rates...which, in effect, lowered the revenues available to the Federal Government... and, as such, contributed to increased deficits... and, as such, contributed to increased Federal expenditures to pay for the cost of borrowing by the Federal Government...which...
- Also, indirectly, increased the pressures on interest rates..and crowded out private investments and/or displaced capital that could be used to support or enhance economic growth...

● 1981 AND BEYOND...

Since October, 1981, fiscal policies of this Administration have consistently focused on one essential tool to lessen fiscal stress... reduce Federal Government expenditures in the non-defense areas still further...

Some argue that even this tool will not be enough...and by December, 1982, other measures will need to be taken...including raising some taxes, reducing defense related rates of expenditures...and...possibly... more serious policies...

CHART 5

Local Expenditure (from own funds)

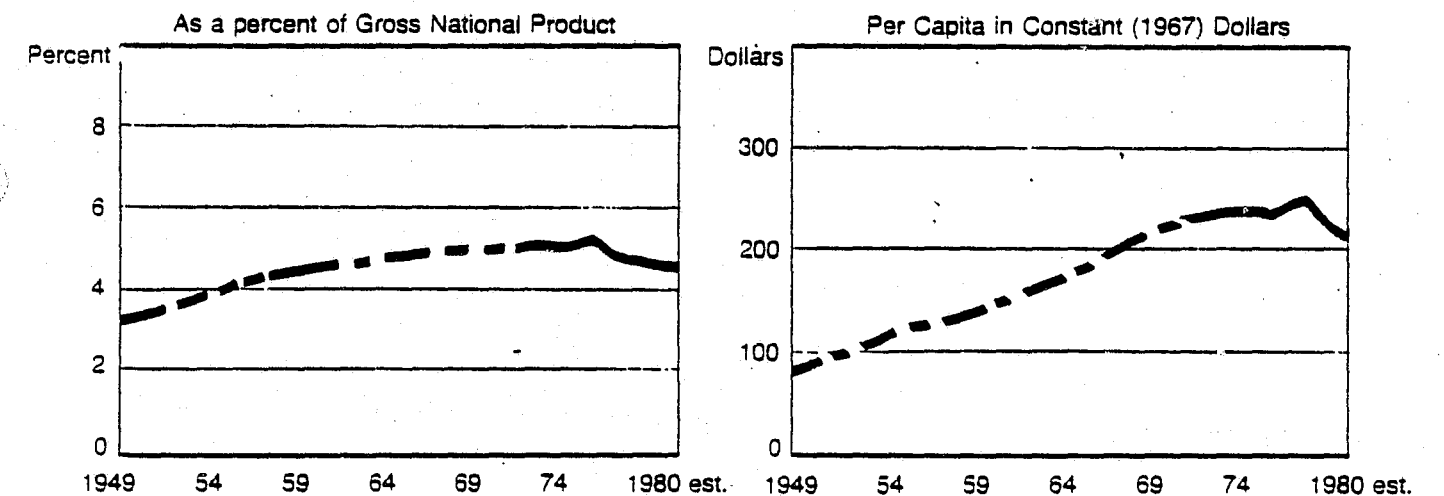


CHART 6

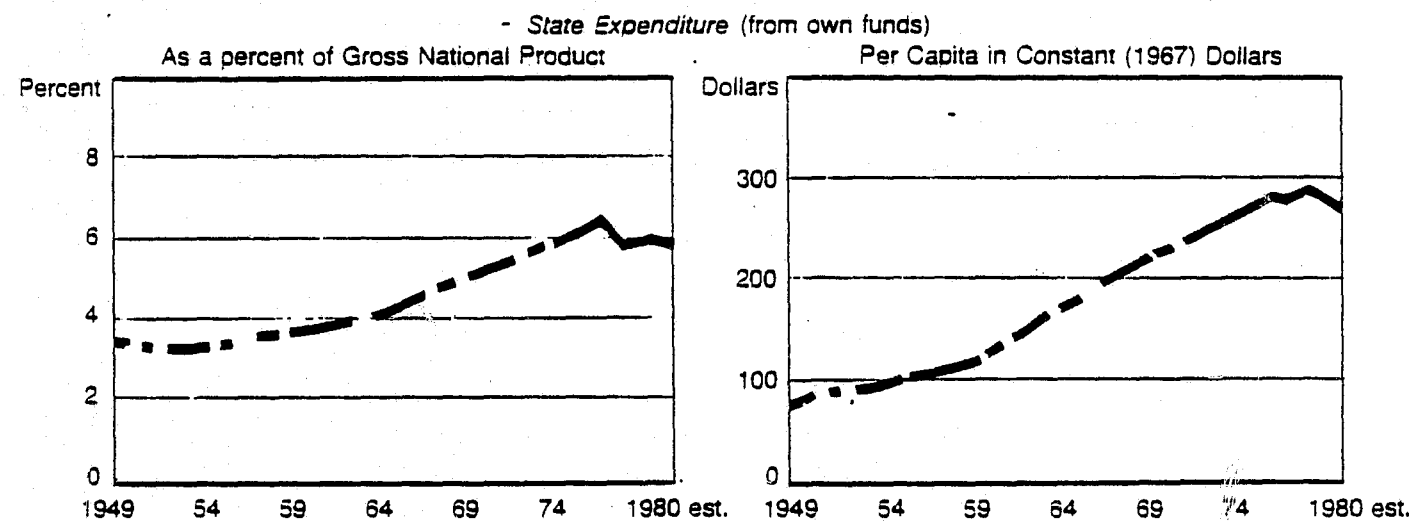
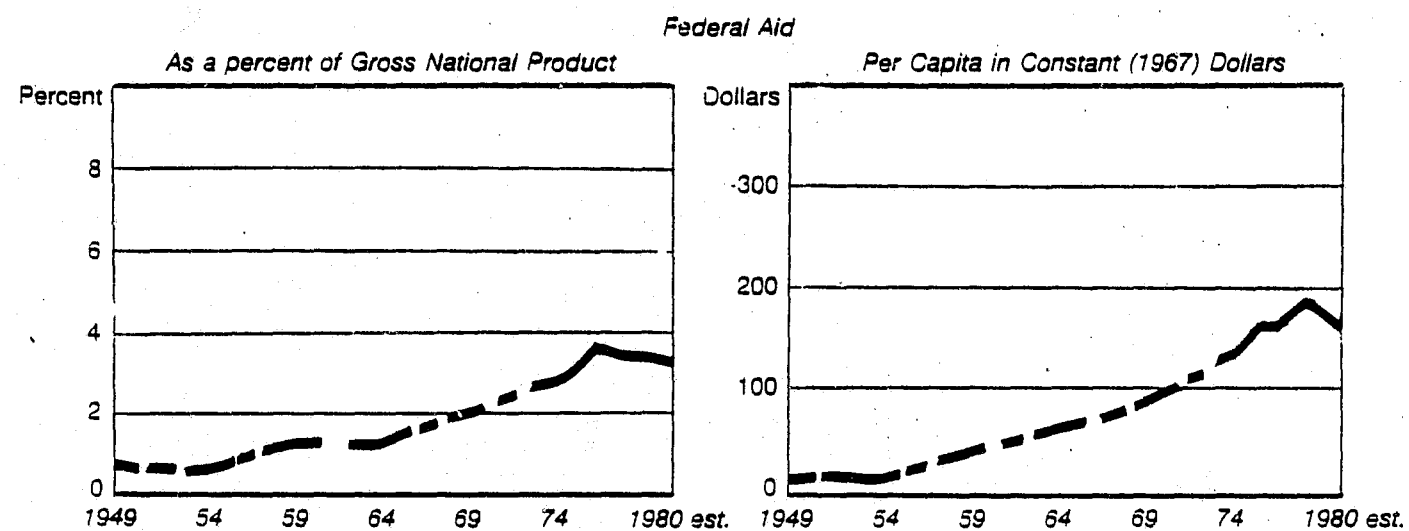


CHART 7

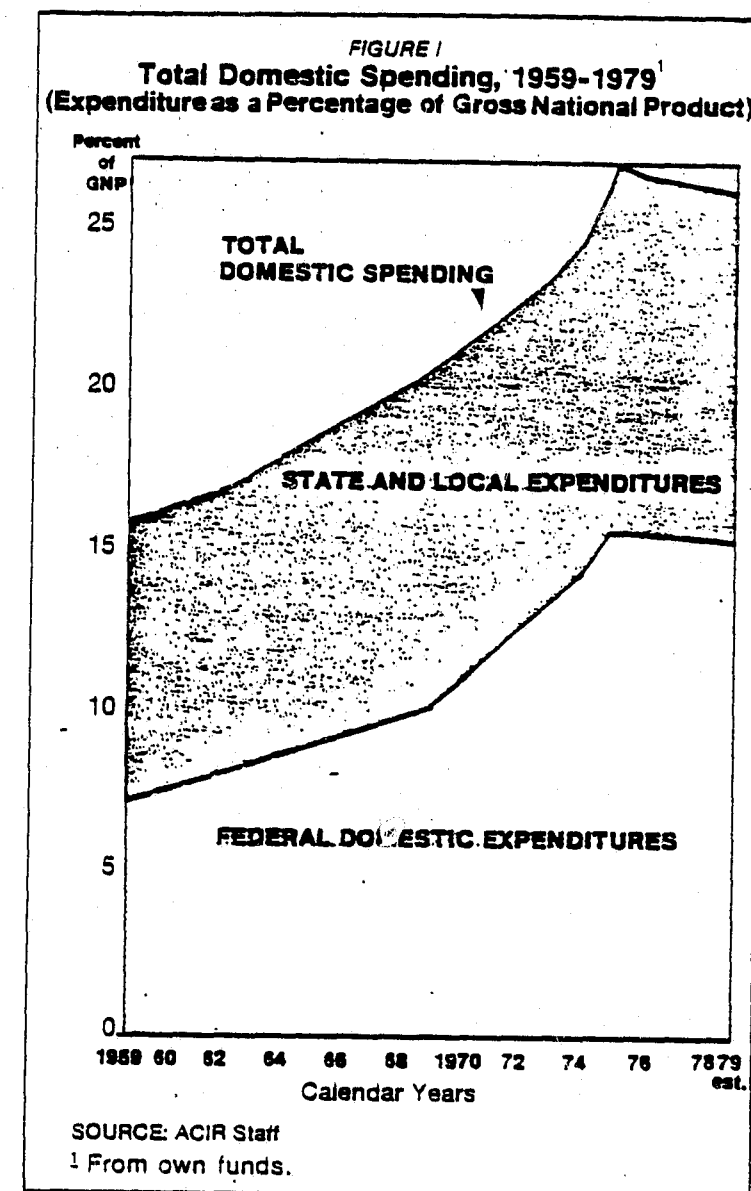
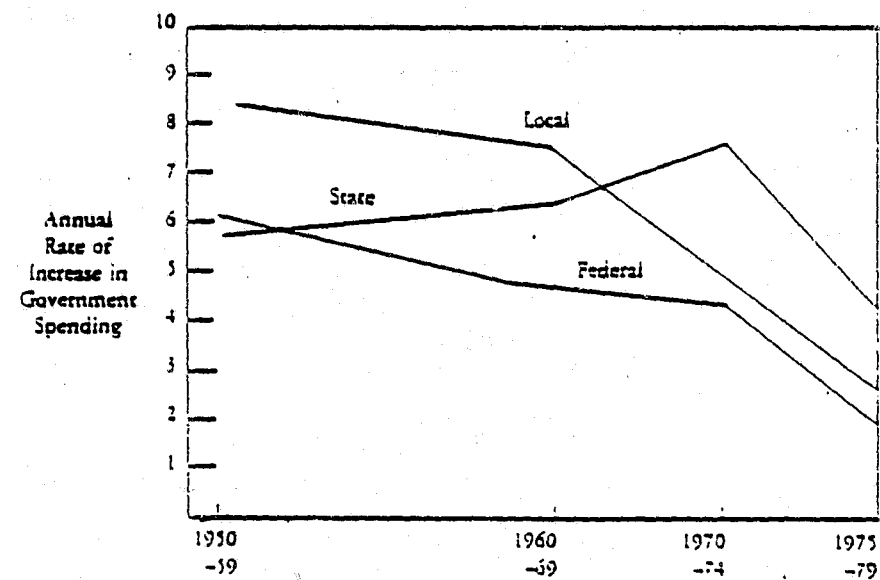


CHART 8



Spending after intergovernmental transfers, adjusted for inflation; 1979 figures estimated in source. Source: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, 1978-79 ed., 1979.

PROSPECTS FOR LOCAL AND STATE GOVERNMENTS...

● FEDERAL FISCAL POLICIES DIRECTLY AFFECT OTHER GOVERNMENTS...

- Most medium and large city annual budgets are dependent on Federal and/or State Intergovernmental Transfers of Funds...

See Chart 9...

- This financial dependency for some cities may be as high as 30% to 40% of the city's annual budget...

See Chart 9...

- In 1979, 1980 and projected for 1981, most cities--of all sizes--reported (or projected) deficits in their annual budgets...

See Charts 10 and 11...

- A Conclusion...

- Given the current and foreseen policies of the Federal Government for the next several years...and...

- Given the indisputable linkages between Federal, State, and Local Government financing...and...

- Given the forecasts of economists that (a) economic recovery--in late 1982--will be brief, short-lived, and (b) the possibility of another recession thereafter in 1983 or 1984, then...

- HARD TIMES WILL BECOME HARDER...

- THE PRESSURES TO CUTBACK ON EXPENDITURES WILL CONTINUE...AND.. THE REALITIES OF DECLINING REVENUES...WILL ALSO CONTINUE...

- THERE ARE JUST TOO MANY INDICATORS TO SUGGEST--OR HOPE--OTHERWISE...

CHART 9

PERCENT COMPOSITION OF CURRENT REVENUES
BY CITY SIZE

	1979 (% of Total)	1980 (% of Total)	1981a (% of Total)
SMALL CITIES (n=109)			
Total Current Revenue	100 %	100 %	100 %
1. Property Tax	33.9	33.5	35.1
2. Other Local Taxes	19.9	20.4	19.2
3. User Charges	6.8	6.9	6.8
4. Fees and Misc.	13.6	14.6	13.0
5. State Aid	16.3	15.7	16.4
6. Federal Aid	5.9	4.9	5.3
7. Transfers from Enterprise Funds	3.7	4.1	4.3
MEDIUM CITIES (n=51)			
Total Current Revenues	100 %	100 %	100 %
1. Property Tax	37.0	37.4	39.2
2. Other Local Taxes	16.5	17.6	18.1
3. User Charges	5.2	5.1	6.0
4. Fees and Misc.	13.3	14.1	12.3
5. State Aid	15.9	15.2	15.5
6. Federal Aid	9.8	8.6	6.6
7. Transfers from Enterprise Funds	2.3	2.1	2.3
LARGE CITIES (n=47)			
Total Current Revenues	100 %	100 %	100 %
1. Property Tax	32.7	33.1	34.3
2. Other Local Taxes	19.9	20.2	21.2
3. User Charges	4.4	4.5	4.7
4. Fees and Misc.	13.2	14.6	12.8
5. State Aid	15.1	14.4	14.5
6. Federal Aid	12.4	11.1	10.2
7. Transfers from Enterprise Funds	2.3	2.4	2.3
LARGEST CITIES (n=29)			
Total Current Revenues	100 %	100 %	100 %
1. Property Tax	22.3	22.2	22.8
2. Other Local Taxes	24.6	25.7	25.3
3. User Charges	5.3	5.1	5.2
4. Fees and Misc.	11.4	13.4	13.1
5. State Aid	18.7	17.6	18.0
6. Federal Aid	16.1	14.5	14.3
7. Transfers from Enterprise Funds	1.5	1.6	1.3

1981a = budgeted or anticipated amounts for Fiscal Year 1981

CHART 10

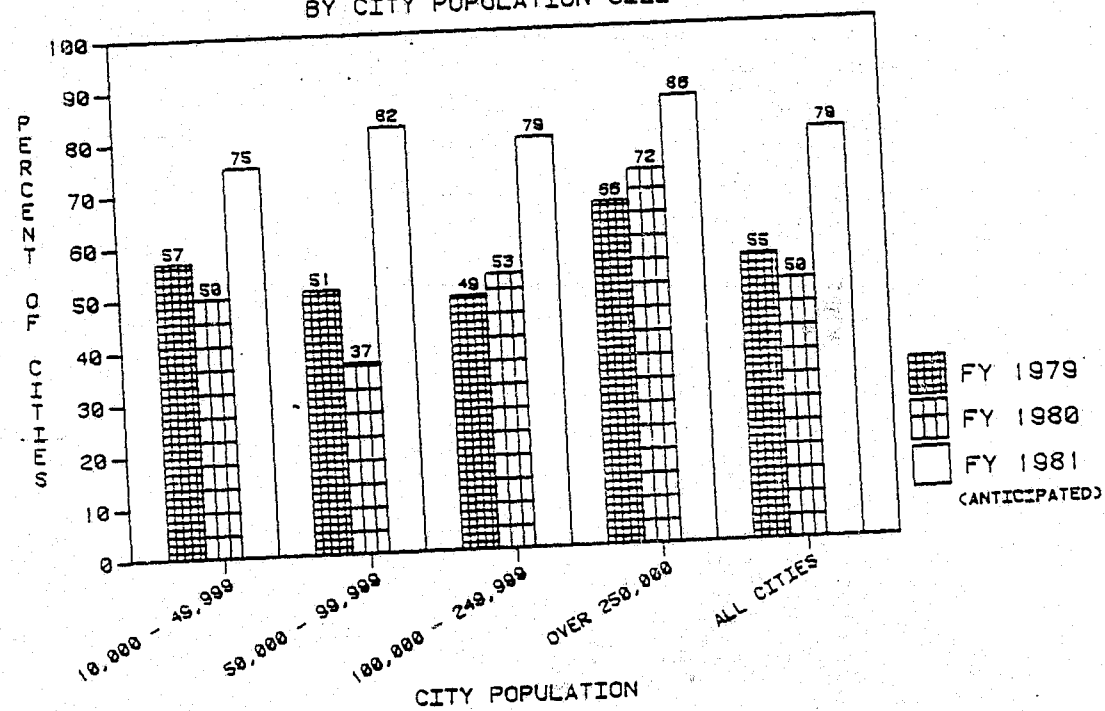
ACTUAL AND ANTICIPATED
SURPLUSES AND DEFICITS
BY CITY SIZE

	1979	1980	1981a
SMALL CITIES (n=109)			
a. Average Surplus or Deficit Per Capita	\$-11.07	\$-5.41	\$-31.49
b. Total Surplus or Deficit as % of Total Expenditures	- 4.1%	- 1.8%	- 9.5%
c. # of Cities in Surplus	47	55	27
d. % of Group Population in Surplus	42.2%	52.4%	24.2%
e. # of Cities in Deficit	62	54	82
f. % of Group Population in Deficit	57.8%	47.6%	75.8%
MEDIUM CITIES (n=51)			
a. Average Surplus or Deficit Per Capita	\$ 1.59	\$ 2.26	\$-23.84
b. Total Surplus or Deficit as % of Total Expenditures	0.5%	0.7%	- 6.3%
c. # of Cities in Surplus	25	32	9
d. % of Group Population in Surplus	47.9%	61.0%	17.0%
e. # of Cities in Deficit	26	19	42
f. % of Group Population in Deficit	52.1%	39.0%	83.0%
LARGE CITIES (n=47)			
a. Average Surplus or Deficit Per Capita	\$-9.17	\$-11.64	\$-40.96
b. Total Surplus or Deficit as % of Total Expenditures	-2.7%	- 3.2%	-10.0%
c. # of Cities in Surplus	24	22	10
d. % of Group Population in Surplus	50.1%	45.3%	24.1%
e. # of Cities in Deficit	23	25	37
f. % of Group Population in Deficit	49.9%	54.7%	75.9%
LARGEST CITIES (n=29)			
a. Average Surplus or Deficit Per Capita	\$-21.36	\$-22.52	\$-36.72
b. Total Surplus or Deficit as % of Total Expenditures	- 4.3%	- 4.3%	- 6.4%
c. # of Cities in Surplus	10	8	4
d. % of Group Population in Surplus	25.2%	17.7%	9.6%
e. # of Cities in Deficit	19	21	25
f. % of Group Population in Deficit	74.8%	82.3%	91.4%
ALL CITIES (n=236)			
a. Average Surplus or Deficit Per Capita	\$- 9.22	\$- 7.09	\$-32.36
b. Total Surplus or Deficit as % of Total Expenditures	- 2.9%	- 2.0%	- 8.4%
c. # of Cities in Surplus	106	117	50
d. % of Group Population in Surplus	33.6%	30.1%	13.7%
e. # of Cities in Deficit	130	119	186
f. % of Group Population in Deficit	66.4%	69.9%	86.3%

1981a = budgeted or anticipated amounts for Fiscal Year 1981

CHART 11

PERCENT OF RESPONDENT CITIES WITH
OPERATING FUND DEFICITS
BY CITY POPULATION SIZE



SUMMARY CONCLUSION

FISCAL STRESS/CUTBACK MANAGEMENT

STRATEGIC ISSUES

• LONG-TERM FISCAL STRESS:

There are many indicators that suggest that fiscal stress is a long-run phenomenon--at least for some cities, regions, agencies, and sectors.

• MIDDLE COURSE FOR STRATEGIC PLANNING:

There seems to be no one best way to manage fiscal stress in governments. A long-term, comprehensive approach to the problem of maintaining financial solvency is difficult because such an approach overlooks the fact that public management decisions are permeated by politics. A short-term incremental approach, on the other hand, may be politically convenient (e.g., RIFs, cutting services, off-loading programs, etc.) but, such an approach is often based on an assumption that the budget short-fall is temporary--an assumption that may be invalid in a long period of limited economic growth.

Therefore, there is a need, realistically, to develop a middle course for local government strategic planning that combines a managerial disposition to make government more cost-effective with a realistic acceptance of the political forces that constrain comprehensive policy making.

• OPTIMAL STRATEGIES FOR CUTBACK MANAGEMENT:

An optimal strategy or strategies that seek to address the long-term effects of fiscal stress, and, seek to provide a balance between a comprehensive and an incremental approach, will--

- Differ from place to place;
- Differ from time to time;
- Be dependent on the knowledge, skill, and leadership abilities of local government managers.

A GLOSSARY OF BUDGET AND ECONOMIC TERMS
FOR THE CUTBACK MANAGER'S USE

- BALANCED BUDGET: A budget in which receipts are equal to or greater than outlays.
- BUDGET DEFICIT: The amount by which the Government's budget outlays exceed its budget receipts for a given fiscal year.
- BUDGET SURPLUS: The amount by which the Government's budget receipts exceed its budget outlays for a given budget/fiscal year.
- BUSINESS CYCLES: The recurrent phases of expansion and contraction in overall business activity, evidenced by fluctuations in measures of aggregate economic activity, notably real gross national product. Although business cycles are recurrent, both the duration and the magnitude of individual cycles vary greatly.
- COLLECTIONS: Amounts received by the Federal Government during the fiscal year. Collections are classified into two major categories:
 - Budget Receipts: Collections from the public (based on the Government's exercise of its sovereign powers) and from payments by participants in certain voluntary Federal social insurance programs. These collections, also called governmental receipts, consist primarily of tax receipts and social insurance premiums, but also include receipts from court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as budget receipts. Budget receipts are compared with total outlays in calculating the budget surplus or deficit.
 - Offsetting Collections: Collections from Government accounts or from transactions with the public that are of a business-type or market-oriented nature. They are classified into two major categories: (a) collections credited to appropriation or fund accounts, and (b) offsetting receipts (i.e., amounts deposited in receipt accounts). In general, the distinction between these two major categories is that "collections credited to appropriation or fund accounts" normally can be used without appropriation action by Congress, whereas funds in "receipt accounts" cannot be used without being appropriated.

- CONSTANT DOLLAR: A dollar value adjusted for changes in prices. Constant dollars are derived by dividing current dollar amounts by an appropriate price index, a process generally known as deflating. The result is a constant dollar series as it would presumably exist if prices and transactions were the same in all subsequent years as in the base year. Any changes in such a series would reflect only changes in the real volume of goods and services. Constant dollar figures are commonly used for computing the gross national product and its components and for estimating total budget outlays.
- CONSUMER PRICE INDEX (CPI): Either of two measures of the price change of a fixed "market basket" of goods and services customarily purchased by urban consumers. CPI-U is based on a market basket determined by expenditure patterns of *all urban households*, while the market basket for CPI-W is determined by expenditure patterns of *urban wage-earner and clerical-worker families*. The level of the CPI shows the relative cost of purchasing the specified market basket compared to the cost in a designated base year, while the current rate of change in the CPI measures how fast prices are currently rising or falling. Current rates of change can be expressed as either monthly or annual rates. Although the consumer price index is often called the "cost-of-living index," it measures only price changes, which is just one of the several important factors affecting living costs. Both CPI-U and CPI-W are published monthly by the Bureau of Labor Statistics.
- CROWDING OUT: Most commonly refers to the displacement of private investment expenditures by increases in public expenditures financed by sales of Federal Government securities. The extent of the displacement depends on such factors as the responsiveness of private saving and investment to changes in interest rates and the degree to which the Federal Reserve monetizes the increase in public debt.
- CURRENT DOLLAR: The dollar value of a good or service in terms of prices current at the time the good or service was sold. This is in contrast to the value of the good or service in constant dollars.
- DEBT MANAGEMENT: Operations of the U.S. Treasury Department that determine the composition of the Federal debt. Debt management involves determining the amounts, maturities, other terms and conditions, and schedule of offerings of Federal debt securities and raising new cash to finance the Government's operations. The objective of debt management is to raise the money necessary for the Government's operations at least cost to the taxpayer and in a manner that will minimize the effect of Government operations on financial markets and on the economy.

- **DEFLATION:** A decrease in the general price level, usually accompanied by declining levels of output, increasing unemployment, and a contraction of the supply of money and credit. A price level decline during the contraction phase of the business cycle has not occurred in the United States since the end of World War II. Some attribute this to institutional barriers that prevent downward adjustments in wages and prices. Declines in output with increases in unemployment, however, are themselves sometimes referred to as deflationary changes.
- **ECONOMIC GROWTH:** An increase in a nation's productive capacity leading to an increase in the production of goods and services. Economic growth usually is measured by the annual rate of increase in real (constant dollars) gross national product.
- **ECONOMIC INDICATORS:** A set of statistical series that have had a systematic relationship to the business cycle. Each indicator is classified as leading, coincident, or lagging, depending on whether the indicator generally changes direction in advance of, coincident with, or subsequent to changes in the overall economy. Although no one indicator or set of indicators is a wholly satisfactory predictor of the business cycle, taken as a whole they are valuable tools for identifying and analyzing changes in business cycles.
- **ENTITLEMENTS:** Legislation that requires the payment of benefits (or entitlements) to any person or unit of government that meets the eligibility requirements established by such law. Authorizations for entitlements constitute a binding obligation on the part of the Federal Government, and eligible recipients have legal recourse if the obligation is not fulfilled. Budget authority for such payments is not necessarily provided in advance, and thus entitlement legislation requires the subsequent enactment of appropriations unless the existing appropriation is permanent. Examples of entitlement programs are social security benefits and veterans compensation or pensions. Section 401(b) of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 135 (b)) imposes certain limits on the use of entitlements.

- **EXPENDITURES/OUTLAYS:** With respect to provisions of the Antideficiency Act (31 U.S.C. 665) and the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344, 31 U.S.C. 1301, note), the term expenditures has the same definition as outlays. Obligations are generally liquidated when checks are issued or cash disbursed. Such payments are called outlays. In lieu of issuing checks, obligations may also be liquidated (and outlays occur) by the maturing of interest coupons in the case of some bonds, or by the issuance of bonds or notes (or increases in the redemption value of bonds outstanding).

Outlays during a fiscal year may be for payment of obligations incurred in prior years (prior-year outlays) or in the same year. Outlays, therefore, flow in part from unexpended balances of prior-year budget authority and in part from budget authority provided for the year in which the money is spent.

Total budget outlays are stated net of offsetting collections, and exclude outlays of off-budget Federal entities.

The terms expenditure and net disbursement are frequently used interchangeably with the term outlays.

- **FEDERAL DEBT:** There are three basic tabulations of Federal debt: gross Federal debt, debt held by the public, and debt subject to statutory limit.
 - **Gross Federal Debt:** Consists of public debt and agency debt and includes all public and agency debt issues outstanding.
 - **Public Debt:** That portion of the Federal debt incurred when the Treasury or the Federal Financing Bank (FFB) borrows funds directly from the public or another fund or account. To avoid double counting, FFB borrowing from the Treasury is not included in the public debt. (The Treasury borrowing required to obtain the money to lend to the FFB is already part of the public debt.)
 - **Agency Debt:** That portion of the Federal debt incurred when a Federal agency, other than the Treasury or the Federal Financing Bank, is authorized by law to borrow funds directly from the public or another fund or account. To avoid double counting, agency borrowing from Treasury or the FFB and Federal fund advances to trust funds are not included in the Federal debt. (The Treasury or FFB borrowing required to obtain the money to lend to the agency is already part of the public debt.) Agency debt may be incurred by agencies within the Federal budget (such as the Tennessee Valley Authority) or by off-budget Federal entities (such as the Postal Service). Debt of Government-sponsored, privately owned enterprises (such as the Federal National Mortgage Association) is not included in the Federal debt.

- Debt Held by the Public: Part of the gross Federal debt held by the public. (The Federal Reserve System is included in "the public" for this purpose.) Debt held by Government trust funds (e.g., Social Security Trust Fund), revolving funds, and off-budget Federal entities is excluded from debt held by the public.
- Debt Subject to Statutory Limit: As defined by the Second Liberty Bond Act of 1917, as amended, it currently includes virtually all public debt. However, only a small portion of agency debt is included in this tabulation of Federal debt.

Under Public Law 96-78, approved September 29, 1979, an amendment to the Rules of the House of Representatives makes possible the establishment of the public debt limit as a part of the congressional budget process.

- FISCAL POLICY: Federal Government policies with respect to taxes, spending and debt management, intended to promote the nation's macroeconomic goals, particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing Federal fiscal policy. The other major component of Federal macroeconomic policy is monetary policy.
- FULL EMPLOYMENT BUDGET: The estimated receipts, outlays, and surplus or deficit that would occur if the U.S. economy were continually operating at full capacity (traditionally defined as a certain percentage of the unemployment rate of the civilian labor force).
- GNP GAP: The difference between the economy's output of goods and services and its potential output at full employment--that is, the difference between actual GNP (gross national product) and potential GNP.
- GRANTS-IN-AID: For purposes of the budget, grants-in-aid consist of budget outlays by the Federal Government to support State or local programs of governmental service to the public. Grants-in-aid do not include purchases from State or local governments or assistance awards to other classes of recipients (e.g., outlays for research or support of Federal prisoners).
- GROSS NATIONAL PRODUCT (GNP): The market value of all final goods and services produced by labor and property supplied by residents of the United States in a given period of time. (Depreciation charges and other allowances for business and institutional consumption of fixed capital goods are subtracted from GNP to derive net national product.) GNP comprises the purchases of final goods and services by persons and governments, gross private domestic investment (including the change in business inventories), and net exports (exports less imports). The GNP can be expressed in current or constant dollars.

- INFLATION: A persistent rise in the general price level that results in a decline in the purchasing power of money.
- IMPLICIT PRICE DEFLATOR (GNP DEFLATOR): A price index for all final goods and services produced in the economy, derived by calculating the ratio of the gross national product in current prices to the gross national product in constant prices. It is a weighted average of the price indexes used to deflate the components of current-dollar GNP, the implicit weights being expenditures in the current period.
- MACROECONOMICS: The branch of economics concerned with aggregate economic analysis in contrast to microeconomics, which is the analysis of individual economic units, markets, or industries. For example, macroeconomics includes the study of the general price level, national output or income, and total employment, rather than the prices of individual commodities or particular incomes and the employment of individual firms.
- MICROECONOMICS: The branch of economics concerned with analysis of individual economic units, markets, or industries as opposed to aggregates. For example, microeconomics deals with the division of total output among industries, products, and firms; with the allocation of resources among competing uses; and with the determination of relative prices of particular goods.
- MONETARY POLICY: Policies, which affect the money supply, interest rate, and credit availability, that are intended to promote national macroeconomic goals--particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. Monetary policy is directed primarily by the Board of Governors of the Federal Reserve System and the Federal Open Market Committee. Monetary policy works by influencing the cost and availability of bank reserves. This is accomplished through open-market operations (the purchase and sale of securities, primarily Government securities), changes in the ratio of reserves to deposits that commercial banks are required to maintain, and changes in the discount rate.

- MONEY SUPPLY: The amount of money in the economy variously defined. M1-A consists of currency (coin and paper notes) plus demand deposits at commercial banks, exclusive of demand deposits held by other domestic banks, foreign banks, and official institutions, and the U.S. Government. M1-B consists of M1-A plus other checkable deposits, including negotiable orders of withdrawal and automatic transfers from savings accounts at commercial banks and thrift institutions, credit unions' share draft accounts, and demand deposits at mutual savings banks.

M-2 consists of M1-B plus savings and small denomination time deposits at all depository institutions, overnight repurchase agreements at commercial banks, overnight Euro-dollars held by U.S. residents other than Caribbean branches of member banks, and money market mutual fund shares.

M-3 consists of M-2 plus large denomination time deposits at all depository institutions and term repurchase agreements at commercial banks and savings and loan associations.

- PRIME RATE: The rate of interest charged by commercial banks for short-term loans to their most creditworthy customers.
- PRODUCER PRICE INDEXES: A set of measures of average changes in prices received in all stages of processing by producers of commodities in the manufacturing, agriculture, forestry, fishing, mining, gas and electricity, and public utilities sectors. These indexes can be organized either by commodity or by stage-of-processing. Stage-of-processing indexes--finished goods, intermediate materials, and crude materials--are more useful for analyzing general price trends. These indexes are published monthly by the Bureau of Labor Statistics. Changes in these indexes from one month to another are usually expressed as percent changes representing either monthly or annualized rates of change.
- RECESSION: A decline in overall business activity that is pervasive, substantial, and of at least several months duration. Historically, recessions have been identified by a decline in real gross national product for at least two consecutive quarters.
- REVENUES: Revenues represent the increase in assets (or decrease in liabilities) that result from operations. Revenues result from (1) services performed by the Federal Government, (2) goods and other tangible property delivered to purchasers, and (3) amounts becoming owed to the Government for which no current performance by the Government is required.

Contingencies that might result in gains should not be recorded in the accounts since to do so would recognize revenue prior to its realization. Contingencies that might result in gains should be carefully explained in financial statements.

The term revenues is commonly used interchangeably with the term collections.

- STABILIZATION: The maintenance of high-level economic activity with an absence of severe cyclical fluctuations. Stability is usually measured by an absence of fluctuations in production, employment, and prices, three aspects of economic activity that tend to fluctuate in a cyclical fashion.
- STAGFLATION: The simultaneous existence of high unemployment and high inflation.
- TAXES: Sums imposed by a government authority upon persons or property to pay for government services.

The power to impose and collect Federal taxes is given to Congress in Article I, Section 8 of the Constitution. As the collection arise from the sovereign and regulatory powers unique to the Federal Government, they are classified as governmental (budget) receipts, which are compared with budget outlays in calculating the budget surplus or deficit. Major tax legislation is contained in the United States Code, Title 26, Internal Revenue Code.

- UNEMPLOYMENT: Persons who, during a specified week, had no employment but were available for work and had sought employment within the past 4 weeks, were laid off from a job, or were waiting to report to a new job within 30 days.

SESSION 3

ASSESSING LOCAL FISCAL STRESS...
A GROUP EXERCISE

Summary of Session

In this session, we will attempt to obtain a realistic assessment of local fiscal stress, i.e., how you, as criminal justice executives and policy makers, assess current and near future trends about fiscal stress impacts within your agencies and your government.

This session will act as a counter point to the data and analysis presented in the previous sessions which examined the issue of fiscal stress from a national and conceptual point of view.

The procedure that we intend to follow in this session, however, will be different than that followed in the previous session in that you, as participants, will do the assessment and you, as participants, will accomplish this task by working together in small groups.

Furthermore, each group will use the same structured process called Nominal Group Technique, an easily learned technique that can and will produce a better organized and more productive meeting and will also direct, equally, all group members at a similar problem-identification task.

Finally, each group will report to the full assembly the findings that it produces. The session will conclude with a plenary group discussion about the comparative similarities and differences reported by each group.

In summary, this session will address the following:

- Briefing on the group technique;
- Assignments of groups; places for group work;
- Explanation of group task;
- Charting of tasks and time-table;
- Group reports to plenary assembly

NOMINAL GROUP TECHNIQUE: SUMMARY

• Description:

Meetings within organizations are not always productive. Most executives feel that much of their time which is taken up in meetings is not always well spent. Nominal Group Technique is a way of organizing a meeting to enhance its productivity, to balance and increase participation, to use different processes for different phases of the group-meeting and different phases of group problem-identification and group problem-solving, and to reduce errors in compiling individual judgments into group decisions.

• Steps:

Step 1: Individual Generation of Ideas in Writing: 10-20 Minutes

The leader of the group presents the question or issue to the group in writing and briefly reads the question or issue. Each individual member of the group takes time (5-8 minutes more or less) to list in writing their responses to the question or issue, in brief phrases, on a piece of paper; this is done silently and independently by each individual.

Step 2: Recorded Round-Robin Written Listing of Responses on Charts: 20-40 Minutes

Each member is asked by the leader to read out one of his/her written ideas in turn. Each idea is written on a flip-chart as it is read. This procedure continues around the table enough times for each individual member to exhaust his/her list.

Step 3: Brief Clarification of Ideas Listed on Charts: 20-40 Minutes

Ideas or statements that need clarification are clarified and/or briefly explained by the individual who presented the ideas. If necessary, some ideas can be consolidated--but only if it is clear that these ideas are similar and/or redundant. Justifying or explaining in great detail any ideas should not be permitted at this time.

Step 4: Preliminary Vote on Priorities: Silent/Independent: 10 Minutes

The leader asks the group to select from the entire listing of ideas on the flip charts 5 of the most important or priority ideas. 3x5 cards are given to each member to be used to list each idea chosen. The leader then explains how each card is to be ranked by the member: Priority #1 is to be ranked as a "5", Priority #2 is to be ranked as a "4" and so on until all 5 of the 3x5 card statements are rank ordered by each member. The leader will collect all cards, arrange them by ranked order, and record the votes on the flip charts.

Step 5: Group Discussion of the Preliminary Vote: 20-40 Minutes

Open discussion is used to examine inconsistencies in the voting pattern, justify and/or evaluate different positions, and rediscuss items which are perceived as receiving too many or too few votes.

Step 6: Final Vote on Priorities: Silent/Independent: 10 Minutes

Using the listing of rank ordered priorities determined by the group and displayed by the leader, the group is to repeat Step 4 and select 3 of the most important or priority ideas. 3x5 cards are given again, priority ranking is also used but Priority #1 is ranked "3", Priority #2 as "2", and so on...

Step 7: Final Listing and Agreement on Prioritized Items: 10 Minutes

The results from Step 7 are listed on a chart or charts and provides a record of the group's agreement for presentation to the other groups. (If agreeable to the group, a minority-voting position or bloc can also be created and presented by those who feel the need to do so.)

GROUP ASSIGNMENTS

Participants will be grouped, as best as possible, according to the following broad definitions---

- Group 1: Legislative/funding body: those who are elected or appointed policy makers and/or staff of the legislative and/or budget approving body;
- Group 2: Executive/administrative body: those who are elected or appointed policy makers and/or general government staff of the executive and/or administrative branch...but do not have direct departmental or agency responsibilities;
- Group 3: Law enforcement: those who are executives and/or senior staff of the police department;
- Group 4: Court: those who represent the executives in the prosecutorial, defender, and court functions of the local criminal justice system...including those who are directly assigned, as staff, to this function;
- Group 5: Corrections: those who represent executives (and/or other support services) associated with the correctional function of the system.

Those participants whose functions cut across any of these groups, e.g., criminal justice system coordinators and/or system-wide planners, may choose any one of these five groups...if you do choose a group, we suggest that you remain within that group for the workshop.

<u>GROUP</u>	<u>ROOM</u>	<u>FACILITATOR/ LEADER</u>
Group 1:		
Group 2:		
Group 3:		
Group 4:		
Group 5:		

GROUP TASK

- Each group is to produce a one-page report which will be presented to the full assembly after the group task is completed.
- The report will state each group's decision and/or consensus in response to the following question:

"What are the three most important steps that criminal justice executives can take, within the next 18 months, in order to bridge the "gap" between (a) demands and expectations placed upon their agencies and (b) revenues and resources needed to respond to demands and expectations?"

GROUP PROCESSES: USE OF QUESTIONNAIRE DATA AND NOMINAL GROUP TECHNIQUE

- Each participant has received a *Fiscal Stress Data Questionnaire* which was to have been completed prior to the workshop. The purpose of the *Questionnaire* was to help you formulate the background you would need in order to work, effectively, in your group to arrive at some form of group consensus to the singular question that your group is to answer. *How you intend to use this background data in your group's work is up to you. An extra copy of the Questionnaire is in the Handbook.*
- A *Nominal Group Technique* will be followed by each group. Steps to be taken and time-frames to be followed are listed in the Handbook. *Time frames are maximum times!*
- A *representative--or a panel of representatives--should be selected by the group to present its report to the full assembly.*

FISCAL STRESS DATA QUESTIONNAIRE

Instructions: Please read carefully the definition of fiscal stress. Read and answer carefully the questions which follow this definition. Your answers should reflect your knowledge from the perspective of your agency position.

Please retain this questionnaire and bring it with you in completed form to the workshop.

- Fiscal stress refers to the inability or unwillingness of the local economy to generate sufficient growth in order to enable governmental revenues to be created to sustain or expand previously established tax-supported criminal justice programs. The consequence is a gap between the needs and expectations of citizens and government employees on the one hand and revenues and operating budgets of government on the other hand.
1. What indicators can you cite and explain that point out the existence of a gap between (a) the mission and objectives of your agency and (b) the resources you feel you need to accomplish these mission and objectives? Specifically, list indicators that relate to the following:
 - 1.1 Indicators of increased demand by citizens--or others-- for the services of our organization:
 - 1.2 Indicators of higher expectations of employees (wages, fringe benefits, equipment, support services, etc.) for more resources in order to carry out mission and objectives:

1.3 Indicators of decline of revenues from any governmental source that could or would have been used to support our organization's budget:

2. Do your indicators suggest a long-term trend or a short-term trend; long-term trends refer to next five or more years; short-term trend refers to next 18 months. Specifically, match your estimates of trends with the indicators you cited in #1:

2.1 Increased demand by citizens and others for services:

___ Long-Term Trend ___ Short-Term Trend

2.2 Higher Expectations of Employees:

___ Long-Term Trend ___ Short-Term Trend

2.3 Declining Revenues

___ Long-Term Trend ___ Short-Term Trend

3. Choose one or more of the following statements: *The gap between revenues/ expenditure budgets on the one hand and needs and expectations on the other:*

___ Is direct in the sense that our local government has sufficient legislative authority and managerial skills to bridge the gap;

___ Is controllable in the sense that our local government has sufficient legislative authority and managerial skills to control local resources to bridge the gap;

___ Is indirect in the sense that our local government has been impacted by the mandates and actions of others and has insufficient power to bridge the gap;

___ Is uncontrollable in the sense that our local government has insufficient legislative and managerial skills to control resources to bridge the gap.

NOTE: PLEASE BRING COMPLETED QUESTIONNAIRE TO THE WORKSHOP.

STEPS AND TIME FRAMES TO BE FOLLOWED

STEP 1: Review of Background Data to Question and Silent Generation of Ideas by Individuals: 15 Minutes

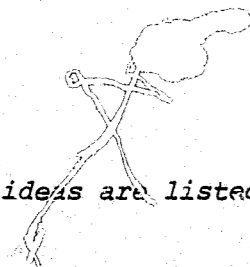
List, in short phrases, as many ideas or statements as you want...Be prepared to express these verbally... and briefly...in the next step.

IDEAS/STATEMENTS:

STEP 2: Facilitator/Leader Lists Individual Ideas on Charts: 40 Minutes

This listing will be done round-robin for each set of ideas; facilitator will list ideas in writing. You may wish to keep notes of others' ideas for use, by you, in the next step. Each statement or idea is numbered by the facilitator as they are listed on the charts.

NOTES:



When all ideas are listed, go to next step.

STEP 3: Brief Clarifying Discussion: 20 Minutes

Ideas or statements listed on the charts that may need clarification (or can be obviously consolidated with other statements) are clarified by the individual who proposed the idea or consolidated if the two or more ideas proposed are agreed to be consolidated by the individuals who proposed them. You may wish to keep notes of this discussion.

NOTES:

Go to next step.

STEP 4: Preliminary Vote: Individual Voting: 10 Minutes

Each group member will be given 5 3x5 cards by the facilitator/leader. Each member is to select 5 statements listed on the charts. Write the number and the first two words of each of the five statements on each of the five cards. Then, prioritize or rank-order each statement on each card. The most important statement is to be ranked with a "5", the next most important is to be ranked with a "4" and so on until the least important statement is ranked as a "1".

Your card should look like this when completed:

<u>Statement #</u>	<u>"First two words..."</u>	<u>Rank #</u>
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All five cards will then be collected from each member by the leader/facilitator.

There will be a short break...during which time the leader/facilitator will collate the cards and the voting and list the results on the charts of statements...

After break...go to the next step.

STEP 5: Group Discussion of Preliminary Vote: 30 Minutes

Open discussion is used to examine inconsistencies and commonalities in the voting pattern, to justify or evaluate differing positions, to rediscuss items that are perceived as receiving too many or too few votes.

NOTES:

STEP 6: Final Vote on Priorities: 10 Minutes

Each member is to review the listing of rank-ordered priorities as they are displayed on the charts. Review, also, the discussion that took place in the previous Step 5.

Each member will be given 3 3x5 cards by the facilitator. Each member is to select 3 of the rank-ordered priorities. Write the number and first two words of each of the three rank-ordered priorities that you choose on each of the 3 3x5 cards. The most important of the three is to be ranked with a "5", the next most important is to be ranked with a "3", and the final most important is to be ranked with a "1".

Your card should look like this when completed:

<u>Statement #</u>	<u>"First two words..."</u>	<u>Final Rank #</u>
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The facilitator leader will collate the cards and the voting and list on a single chart the results of the final voting

STEP 7: Prepare Final One-Page Report and Select Representative: 10 Minutes

The group will write its final report on a flip chart. An individual (or a panel) will then be selected by the group to present its findings to the full assembly.

Each representative--or panel--will have up to 7 minutes to make its presentation. The group may wish to instruct its representative--or panel--on what are the major issues that should be clarified to the full assembly in the group's presentation report.

REPORTS FROM GROUP MEETINGS

- Reports delivered by each group will be displayed and described by the group representative

Please keep notes of each group's report...these reports will be used periodically throughout the workshop and they will be specifically used in the final Session 12...

The order in which reports will be delivered is listed on the following pages...

- Report #1: Group 5...CORRECTIONS: NOTES

- Report #2: Group 4: COURTS: NOTES

• Report #3: LAW ENFORCEMENT: NOTES

• Report #4: EXECUTIVE BRANCH: NOTES

CUTBACK MANAGEMENT...DEFINITION...
CHARACTERISTICS...METHODOLOGY...

Summary of Session

Previous sessions have explored some of the realistic dimensions--both national and local--of fiscal stress. These dimensions act as a framework to define the essential question of the workshop: *How can criminal justice policy makers and executives respond to the impacts of fiscal stress on the operations of criminal justice agencies?*

The approach of the workshop is to suggest that a new form or style of criminal justice management be adopted by participants, one which we have termed *cutback management*.

In this session, we will explain what we mean by cutback management. We will define the term, describe why it is different from other forms of public management, describe its peculiar characteristics, and, finally, present a step-by-step methodology which is intended to focus on the principal components of cutback management as a process.

Subsequent sessions will then take each component and describe some of the details and practices associated with this management methodology. Group exercises will be used, periodically, in order to test-out and practice some of these cutback management methods.

In summary this session will treat of the following topics about cutback management in general:

- Definition and description of cutback management;
- Uniqueness of cutback management;
- Characteristics of cutback management;
- Methods and steps.

At the completion of this session, there will be a brief break after which we will assemble for Session 5: Government Financing ...Financial Condition...Budgeting...Financial Trends Monitoring.

THE CONTEXT: FISCAL INTEGRITY

● FISCAL INTEGRITY:

- The financial and political soundness of a government's system of taxing and spending;
- Characterized by some of the indicators listed in the previous session--"Good Times"--;
- Produces, among the governed and the citizenry and the taxpayers, consensus among the governed, reasonable certainty about the future, and
- Maintains stability in the art of governing.

● FISCAL STRESS---THE BREAKDOWN OF FISCAL INTEGRITY:

- Occurs when revenues decline relative to expenditures--or--,
- Occurs when expenditure growth outpaces revenue growth--and--
- Can be characterized by some of the indicators listed in the previous session--"Hard Times--and--
- Produces, among the governed, the citizenry, and the taxpayers, uncertainty, confusion, alienation, and instability--and--
- Produces immediate reactions against the government and its agencies.

● CHOICES FOR GOVERNMENTS IN RESPONSE TO FISCAL STRESS:

- When a gap occurs between expenditures and revenues, a government has only three choices...
- Raise more revenue through taxation...
- Borrow to finance the gap...
- Cut expenses.

THE THREE CHOICES

● RAISE MORE REVENUE:

- Increased taxation may drive out taxpayers;
- Tax avoidance;
- Tax revolts;
- Taxation on top of wage inflation and subsequent tax bracket creep has and will continue to produce taxpayer reactions...
- Taxation on top of price inflation and subsequent property tax bracket creep has and will continue to produce taxpayer reactions...
- Examples: Proposition 13, Proposition 2 1/2, and other similar referenda sponsored changes in state and local taxation policies.

● BORROW TO FINANCE:

- Excessive borrowing weakens the ability of government to attract quality creditors...which, in turn...
- Produces inflation in the actual cost of government because creditors discount the value of their loans to "risky" governments-as-borrowers.
- May produce a governmental breakdown similar to New York City crisis in 1974-1975 in which outstanding debt to creditors required a reorganization (by the State and Federal Government) of the actual management of both the financing and the operations of the government through a non-governmental agency composed, largely, of creditors.

● CUT SPENDING:

- Initiates a new style of public management...which... have termed cutback management.

TABLE 2.1 Changes in Resource Levels, Political Structure and Administrative Strategies

<i>Changes In Resource Levels</i>	<i>Political Structure</i>	<i>Administrative Strategies</i>
Moderate continuous growth	Moderate central control/fragmented interest groups and pluralistic bargaining	Incremental strategies (small divisible projects and service augmentation)
Windfall revenue growth	Some loss of central power/formation of dominant coalitions to capture new resources	Windfall strategies (new programs, large capital projects)
No revenue growth	Weak central control/interest groups fragmented and quiescent	Denial and delay strategies (no growth in allocations but no cuts either, increased borrowing and budget manipulations)
Moderate decline	Weak central control/interest groups fragmented but active	Stretching and resisting strategies (across the-board cuts)
Severe decline	(1) Recentralization of formal control, or (2) Re-emergence of an informal dominant coalition	Cutting and smoothing strategies (targeted cuts)

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TABLE 2.2 Hypotheses

- Administrative responses vary with the degree of change in the amount of revenues from year to year.
- The stages of fiscal stress, while they may be stopped at any point or reversed, are fixed in their sequence. Cities are unlikely to skip a stage or scramble the order. Consequently (based on hypothesis #1) responses will follow a fixed sequence which should be relatively similar in all localities.
- Periods of no growth in revenues will be associated with inactive interest groups, and a general strategy of denial of the problem and delay in responding to it. (Deficits may be hidden, borrowing—internally and externally—increased, expenditures slid forward into the following year, revenues pushed back, etc.)
- Periods of moderate decline are associated with ineffective central authority and active but highly fragmented interest groups. All attempts to cut expenditures are met with intense resistance. The outcome is shallow across-the-board cuts, freezes, and a variety of efficiency measures that affect all parties nearly equally. (If there is a reduction in the number of employees at this stage, the reduction will be by attrition.)
- Periods of no growth and moderate decline show up any weaknesses in the formal authority structure and create pressures for recentralization, either at the local level, or failing that, at the state level. As authority is recentralized, the decision-making machinery itself will be altered to provide more information in a more timely manner, and to reduce the influence of interest groups, especially organized public employees and minorities.
- Periods of severe decline will be met with targeted, rather than across-the-board cuts. Particular programs, projects and departments will be deeply cut or eliminated or merged, while others will be cut back less or not at all. The criteria for cuts will depend on whether a dominant coalition of interest groups emerges to protect areas of the budget, or whether the central authority is radically strengthened.

CUTBACK MANAGEMENT

● CUTTING SPENDING...MEANS...CUTBACK MANAGEMENT:

- It means...managing a public organization or agency towards lower levels of resource consumption...
- It also means...managing a public organization or agency towards lower levels of organizational activity...and...
- It finally means...managing organizational changes within a public organization that had previously expanded and grew during times when resources and revenues were available to the organization's managers.

● CUTBACK MANAGEMENT...IS NOT SIMPLE...OR A STRAIGHTFORWARD PROCESS:

- In a world without politics, with perfect information, with flexible assets and revenues that can be used with management discretion...
- All we would have to do in cutting back would be to follow the logic of Zero Base Budgeting...i.e., identify programs, account for their costs, rank order priorities, assemble resources, fund programs that have high priorities, and, ignore or off-load programs with low priorities...
- However...in the real world of government, this method of decision making is *impossible*...because...
- In government there is...
 - substantial complexity...
 - uncertainty and differences of opinion...
 - debates about means and ends that translate into differences and disagreements about priorities...
 - earmarked revenues...that are either
 - committed to specific programs...or...
 - tied to satisfying legislative or judicial mandates.

FURTHER COMPLICATIONS ABOUT
CUTBACK MANAGEMENT

● CUTBACK MANAGEMENT...CANNOT BE DONE PIECEMEAL...:

- In periods of *fiscal stress*, funding body officials show a strong preference for short-run, piecemeal problem solving...
- Incremental thinking is deeply engrained in public administrators...
- Even when funding bodies agree on deep cuts or terminations as a tactic for cutting expenses, rarely do administrators (or employees) take the cut as if it were the beginning of a major shift...rather, the conventional view is that *cutting back* is a temporary matter due to the *assumption* that fiscal stress is a short-term cyclical phenomenon...
- And, public managers often make another *assumption* that fund reductions or cuts in expenditures will be restored in the near future.

● FISCAL STRESS...CYCLICAL OR LONG TERM...AND CUTBACK MANAGEMENT...:

- Research has suggested that when and if expenditure cuts...
 - are 7% or less of the total budget in any one given year...or...
 - are 15% over a three year period...then...
- Decisions that are piecemeal, incremental, and "muddling through" decisions can work without destroying an agency's long-term effectiveness...but...
- Cuts that are outside these margins, however, will shortly impact on the long-term effectiveness of any organization.
- Therefore, cuts of longer durations or higher percentages mean that agencies cannot look for solutions based on their previous experiences in the "art of muddling through";
- Thus, the "incremental short-term strategies about cuts" such as hiring freezes, reduction-by-attrition, deferred maintenance, freezing operating expenses, across-the-board budget reductions, or the rationing of services and expenses...work only in the short run...usually within a given year or a given time frame of three years.

CONTINUED

1 OF 4

THE CHARACTERISTIC HAZARDS OF
CUTTING BACK
BY MUDDLING THROUGH

● DECREMENTAL STRATEGIES AND MUDDLING THROUGH...

● Few policy makers and government executives have viewed cutback management as a *long-term problem requiring large-scale strategic choices.*

● Most officials and public employees assume that fiscal stress, the *gap* between revenues and expenditures, and the *processes* used to bridge this gap and respond to fiscal stress are...

● short-term problems...because fiscal stress is a 2-3 year *cyclical problem*...

● problems that can be handled by the customary use of *conventional* budgeting and management techniques...

● problems that can be resolved by the use of short-term tactics like RIFs, attrition, furloughs, deferring maintenance costs, etc....

● In short, *conventional public administration wisdom*, assumes that governments and government agencies can be managed according to "business as usual", i.e., according to the process of *muddling through a short-term crisis* by the use of incremental--or, to be more precise, *decremental--*problem-solving...taking small bites out of the problem of the *gap* and cutting down and backing down from prior expenditure levels...slowly, in some instances, and quickly, and deeply, in other instances...

● DECREMENTAL STRATEGIES...AND SHORT-TERM THINKING...IS HAZARDOUS...

● There are seven major hazards...that research has shown will result from the unreflective use of decremental thinking... and each is explained more carefully in the following pages... as characteristics of cutting back...and...these hazards are associated with *allocation of funds...allocational trade-offs... redistribution of power...erosion of human resources...the loss of human investors...overcentralization...and general service defaults*...

CHARACTERISTICS OF A CUTBACK
MANAGEMENT PROGRAM

● CUTTING BACK...CUTBACK MANAGEMENT...AND ALLOCATION OF FUNDS...:

- Cutbacks have allocational outcomes...i.e., cutting back requires budgetary decisions that allocate actual cutbacks between departments, service areas, projects, programs, and client groupings...
- These allocational outcomes mean different things...
 - "Whose ox is being gored?"...and...
 - "Who wins and who loses?".
- Current research has begun to provide some answers...
- Some winners: public safety services...police and fire...
- Some losers: capitol plants and expenditures, street repairs, water and sewage systems, parks, recreation facilities and programs, museums, libraries...in short, present amenities and future, deferrable, costs.

● CUTTING BACK...CUTBACK MANAGEMENT...AND ALLOCATIONAL TRADE-OFFS:

- These budgetary decisions represent a trade-off gamble...
- If fiscal stress (decline in revenues) is cyclical, then one assumes that it will be reversed in 3 to 5 years...and one assumes that the "losers" represented above will become "winners" again...and one assumes that maintenance and equipment replacement can be deferred for that time without having to confront the high cost of totally replacing the "infrastructure" of the government...
- If, however, fiscal stress is not cyclical and short-term, and the decline is much longer, then these "trade-offs" will result in eventual rebuilding--at enormous costs---a great many things and services.

CHARACTERISTICS...CONTINUED

● CUTTING BACK...CUTBACK MANAGEMENT...AND THE REDISTRIBUTION OF POWER...

- Budgetary decisions and the management of imposed cuts by agency heads has usually resulted in a centralization of decision making power into the hands of a small cadre of decision makers...
- In the most fiscally-stressed jurisdictions, power has passed to creditors who hold city's bonds and notes... e.g., New York City is managed, fiscally, by two new institutions--The Emergency Financial Control Board and the Municipal Assistance Corporation...both of which are creatures of New York State Government.
- Often the cuts in expenses being chosen by such cities reflect the "winners and losers" aspects of the allocational characteristics of cutting back mentioned earlier...
- Similar patterns of power and cuts can be detected in the current FY 82 (and FY 83-FY 84) cuts being produced in the Federal Budget of the U.S. Government.

● CUTTING BACK...CUTBACK MANAGEMENT...AND THE EROSION OF HUMAN RESOURCES...

- No government can deliver services without an administrative workforce, a bureaucracy, and first-line service providers that is usually composed of a mixture of skills, energy, morale, commitment and working personnel.
- These human assets and human resources are, in effect, public goods that are easily depleted if not renewed.
- Shortsighted cutting back can and will eventually wear down, deplete and even eliminate these human resources...with real long term effects on the actual work of a government...
- Public employees can and will...in periods of cuts and fiscal stress pressures... become demoralized, depressed, and detached; they will also, increasingly, regard public jobs as *temporary assignments, secondary sources of income, or as a burden to endure while waiting for retirement.*

CHARACTERISTICS...CONTINUED

● CUTTING BACK...CUTBACK MANAGEMENT...AND ATTRACTING HUMAN INVESTORS...

- A public organization must survive if it is to carry out its prescribed tasks over a long period of time. To survive, it must avoid undue and unnecessary consumption of human energy and of other human sacrifices, otherwise, it will cease to attract new "investors", i.e., employees and others who are willing to invest their time and energy and to forego other opportunities in order to work with the public organization to maintain and improve its effectiveness.

- Cutting back the expenditures of an organization must be done carefully and rationally otherwise the human assets and human investors in the organization will begin to disappear...especially if and when...

- working conditions become oppressive...
- physical plant becomes degrading...
- agency's clients become uncooperative or hostile...
- raises fail to keep up with cost of living...
- promotion opportunities disappear...

All of which can and do occur in times of cutbacks.

- Long, drawn out, grinding, periodic cuts will also erode those moments of innovation and success that agency heads can point to as examples of special work and special definition of the agency. A sense of excitement and discovery can be an important ingredient in the culture and life of a public organization and can enable members of the organization to share in and feed off the valued contributions that the agency makes to the art of governing and delivery of services

● CUTTING BACK...CUTBACK MANAGEMENT...AND OVERCENTRALIZATION...

- In periods of fiscal stress and deficits, the usual response of agency managers is to seize control and centralize all decisions about the use of expenditures...
- This "centralization impulse" produces several effects... an increase in overhead and administrative costs since "control" needs "controllers and control procedures"... which, in turn, means more red tape, more paperwork, more coordinative meetings, more written justifications...

CHARACTERISTICS...CONTINUED

- Centralization also reduces middle managers to being little more than information "nodes" in a complex network of budgeting and management information systems...which, in turn, diminishes initiatives and increases frustration on the part of these mid level managers...
- Impelled by the pressures of fiscal stress, centralization may also have the effect of separating responsibility and authority and remove the possibilities of sustaining initiative and leadership by supervisors and first line employees who deliver services... and, if centralization lasts long enough, it can become overcentralization which can produce employee resentment, organizational stagnation, and rigidity in decision making...

- Finally, centralization can occur between levels of governments...

- For example, in many fiscally stressed local governments, several functions which were previously handled by the locale have been "off loaded" to county or state governments at an increasing rate. Two problems can, eventually, surface as a result of this trend--- a gradual erosion of local autonomy and home rule and a shifting of the focus of decisionmaking to state legislative arenas that are already overloaded...both of which may result in lower costs for local government's citizens but each of these may also result in less access to decision makers and less responsive services.

● CUTTING BACK...CUTBACK MANAGEMENT...AND GENERAL SERVICE DEFAULT...

- Cutting back in order to balance budgets is an easy task...if we do not have to consider the effects of budget cuts on the quality of life in a community...
- But...what happens, eventually, when cuts are made without attention to the necessity of providing adequate, equitable, and stable levels of government services?...What happens is "service default" or "service level insolvency"...and it is the ultimate nightmare of public administration...
- Default and insolvency of services occurs when public safety services cannot be delivered rapidly in response to emergencies and crimes... when teaching cannot be done because of overcrowding...when libraries cannot stock books and stay open...when streets become riddled with potholes...when parks become overgrown with weeds...when recreation facilities reach a level of chronic disrepair...when water quality deteriorates to become a health hazard...and...when all these begin to occur as an almost irreversible downward spiral that drives out businesses and the middle class and the tax base...

WHAT HAVE WE LEARNED ABOUT
CUTBACK MANAGEMENT..
THAT WORKS?

● ONE ANSWER...FROM BUSINESS ECONOMISTS...

"...Nothing has worked very well when it comes to coping with economic decline...My suspicion would be that no institutions manage decline very well. A look at private companies in areas where markets are contracting will show that they are almost always badly managed...The standard business advice is to move out of the sunset areas of the economy and into the sunrise areas. But this advice obviously is of no value to an enterprise such as a government that is locked into a particular geographic region or a particular service line...Thus there may be no solution to the problem of how to manage decline well...It may simply be impossible...

Lester Thurow
in Journal of Economic Literature
(September, 1981) pp. 1105-1106

● ANOTHER ANSWER...FROM CASE STUDIES...

● Cities and agencies that have handled retrenchment and cutbacks with relatively few hazards and problems have done so because of two interdependent factors...

● They have been able, largely through agency leadership, to develop and maintain a governmental situation where citizens, clients, public employees, and political officials are willing to try new lower-cost methods for delivering traditional services...and...

● They have been able to formulate and stick to a strategic plan with a multi-year time frame of 3 to 5 years for the development and maintenance of the use of such new methods.

● Without experimentation and innovation in the *methods* of service delivery, it will be impossible, as Thurow suggests, to appreciably improve the productivity of governmental agencies...and...consequently...service quality and quantity are bound to deteriorate as budgets decline and fiscal stress continues.

EIGHT PRECONDITIONS OF A
WORKABLE STRATEGIC
PLAN

● ABILITY AND CAPACITY TO FORECAST...

● Agency managers and agency organizations need the capacity to forecast revenues, expenditures, and the demand for and supply of services...

Without reliable forecasts, multi-year planning can only be farcical guesswork usually based on past traditions...

● AUTHORITY TO MANAGE CUTBACKS...

● Agency managerial authority often is seen as a given... namely, agency heads seem to already have authority to adjust budgets, change services, trim down, eliminate, terminate or change relationships with clients...

However, this is not always the case with agency heads of management teams...

With the necessary authority--which may require changes in statutes and administrative rules--centralized in a unified and secure agency managerial team, planning and implementation is much simpler.

● CONTINUITY IN TOP MANAGEMENT...

● Continuity supports consistency and multi-year strategies so a cutback plan can unfold over several budget cycles without confusion, backtracking, and changes of direction.

By contrast, lack of continuity, rapid turnover in top management, will breed uncertainty among middle managers and employees about implementing strategies already chosen by previous management leaders.

● RAPID AND ACCURATE FEEDBACK...

● In business organizations, sales figures and cost data provide management with information needed to judge the effectiveness of a cutback program on a weekly, monthly or quarterly basis...While the public sector is not so fortunate, recent developments in cost accounting, performance evaluations, and management information systems are beginning to supply to public managers analogous data that can avoid the slow and vague feedback usually provided to such managers in public agencies...

PRECONDITIONS...CONTINUED

● BUDGET FLEXIBILITY...

- Agency managers need to be able to capture some flexibility in the use and transfer of appropriated funds from one account to another to allow factor substitution...e.g., by substitution of equipment for labor or part-time employees for full-time...

Otherwise, cutting back may mean immobility for the organization or the loss of incentives by managers to find and use lower cost and innovative solutions to maintain and continue current operations

● INCENTIVES FOR IMPROVEMENTS...

- In many public organizations that have no performance appraisal systems or performance bonuses, the only way managers can judge their agency successes or failures is through *budgetary growth*...the larger their budgets and staff...the more successful they are perceived...

Cutback management turns this formula upside down: How can managers be persuaded and induced to cutback when their role in managing cuts is likely to affect, negatively, their status and reputation...

An answer, of course, is incentives such as performance bonuses or other forms of recognition for managing, successfully, a contraction in their units or organization.

Without incentives, good managers will leave or refuse to accept assignments for managing contractions.

● CAPACITY TO TARGET CUTS...

- Prioritization of cuts or targeting is essential to an effective cutback program and an organization's long run capacity can be retained or survive even if its short run existence is dismal...But, if laws, mandates, rules, privileges, contracts and other constraints inhibit or stand in the way of targeting, then cutting back will slide into the game of small across-the-board cuts, hiring freezes, and other poorly managed approaches and responses.

● SEPARATION OF MANDATED FROM NON-MANDATED SERVICES...

- Habit, tradition, and custom have often been the forces which drive and promote the need for services. Can we afford such services...just to be nice? A careful analysis can ferret out non-mandated from mandated services so that "core services" emerge.

TEN TACTICS USED AS PARTS OF
AN INTEGRATED STRATEGY

● CASES STUDIES...OF GOVERNMENTS...THAT HAVE BEEN SUCCESSFUL...

As local governments have cut back--carefully and rationally-- they have been able to implement plans that incorporated several of the following ten tactics usually within the framework of one or more of the strategic pre-conditions listed earlier...

● GOVERNMENTS HAVE...

- Terminated whole programs...and/or...
- Raised additional revenues by installing or raising user fees, charges, and tolls; by collecting uncollected taxes, and by selling services to other governmental units and the private sector...and/or...
- Shifted services to other units of government, contracted out at lower cost, shared costs and services with other governments, off loaded service responsibility to other units of government and the private sector, and learned how to involve citizens in the service provision process (e.g., crime prevention, walk-in reports to precincts, etc.) through the "coproduction" of services in order to lower costs...and/or...
- Implemented productivity improvement programs geared to generating alternative approaches to traditional methods of delivering services and have reorganized agencies to reduce or eliminate redundancies...and/or...
- Used lower cost labor by reclassifying or downgrading vacant positions, or by simplifying jobs, or by substituting civilian personnel for specialized personnel, or by employing para-professionals and/or volunteers for full time employees...and/or...
- Installed labor saving technologies--especially information technologies--to reduce personnel budgets...and/or...
- Upgraded cost accounting and MIS...and/or...
- Reduced demand and rationed services while providing services to those people who needed them most...and/or...
- Improved incentives to motivate employees and have begun to engage in meaningful human resource management and development...
- And, finally, have made a link between *investment in services* and the long-term financial health of the community so that proposals for service expenditures (or reductions) are weighted against their long term costs and pay back potential.

CUTBACK MANAGEMENT---A POLITICAL
AND PUBLIC MANAGEMENT PROCESS

- *Cutback Management has...*
 - altered our traditional understanding of the theory and practice of public management...and has...
 - surfaced, for public managers, difficult paradoxes and new problems...which we are ill prepared to handle...and has...
 - added a *specific new dimension* to the theory and practice of public management... namely, an emphasis on the *politics* of public management.
- *Cutback Management as a Political Management Process...*
 - Webster defined *politics* as "the art or science concerned with guiding or influencing governmental policy...".
 - When one adds up all of the unique aspects of cutback management, the characteristics of this form of management, and the difficult paradoxes and problems associated with cutting back, one is lead to the inescapable conclusion that this form of management *demands* that *jointly* arrived-at agreements be made by *political leaders* and *agency-managers*...otherwise, government policy about the allocation of limited or declining resources will not be made in a manner that will effectively guide and influence such policy...
 - Three major reasons support this conclusion...

THREE QUESTIONS/THREE REASONS

- RESIST OR SMOOTH CUTS?

When confronting possible cuts, *who* will have to choose between *resisting* these cuts or *smoothing* them out by limiting their impact on the organization's most important functions, procedures and long-term capacity?

Political leaders? Budget Directors? Agency Managers?
- DEEP GOUGE OR SMALL DECREMENTS?

When confronting possible cuts, *who* will have to choose between accepting or imposing a *deep cut* in a given year with the promise that the organization, in later years, will be rebuilt or accepting or imposing *decremental cuts year-by-year* so as to minimize negative impacts on the organization's mission and capacity?

Political leaders? Budget Directors? Agency Managers?
- SHARE THE PAIN OR TARGET THE CUTS?

When confronting possible cuts, *who* will have to choose between *sharing the pain of cuts* by allocating them across the board to all units or *targeting cuts* on the basis of identified and ranked priorities? Further, in the case of the latter choice, *whose priorities?*

Political leaders? Budget Directors? Agency Managers?

These three questions represent the three principal strategic decisions or issues that must be addressed in a local government...Our hypothesis, supported by research about cutback management and the experiences of local governments is that if answers to these questions--or choices about strategies--are made unilaterally by any one set of actors in the local government---then government policy making and government agencies will deteriorate. By contrast, if such issues are dealt with collaboratively by all actors--which is an essentially political process--then, government policy making and government agencies may survive some of the controllable aspects of fiscal stress...and, in the near future, may even thrive.

TOWARDS THE USE OF A CUTBACK
MANAGEMENT METHODOLOGY

● OPERATIONAL ASSUMPTIONS:

An analysis of the uniqueness and characteristics of cutback management suggests that a new form of public management is being imposed on political leaders and executives of government agencies as a result of the effects of fiscal stress.

Further, this analysis implies that political leaders and executives need to acquire or refine their *knowledge*, acquire or refine their *skills*, and acquire and use *new behaviors*.

● METHODOLOGY OF CUTBACK MANAGEMENT:

This workshop has taken these assumptions--and the underlying rationale associated with these assumptions--and has constructed a methodology of cutback management. This methodology begins as a step-by-step process to answer the essential question of the workshop: *How can criminal justice policy-makers and executives respond to the impacts of fiscal stress on the operations of criminal justice agencies?*

As a methodology, the process or steps have a two-fold purpose: (1) to structure and shape the workshop so that participants can practice the methodology and (2) so that participants can apply the process, in their jurisdiction after the workshop practice.

CUTBACK MANAGEMENT METHODS

- Understand how financial trends are forecasted and used in the public budgeting process;
- Determine essential core services to be provided by the agency;
- Choose--and analyze--an appropriate mix of strategies to be followed in order to gain sufficient resources, or protect sufficient resources, or to use sufficient resources needed to design and deliver essential core services;
- Identify and use alternative approaches to the current design and delivery of essential core services that are based on state-of-the-art, cost-efficient, improvements on current modes of delivery;
- Design and follow a 3-5 year strategic plan of action which incorporates in it the results and outcomes of each of the previous steps in this methodology;
- Identify, select, and persuade others --inside and outside the organization-- to join with you and your organization in order to carry forward the principal features of the 3-5 year strategic plan;
- Report widely the process and the outcomes of the plan of action through multiple types of reports in order to maintain and enhance the support of others and in order to maintain the momentum needed by the organization to continue the plan of action.

CONCLUSION

Each of the remaining sessions of this workshop will carry out this methodology...

Session 5 will examine some concepts and practices associated with financial condition, budgeting as a process, and a matrix-view of how financial indicators are used to construct and justify the political as well as economic assumptions of a budget... *This session will provide some new knowledge and/or insights for executives... and, perhaps some old or refined knowledge for budget personnel and political leaders...*

Sessions 6 and 7 will examine some ideas about how one could view the process of determining essential core services of an organization... *This session may provide some insights that can aid both policy-makers and executives...*

Sessions 8 and 9 explore issues associated with choosing a set or mix of strategies--defined as strategic decisions to accept or resist cuts that are imposed. Some of the political management aspects of cutback management will be explored--and tested--in these sessions.

Sessions 10 and 11 will present some facts, figures, and ideas to press the case for collaboration across both criminal justice agency boundaries as well as between political leaders and executives. Supporting this case will be a session on agency-specific cost-saving approaches and alternatives to the current manner of delivery of criminal justice services.

Sessions 12 and 13 will give an opportunity and a time for agency executives to formulate a short-term plan of action and for criminal justice system policy-makers and executives to formulate a jurisdiction wide plan of action by which the process and/or methodology of cutback management can be continued, as a process, after the workshop.

Session 14 will conclude the workshop practice...

SESSION 5

GOVERNMENT FINANCING...FINANCIAL CONDITIONS...FINANCIAL INDICATORS...AND THE BUDGET PROCESS

Summary of Session

This session will focus on the first step in the methodology of cutback management...to identify the characteristics of the process of financing government services.

Traditionally, this step has been the sole domain of local government budget and fiscal officers. However, the effects of fiscal stress have--and will continue--to force departmental executives of operating agencies to become more knowledgeable about the intricacies of budgeting and financing because decisions or assumptions about financial condition and financial indicators are at the heart of cutback management.

In this session, we will examine the following topics:

- The multiple meanings of financial condition and solvency;
- Evaluating and classifying financial condition factors;
- Financial indicators and financial trend monitoring;
- Examples of financial indicator analysis;
- The budget process and the budget;
- Step One of the Cutback Management Methodology.

At the conclusion of this session, there will be a brief break to be followed by Session 6: DETERMINING THE CORE...which will be an introduction to the second step of the cutback management methodology.

A NOTE ABOUT SOURCES

Much of the information used in this session is based on a set of handbooks which were developed by the International City Management Association for a project entitled EVALUATING LOCAL GOVERNMENT FINANCIAL CONDITION.

The series of handbooks goes a long way toward closing a "financial information gap" that exists today for many local governments and government executives. These handbooks seek to develop for local government officials a financial condition monitoring system--a system that uses many of the same approaches used by the municipal credit rating industry. The system is not difficult to understand. The technique of trend analysis is used extensively and when grasped by the executive, it will make his/her job of being a manager much easier and more productive.

Titles of the handbook series are:

- Evaluating Financial Condition: An Executive Overview for Local Government
(Handbook 1)
- Financial Trend Monitoring System: A Practitioner's Workbook for Collecting Data, Charting Trends, and Interpreting Results
(Handbook 2)
- Financial Jeopardy! Practices and Policies That Can Affect Financial Health
(Handbook 3)
- Financial Performance Goals: A Guide For Setting Long Range Policies
(Handbook 4)
- Tools for Making Financial Decisions: An Annotated Shopping List
(Handbook 5)

The handbooks and the financial trend monitoring system were tested and evaluated in several jurisdictions.

Copies may be obtained, for a modest fee, from: The International City Management Association, 1140 Connecticut Avenue NW, Washington, DC 20036.

A summary review of the entire project has been reported in "Public Budgeting and Finance", Summer 1981, Vol.1, Number 2 as FINANCIAL INDICATORS, Sanford Groves, Maureen Goodsey, and Martha Shulman... pages 5-20.

FISCAL STRESS...AND...NEW FINANCIAL PROBLEMS...FOR GOVERNMENT

● FINANCIAL PROBLEMS IN LOCAL GOVERNMENTS...

Most financial problems in local governments do not develop suddenly. Instead, they build over time...Generally, they can be traced to one or more of the following situations...

- A decline in revenues...
- An increase in expenditure pressures...
- Decreasing cash and budgetary surpluses...
- Increasing debt burdens...
- The accumulation of unfunded liabilities...
- The erosion of capital plant...
- A decline in tax base and/or an increase in public services...
- Adverse external economic conditions, e.g., stagflation, recession...
- Increase of mandates and overdependence on intergovernmental funding...
- Natural disasters and/or emergencies...
- Ineffective legislative and/or management policies and practices.

● THE EFFECTS OF FISCAL STRESS...HAVE COMPOUNDED...AND MADE MORE COMPLEX...THESE FINANCIAL PROBLEMS...AND HAVE RAISED NEW PROBLEMS...

Generally, in good times, a government is usually able to handle (or be assisted in the handling of) these normal financial problems...

However, in hard times, these normal problems become abnormally difficult to handle...and...these problems force new imperatives on the executive managers of government departments or agencies...

One new imperative placed on criminal justice executives is: The need-to-know more about--

- Financial Conditions of a Government
- Financial Trends Affecting a Government
- Budgeting Processes and Purposes

WHAT IS FINANCIAL CONDITION?

• THE TERM HAS MULTIPLE MEANINGS...

Financial Condition may mean, CASH SOLVENCY, defined as...

A Government's capacity and ability to raise enough cash or liquidity to pay its bills...or...

Financial Condition may mean, BUDGETARY SOLVENCY, defined as...

A Government's ability to raise sufficient revenues over its normal budgetary period (usually a fiscal year) to meet its expenditure obligations and not incur deficits...or...

Financial Condition may mean, LONG-RUN SOLVENCY, defined as...

A Government's long-term ability to pay-out all the costs of doing the business of government and, as such, it includes expenditure obligations that normally appear each annual budget as well as those expenditure obligations that will show up only in the (future) years in which they must be paid.

Examples of this latter are pension costs, payments for accrued annual leave, maintenance costs that have been deferred to future years, replacement costs associated with capital assets such as streets, sewers, buildings, physical equipment, etc...or...

Financial Condition may mean, SERVICE-LEVEL SOLVENCY, defined as...

A Government's ability to provide the level and quality of service which is believed to be required for the "health and welfare" of the communities and individuals that the government represents.

A government may be in "sound" financial condition due to cash, budgetary or even long-run solvency, but still may be unable to design and deliver (or support) an adequate level of requested or required or mandated services.

• FISCAL STRESS...HAS RAISED TO A HIGH LEVEL...PUBLIC DEBATE ABOUT THESE TERMS AND DEFINITIONS...

Few disagree with the terms and definitions as such...

Many disagree and debate about the use of these terms in discussions about the question: *What can Government afford to do?...How does a Government know what it can do?*

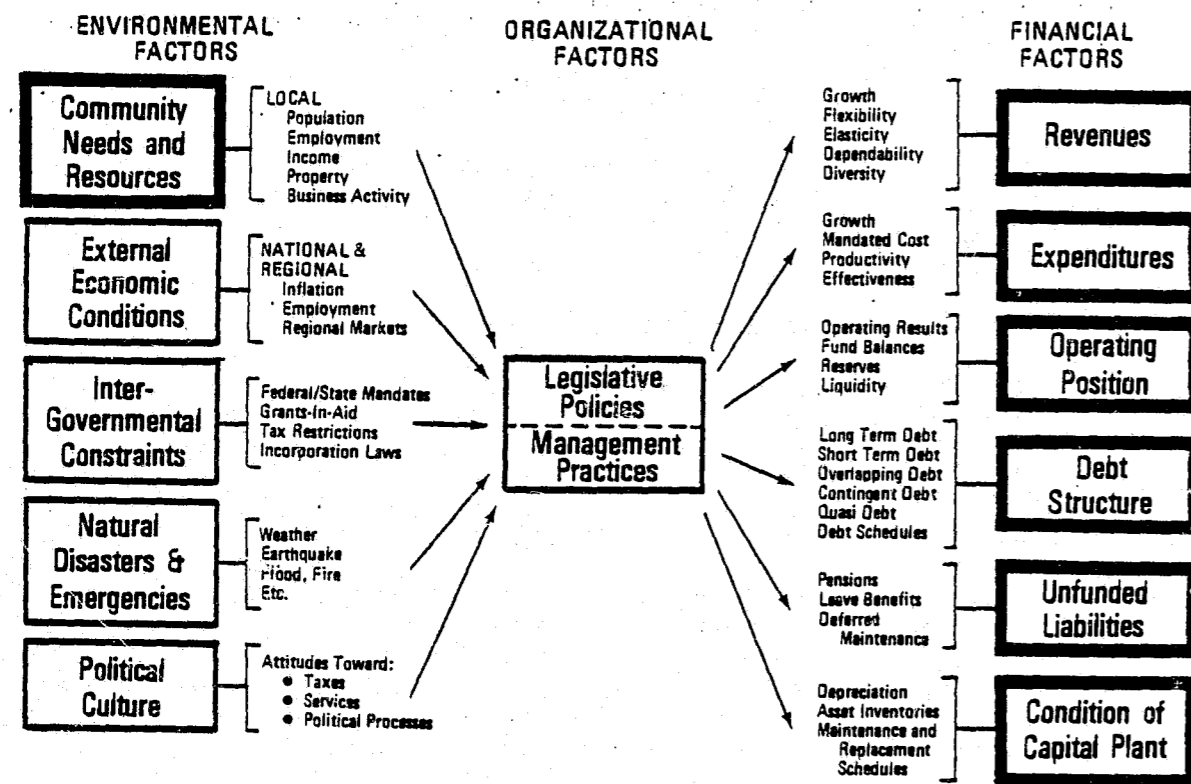
EVALUATING FINANCIAL CONDITION BY THE USE OF FINANCIAL INDICATORS

- By adopting a broad definition of financial condition that encompasses all four types of solvency listed above, one can construct and use a set of financial indicators that can aid local government decision-makers in dealing with several typical situations that presently plague local governments:
 - Local governments are facing the prospect of declining revenues and increasing demands for governmental services--
 - Local governments are under the strain of a few identifiable problems of fiscal stress and need to put these problems into a broader perspective--
 - Local governments sense the emergence of specific problems but cannot pinpoint the causes or effects of such problems--
 - Local governments are in good financial condition but are sensing that there is no systematic way to monitor changes and to anticipate problems.

LIMITS OF EVALUATING FINANCIAL CONDITION

- Objectives of government include values such as "health and welfare" "political satisfaction" and other similar terms. They can only be measured or evaluated subjectively. Therefore, by including "service level solvency" in our broad definition of financial condition, one has to settle for something less than precise measurement in an evaluation of this type of "solvency";
- Most local government accounting systems focus on fund accounting and flow of funds for auditability and visibility as well as legal compliance purposes. Little attention has been given to cost accounting and to measuring long-run financial health; little attention has been given to multi-year perspectives and those issues associated with the "long-run solvency" and "service-level solvency" aspects of financial condition.
- The current state of the art of evaluating the financial condition of particular governments is complicated by the following: inattentiveness, lack of specific data bases, lack of comparable data, an incomplete theory, and lack of normative standards that can be applied to comparable governments.

Financial Condition Factors



12 FINANCIAL INDICATORS/CLASSIFICATION

- 1.0 REVENUES INDICATORS:
 - 1.1 Revenues per capita
 - 1.2 Restricted revenues
 - 1.3 Intergovernmental revenues
 - 1.4 Elastic tax revenues
 - 1.5 One-time revenues
 - 1.6 Property tax revenues
 - 1.7 Uncollected property taxes
 - 1.8 User charge coverage
 - 1.9 Revenue shortfalls
- 2.0 EXPENDITURES INDICATORS
 - 2.1 Expenditures per capita
 - 2.2 Employees per capita
 - 2.3 Fixed costs
 - 2.4 Fringe benefits
- 3.0 OPERATING POSITION INDICATORS
 - 3.1 Operating deficits
 - 3.2 Enterprise losses
 - 3.3 General fund balances
 - 3.4 Liquidity
- 4.0 DEBT INDICATORS
 - 4.1 Current liabilities
 - 4.2 Long-term debt
 - 4.3 Debt service
 - 4.4 Overlapping Debt
- 5.0 UNFUNDED LIABILITY INDICATORS
 - 5.1 Unfunded pension liability
 - 5.2 Pension assets
 - 5.3 Accumulated employee leave liability
- 6.0 CAPITAL PLANT INDICATORS
 - 6.1 Maintenance effort
 - 6.2 Level of capital outlay
 - 6.3 Depreciation
- 7.0 COMMUNITY NEEDS AND RESOURCES INDICATORS
 - 7.1 Population
 - 7.2 Median age
 - 7.3 Personal Income
 - 7.4 Poverty households or public assistance recipients
 - 7.5 Property value
 - 7.6 Residential development
 - 7.7 Vacancy rates
 - 7.8 Employment base
 - 7.9 Business activity
- 8.0 EXTERNAL ECONOMIC CONDITIONS INDICATORS*
- 9.0 INTERGOVERNMENTAL CONSTRAINTS*
- 10.0 NATURAL DISASTERS AND EMERGENCIES*
- 11.0 POLITICAL CULTURE*
- 12.0 LEGISLATIVE POLICIES AND MANAGEMENT PRACTICES*

* A NOTE ON INDICATORS 8.0-12.0

These classes and sets of indicators are extremely difficult to classify, analyze, explain and predict because of one or more reasons listed below:

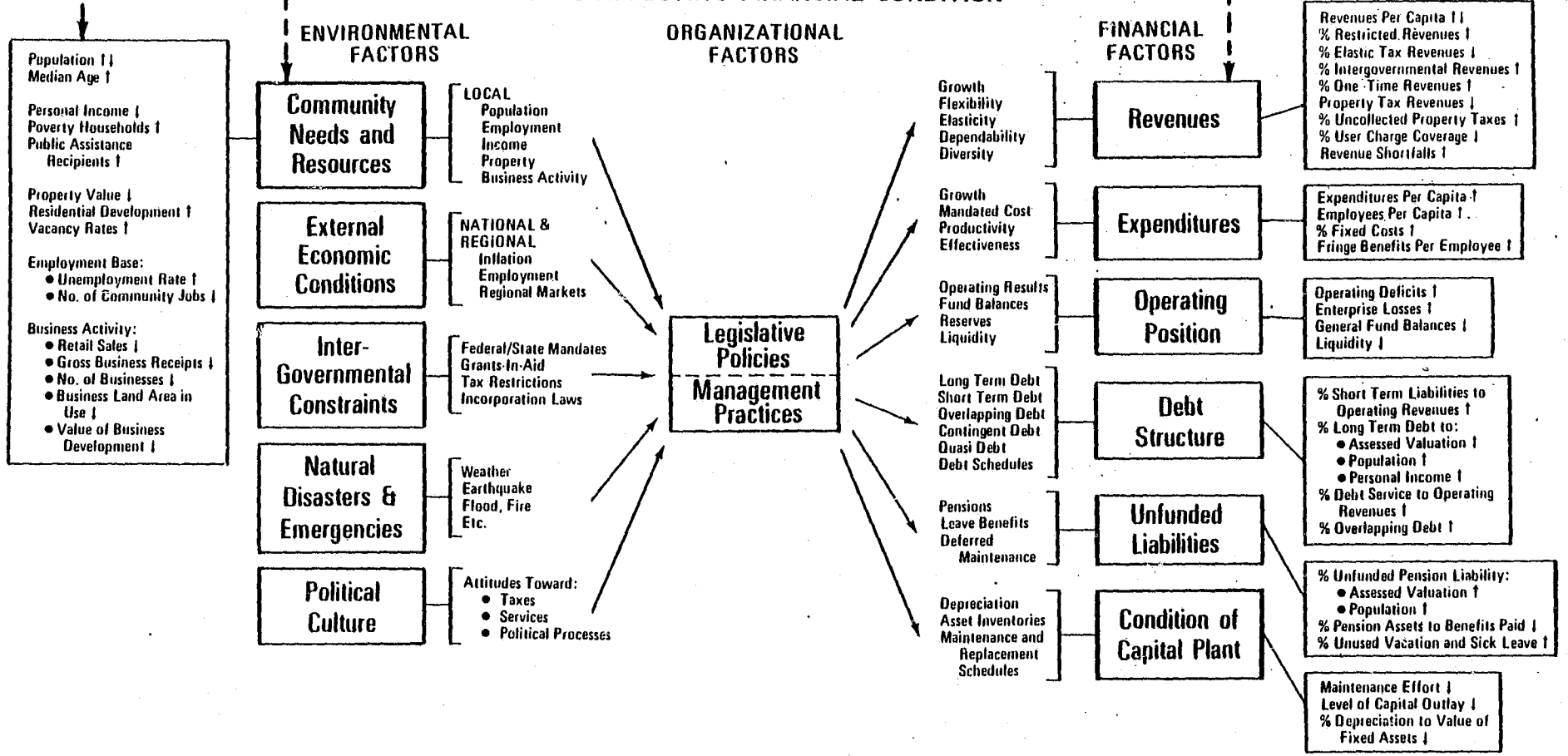
- External economic indicators or conditions and their impact on local governments are hard to measure at the local level because of lack of data and deficiencies in the state of the art;
- Even where techniques are available, (e.g., computerized, multivariate analysis or econometric models and simulations) they are costly and require expertise (and data) not usually available to the average local government;
- Local governments are constrained by a host of federal and state constitutional requirements, state charter mandates, and other formalities which make a city a "creature" of another government. Generally, these formalities and constraints can be classified as relating to: local government structure; local government service responsibilities; local government financing powers; and intergovernmental mandates. Because of the highly subjective nature of intergovernmental constraints only a few indicators can be developed to measure them--and these have been incorporated into the other lists of indicators;
- Political culture indicators (e.g., the manner of political representation, citizen participation, structures of the government organization, the processes of decision making, the age, size and density of the community, the content of political issues, etc.) are highly subjective and diverse and no indicators for measuring it are presented;
- Legislative policies and management practices are the most critical factors affecting financial condition--but, because of the subjective nature of these influences, no indicators are present for measurement.

Financial Trend Monitoring System

LEGEND
↑ Increasing
↓ Decreasing

--- EARLY WARNING TRENDS ---

FACTORS AFFECTING FINANCIAL CONDITION



97

Does Your External Environment Provide Sufficient Resources To Pay For The Demands It Makes?

EVALUATION QUESTIONS
Do Your Internal Legislative Policies and Management Practices Provide the Opportunity to Make the Appropriate Response to Changes in the Environment?

Is Your Governmental Unit Paying The Total Cost of Operating Without Postponing Costs To A Future Period When The Revenues May Not Be Available To Pay The Costs?

- **A FEW EXAMPLES OF FINANCIAL INDICATOR ANALYSIS...**

- A selected set of examples of types of indicators, meaning, formulas used, and chart projections are given in the following few pages...

- A more detailed description and use of the entire FINANCIAL TREND MONITORING SYSTEM...for local government executives... may be obtained from the citation listed in the Summary of this Session...

1.0 REVENUE INDICATORS

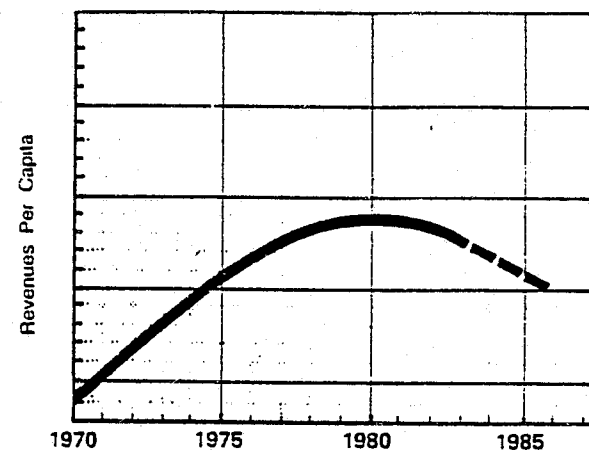
1.1 REVENUES PER CAPITA:

Examining per capita revenue shows how revenues are changing relative to changes in the level of population. As population increases, it might be expected that the need for services would increase proportionately, and, therefore, the level of per capita revenues should remain at least constant in real terms. If per capita revenues are decreasing, it could be expected that the city will be unable to maintain existing service levels unless it were to find new revenue sources or ways to save money. This reasoning assumes that the cost of services is directly related to population level.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Net Operation Revenues (Constant Dollars)}}{\text{Population}}$$

AN EXAMPLE OF A WARNING TREND: Decreasing net operating revenues per capita (constant dollars)



1.0 REVENUE INDICATORS

1.2 RESTRICTED REVENUES

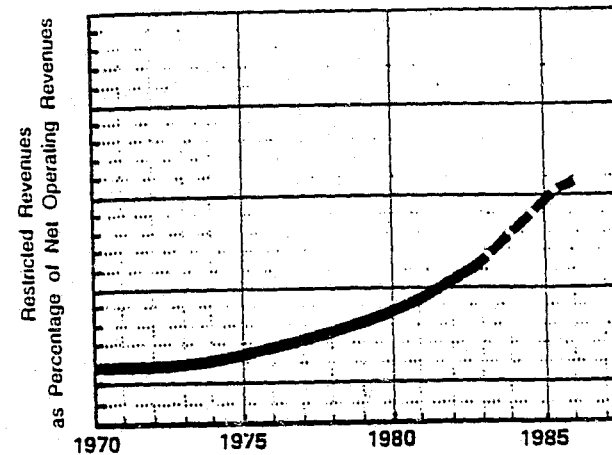
A restricted revenue is one which is legally earmarked for a specific use as may be required by state law, bond covenants, or grant requirements. For example, many states require that gas tax revenues be used only for street maintenance or construction. Similarly, bond covenants may require that utility revenues be pledged to retiring utility bonds. Grant revenues are also usually restricted to specific purposes.

As the percentage of restricted revenues increases, a city loses its freedom to respond to changing conditions. A large proportion of restricted revenues also makes a city's program mix vulnerable to dictates from the funding agencies. In addition, it may indicate a growing overdependence on external revenues and signal a future inability to maintain service levels.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Restricted Operating Revenues}}{\text{Net Operating Revenues}}$$

AN EXAMPLE OF A WARNING TREND: Increasing amount of restricted operating revenues as a percentage of net operating revenues



1.0 REVENUE INDICATORS

1.3 INTERGOVERNMENTAL REVENUES

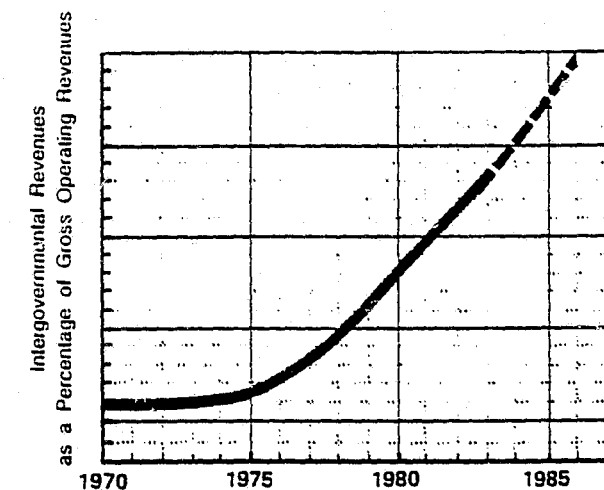
Intergovernmental revenues are any revenues received from another governmental entity. They are important to analyze because an overdependence on intergovernmental revenues can have an adverse impact on financial condition. The conditions or "strings" that the external source attaches to these revenues may prove too costly, especially if these conditions are changed in the future after the city has developed a dependence on the program. An example is the audit requirement that has been added to the use of general revenue sharing. In addition, the external source may withdraw the funds and leave the city with the dilemma of cutting programs or paying for them out of the general fund. This occurred with the federal countercyclical grants of the 1970s.

Nevertheless, a municipality might want to maximize its use of intergovernmental revenues consistent with its service priorities and financial condition. For example, a city might want to maximize intergovernmental revenues to finance a mandated service, or to fund a one-time capital project. The overriding concern in analyzing intergovernmental revenues is to determine whether the city is controlling its use of the external revenues or whether the city is controlling its use of the external revenues or whether these revenues are controlling the city.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Intergovernmental Operating Revenues}}{\text{Gross Operating Revenues}}$$

AN EXAMPLE OF A WARNING TREND: Increasing amount of intergovernmental operating revenues as a percentage of gross operating revenues



1.0 REVENUE INDICATORS

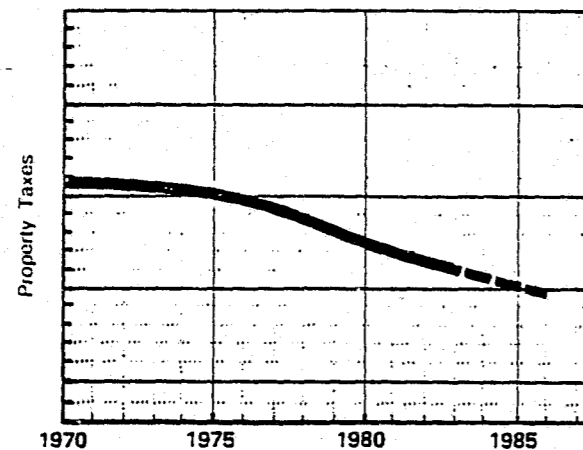
1.6 PROPERTY TAX REVENUES

Property tax is an important revenue to consider individually because most cities are heavily reliant on it. A decline or diminished growth in property taxes can result from a number of causes. First, it may reflect an overall decline in the city's property values resulting from age, a decline in economic health, or a decline in population. Second, it might result from an inability of property owners to pay, also due to economic decline. Third, it might be a result of inefficient assessment or appraisal practices. Fourth, a decline could result from an unwillingness of property owners to pay because delinquency penalties are less than the short-run interest rates and nonpayment becomes an economical way for private individuals and businesses to borrow money.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Property Tax Revenues}}{\text{(Constant Dollars)}}$$

AN EXAMPLE OF A WARNING TREND: Declining or negative growth in property tax revenues (constant dollars)



1.0 REVENUE INDICATORS

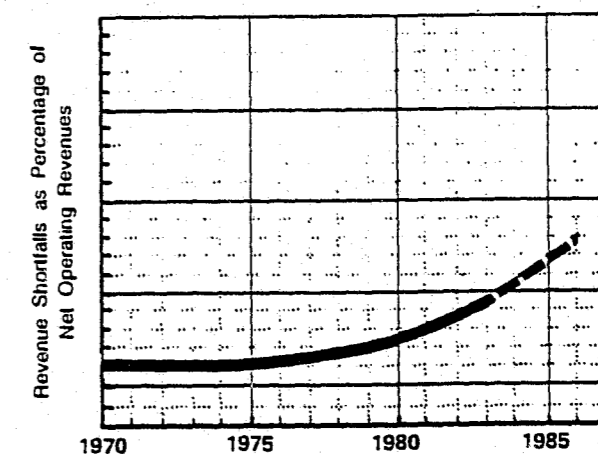
1.9 REVENUE SHORTFALLS

This indicator examines the differences between revenue estimates and revenues actually received during the budget year. Major discrepancies, that continue year after year, can be an indication of either a declining economy, inefficient collection procedures, or inaccurate estimating techniques. It can also be an indication that revenue estimates are being made optimistically high to accommodate political pressures. If revenue shortfalls are increasing, a detailed analysis of each revenue should be made to pinpoint the source.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Revenue Shortfalls}}{\text{Net Operating Revenues}}$$

AN EXAMPLE OF A WARNING TREND: Increase in revenue shortfalls as a percentage of net operating revenues



2.0 EXPENDITURES INDICATORS

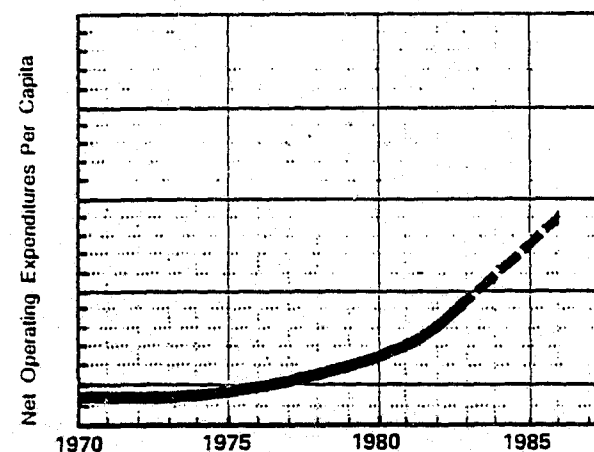
2.1 EXPENDITURES PER CAPITA

Changes in expenditures per capita reflect changes in expenditures relative to changes in population. Increasing per capita expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, especially if spending is increasing faster than the community's personal income or other relevant tax base. From a different perspective, if the increase in spending is greater than would be expected from continued inflation and cannot be explained by the addition of new services, it can be an indicator of declining productivity—that is, the city is spending more real dollars to support the same level of services.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Net Operating Expenditures (Constant Dollars)}}{\text{Population}}$$

AN EXAMPLE OF A WARNING TREND: Increasing net operating expenditures (constant dollars) per capita



2.0 EXPENDITURES INDICATORS

2.3 FIXED COSTS

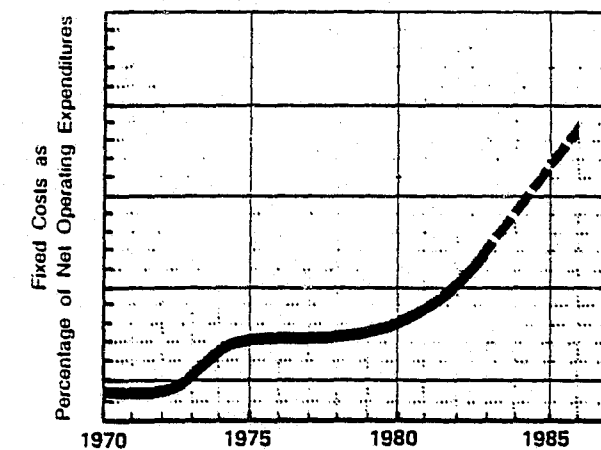
The operating expenditures of every city are partly composed of expenditures over which the city has little short-run control. These are usually called "mandatory" or "fixed" expenditures. They include expenditures to which the city has previously made legal commitments, such as debt service, pension benefits, lease purchase agreements, and long-term leases. They also include expenditures for programs that are imposed by higher levels of government, such as for wastewater treatment facilities or for the maintenance of a general plan.

The level of fixed expenditures is important because the higher it goes, the less flexibility the city retains to adjust spending decisions in response to changing economic conditions. This is especially important during periods of financial retrenchment, because many fixed expenditures, including debt service, pension payments, and state and federal mandates, usually cannot be proportionately reduced when a city is forced to reduce service levels.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Fixed Costs}}{\text{Net Operating Expenditures}}$$

AN EXAMPLE OF A WARNING TREND: Increasing fixed costs as a percentage of net operating expenditures



2.0 EXPENDITURES INDICATORS

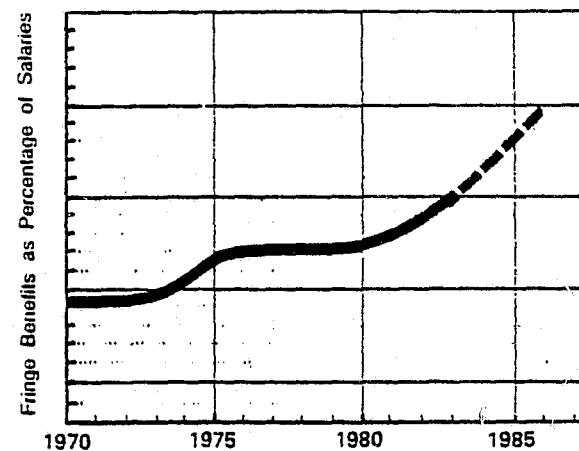
2.4 FRINGE BENEFITS

The most common forms of fringe benefits are pension plans, health and life insurance, vacation, sick and holiday leave, and various types of educational and incentive pay. Together, they represent a significant share of operating costs, often amounting to more than 25 percent of salaries. Some benefits, like health and life insurance, require immediate cash outlays. Some, like pension benefits or accumulated vacation pay, can be deferred for ten to twenty years. Others, like accumulated holiday and sick leave, may require either paying the opportunity cost of not having the work done or paying the cost of additional workers to handle the work load. Because of the complex nature of the funding and recording of fringe benefits, these costs can inadvertently escalate and place a financial strain on a city.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Fringe Benefit Expenditures}}{\text{Salaries and Wages}}$$

AN EXAMPLE OF A WARNING TREND: Increasing fringe benefit expenditures as a percentage of salaries and wages



3.0 OPERATING POSITION INDICATORS

3.3 GENERAL FUND BALANCES

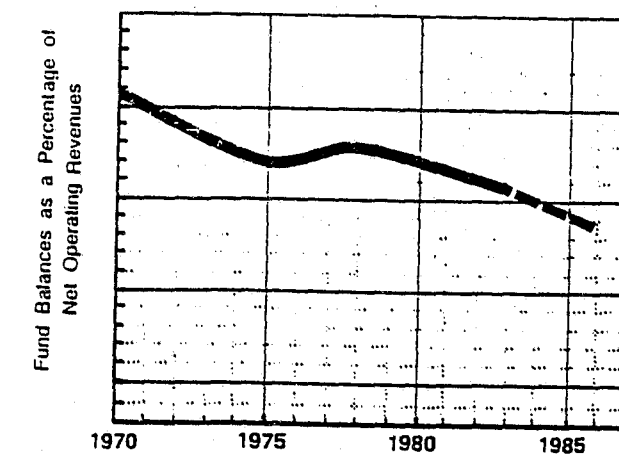
Fund balances can also be thought of as a reserve, although the entry on a city's annual report labeled "fund balance" is not always synonymous with "available for appropriation." The report may show subsidiary accounts that are encumbrances on the fund balance, such as "Reserve for Prior Year's Unexpended Appropriations."

The level of a city's fund balances may determine its ability to withstand unexpected financial emergencies, such as may result from natural disasters, revenue shortfalls, or steep rises in inflation. It also may determine a city's ability to accumulate funds for large-scale purchases, such as fire trucks, without having to borrow. In states that allow it, cities usually try to operate each year at a small surplus in order to maintain positive fund balances and, thus, maintain adequate reserves.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Unrestricted Fund Balance of General Fund}}{\text{Net Operating Revenues}}$$

AN EXAMPLE OF A WARNING TREND: Declining unrestricted fund balance of general fund as a percentage of net operating revenues



3.4 LIQUIDITY

A good measure of a city's short-run financial condition is its cash position. "Cash position" includes cash on hand and in the bank, as well as other assets that can be easily converted to cash, such as short-term investments. The level of this type of cash is referred to as liquidity. It measures a city's ability to pay its short-term obligations. The immediate effect of insufficient liquidity is inability to pay bills or insolvency. Low or declining liquidity can indicate that a city has overextended itself in the long run. The first sign may be a cash shortage.

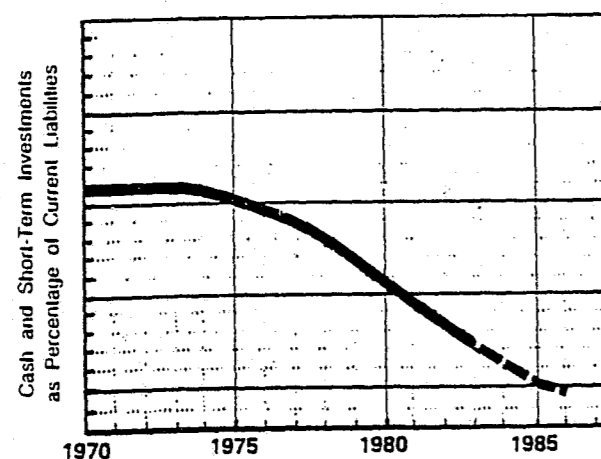
A standard ratio of liquidity used to analyze commercial entities is the "quick ratio"—that is, cash, short-term investments, and accounts receivable divided by current liabilities. If this ratio is less than one-to-one (or less than 100 percent), the commercial entity is considered to be facing liquidity problems. Most of a commercial entity's accounts receivable, however, are usually collected within thirty days; a municipality's receivables are usually not collected that soon. Accordingly, a better measure of a municipality's liquidity is the ratio of cash and short-term investments to current liabilities.

Analyzing cash and short-term investments compared to current liabilities is also referred to as "current account analysis." Within this terminology, an excess of liabilities over cash and short-term investments (a ratio of less than one-to-one) would be referred to as a "current account deficit" and the reverse (a ratio of greater than one-to-one) would be a "current account surplus."

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Cash and Short-Term Investments}}{\text{Current Liabilities}}$$

AN EXAMPLE OF A WARNING TREND: Decreasing amount of cash and short-term investments as a percentage of current liabilities



4.0 DEBT INDICATORS

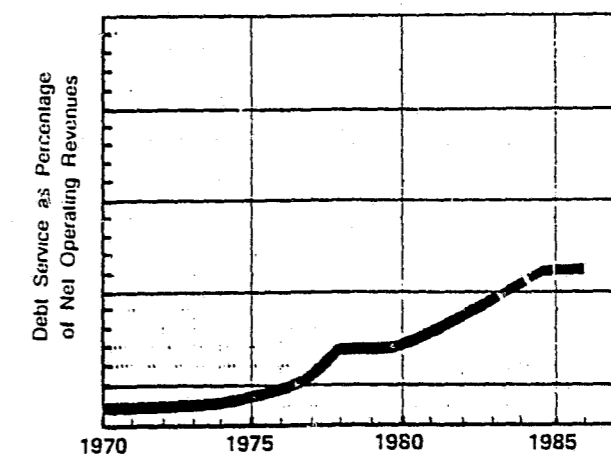
4.3 DEBT SERVICE

Debt service is defined here as the amount of interest and principal that a city may pay each year on net direct long-term debt plus the interest it must pay on direct short-term debt. As it increases, it adds to the city's obligations and reduces the city's expenditure flexibility. Debt service can be a major part of a city's fixed costs, and its increase can indicate excessive debt and fiscal strain. If debt service on net direct debt exceeds 20 percent of operating revenues, it is considered a potential problem. Ten percent is considered good.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Net Direct Debt Service}}{\text{Net Operating Revenues}}$$

AN EXAMPLE OF A WARNING TREND: Increasing amount of net direct debt service as a percentage of net operating revenues



6.0 CAPITAL PLANT INDICATORS

6.1 MAINTENANCE EFFORT

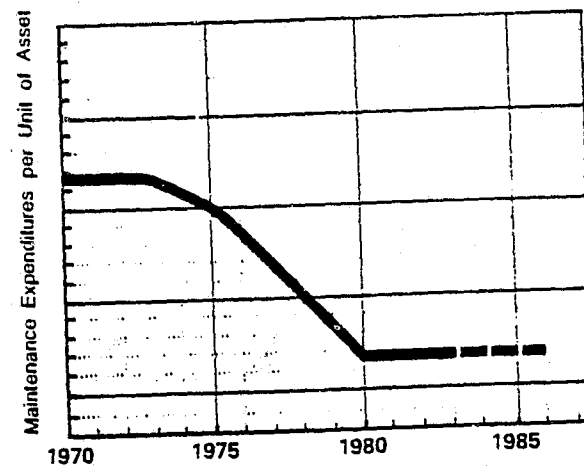
The condition of a city's long-lived assets such as its streets, buildings, and bridges is significant because of their tremendous cost and of the far-reaching consequence their decline can have on business activity, property values, and operating expenditures. Deferral of maintenance on the assets and their subsequent erosion can also create a significant unfunded liability.

Over the long run, maintenance expenditures are likely to remain relatively stable in relation to the amount and nature of the assets to be maintained. Each type of asset (e.g., streets, buildings, bridges) should be considered separately; and in cases where there is still great variation in nature, they should be broken down into narrower categories (e.g., arterial streets versus residential streets). The size of the asset stock can be calculated using square footage (buildings), linear miles (streets), or other appropriate measure. If the ratio between maintenance expenditures and size of asset stock is declining, it may be a sign that the city's assets are deteriorating. If the trend persists, it may also be a sign that maintenance expenditures will be going up on a unit basis due to the increased deterioration.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Expenditures for Repair and Maintenance of General Fixed Assets}}{\text{Amount of Assets}}$$

AN EXAMPLE OF A WARNING TREND: Declining level of expenditures for maintenance and repair of general fixed assets per unit of asset



7.0 COMMUNITY NEEDS AND RESOURCES INDICATORS

7.6 RESIDENTIAL DEVELOPMENT

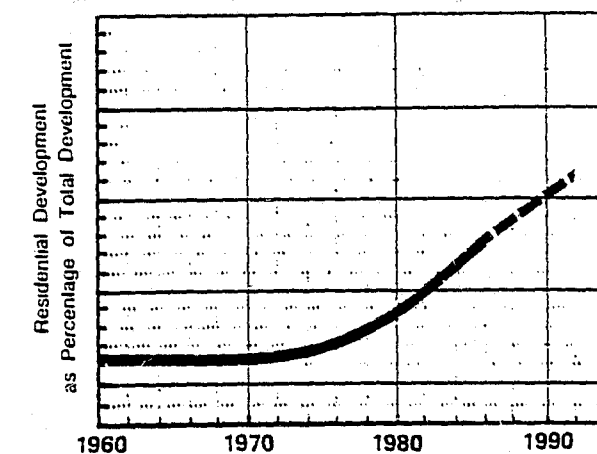
Generally speaking, the net cost of servicing residential development is higher than the net cost of servicing commercial or industrial development. This is because residential development usually creates expenditure drains, industrial development creates revenue surpluses, and commercial development pays for itself. Under this set of circumstances, the ideal condition would be to have sufficient industrial development to more than offset the costs of the residential development. There are, however, many exceptions. For example, a high-density residential area occupied by middle-aged, wealthy families whose children have already left home, who are heavy consumers, and who look to the government for very few services can generate more revenues than service costs.

This indicator examines the change in residential development relative to total development. Market valuation is recommended for computing the ratio. Assessed valuation can be used if assessments of residential and nonresidential property are made uniformly and if comparable rates of appreciation are used. If not, the appropriate adjustments should be made in the calculations.

MATHEMATICAL FORMULATION TO BE USED:

$$\frac{\text{Market Value of Residential Property}}{\text{Market Value of Total Property}}$$

AN EXAMPLE OF A WARNING TREND: Increasing market value of residential development as a percentage of market value of total development



7.0 COMMUNITY NEEDS AND RESOURCES INDICATORS

7.8 EMPLOYMENT BASE

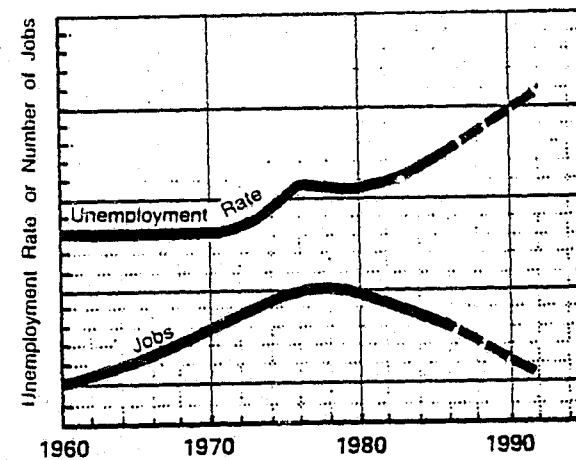
These two indicators are considered together because they are closely related; and for the purposes of this discussion they will be referred to as "employment base." Employment base is important because it is directly related to the levels of business activity and personal income. Changes in the number of jobs provided by the community is a measure of and an influence on business activity. Changes in rate of employment of the community's citizens are related to changes in personal income and, thus, are a measure of and an influence on the community's ability to support its local business sector.

If the employment base is growing, if it is sufficiently diverse to provide a cushion against short-run economic fluctuations or a downturn in one sector, and if it provides sufficient income to support the local business community, then it will have a positive influence on the city's financial condition. A decline in employment base as measured by jobs or lack of employment can be an early warning sign that overall economic activity and, thus, that governmental revenues may be on the decline.

MATHEMATICAL FORMULATION TO BE USED:

Unemployment Rate and/or the Number of
Jobs Within the Community

AN EXAMPLE OF A WARNING TREND: Increasing rate of local unemployment
or a decline in number of jobs provided
within the community



7.0 COMMUNITY NEEDS AND RESOURCES INDICATORS

7.9 BUSINESS ACTIVITY

The level of business activity affects a city's financial condition in two ways. First, it directly affects revenue yields to the extent that they are a product of business activity, as in the case of a sales or gross receipts tax. Secondly, the effect is indirect to the extent that a change in business activity affects other demographic and economic areas such as employment base, personal income, or property values. Changes in business activity also tend to be cumulative. A decline in business activity will tend to have a negative impact on employment base, income, property value, etc. This in turn can create further decline in business activity.

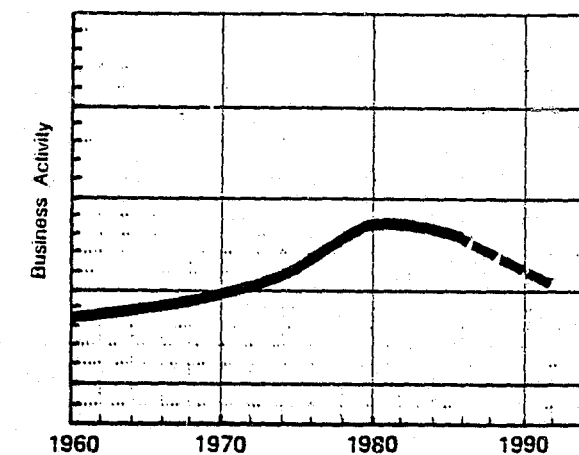
The availability of data for measuring business activity will vary from city to city and state to state. Retail sales is the most commonly available type of information and can be obtained from the state, county, or city office administering a retail sales tax. This information is often broken down into type of business and geographic location. Cities with business license, occupation, gross receipts, or employment taxes can use the administration of these taxes to collect information on number and type of businesses and jobs, where and how much space (square footage or acres) is devoted to each type of business, and how well the businesses are doing.

Another source of information is the appropriate assessor's office, which can provide similar information on size and property valuation (real estate, improvements, and inventory). Local, regional, and state chambers of commerce are additional sources. Banks and county and state departments of commerce are sources for existing information as well as projections for one- to five-year periods.

MATHEMATICAL FORMULATION TO BE USED:

See Trend Worksheet

AN EXAMPLE OF A WARNING TREND: Decline in business activity as measured
by retail sales, number of businesses,
gross business receipts, business acres
developed, and market valuation of busi-
property (constant dollars where appropriate)



THE BUDGET PROCESS AND THE BUDGET...

● IS THE MEETING PLACE WHERE FINANCIAL TREND PROJECTIONS OR ESTIMATES MESH OR CLASH WITH DEFINITIONS OF FINANCIAL CONDITION...

● The Budget Process is...

- a set of prescribed steps and meetings...
- a set of meetings at which projections or estimates are calculated...and...recalculated...
- owned or controlled by those who have access to financial data, trends, and other information...
- a multi-month process that looks to the future, is constrained by the past, and "plays" with the present...
- a mysterious process to those who have never participated or to those who have only partially participated...
- the process by which *fiscal policies, monetary policies, and political policies* are made concrete in terms of dollars, costs, expenditures...
- usually the place in which *cuts are first proposed...but not publically (yet) announced...*
- a shifting, changing field of activity...
- ALL OF THE ABOVE.

● The Budget Process is...The New Arena...For Criminal Justice Executives...

- Executives must now know all details about the process... basically...*Who? When? What? Where? and How?...*
- Absent this knowledge--and the implied skills needed to perform, as managers, in this arena--means that you, your organization, and your services will be placed between a rock (financial trends *interpreted by others*) and a hard place (financial condition definitions as *interpreted by others...*)

THE BUDGET AS AN OUTCOME OF A BUDGET PROCESS...

- IS A DOCUMENT...OR SERIES OF SEQUENTIAL DOCUMENTS...AND A STATEMENT... OF POLITICAL BELIEFS AND VALUES...ABOUT HOW TO ACCOMODATE TO... FINANCIAL CONDITION DEFINITIONS...AND FINANCIAL INDICATORS...

The Budget is...

- a proposal...
- a document presented to the public...
- a document defended, debated, and changed by legislators...
- usually *outdated* the moment it is finally approved...
- the focal point of debates by conflicting interest groups...
- a means to allocate resources...
- a means to allocate funds, and hence set priorities, among different Government programs...
- a way to set ceilings--and hence, provide discipline on the Government in general and on its agencies, in particular...
- a way to stabilize an economy...
- the expression of political values or ideologies...
- a set of assumptions, projections, and beliefs about how things will be, rather than how things are...
- ALL OF THE ABOVE.

Details about what is in a budget document...should be known, understood, and be used by the criminal justice executive...PRIOR to its formal publication and presentation...otherwise...you, your organization, and your services...will be forced into a reactive, crisis position...

SUMMARY CONCLUSIONS

● A FIRST STEP IN THE USE OF CUTBACK MANAGEMENT METHODOLOGY IS...

- *To identify the characteristics of the financial resources that may be available to be used to support and protect an agency's mission, objectives, and programs...*

● ACCOMPLISHING THIS STEP WILL REQUIRE THAT THE MANAGER...PERFORM NEW DISCRETE TASKS...

- *To know, understand and make use of the financial indicators that are at the basis of the assumptions and judgments being made by budget and finance officials about the financial condition of the government...*
- *To distinguish carefully the definitions that may be used in discussions, debates, and meetings concerned with the issue of the financial condition of the government...*
- *To know about--and actively participate in--all aspects of the budget process...*
- *To know when and how to insert into the budget process the manager's own agency's data and information about (a) agency mission and objectives performance, (b) the relationship of this data to financial conditions, and (c) the relationship of this data to financial indicators...*
- *To use--persistently--the budget process as one means for tilting budget calculations and budget assumptions to favor the manager's positions about performance...*
- *To be prepared to use the budget itself--when presented for debate and approval--as a tool and a means to present data and information about agency mission and performance and the relationship of mission and performance to financial condition and financial indicators...*

● THIS FIRST STEP--AND ITS ASSOCIATED SUB-TASKS--CREATE THE FOUNDATION FOR...AND A LINAGE TO...THE NEXT SECOND STEP OF THE METHODOLOGY...

- DETERMINING THE PRIMARY CORE SERVICES OF THE AGENCY...
- THIS NEXT, SECOND STEP, WILL BE DISCUSSED IN THE NEXT SESSION 6--DETERMINING THE CORE...ENDS PLANNING...MEANS PLANNING...AND POLITICAL SPACE.

SESSION 6

DETERMINING PRIMARY CORE SERVICES...
ENDS PLANNING...MEANS PLANNING...POLITICAL
SPACE

Summary of Session

The cutback manager must be concerned with two sets of issues: those that are associated with the *process* of retrenchment and cutting back and those that are connected with the *outcomes* of cutting back or retrenchment itself.

These two elements--*process and outcomes*--are interrelated since the manager must simultaneously plan for the organization's future and implement a process that allows movement to occur in that future direction.

This session will suggest that it is useful to think of the cutback management process as being divided into two *concurrent planning phases*--"means planning" by which the cutback *process* emerges and "ends planning" by which the *core program or outcome* is progressively determined.

In summary, this session will address the following topics:

- The Relationship Between Process and Outcome;
- Ends Planning Understood as Establishing Core Objectives;
- The Core: Definitions;
- Personnel Needs for The Core Program;
- Means Planning Understood as Mobilizing the Staff;
- Using the Core Image in Means Planning.

The materials used in this session are derived from research and papers on retrenchment management produced by Professor L. Hirschorn, Wharton School, University of Pennsylvania.

RELATIONSHIP BETWEEN PROCESS AND OUTCOME

The process and outcome of cutback management may be considered separately at times, but ultimately they must be evaluated together. In criminal justice, the ability of the manager to implement cost reductions will hinge upon not only an awareness of the impact on the resultant organization but also sensitivity to the actual steps of implementation:

- involvement of staff in planning the cutback:
- communication of the cutback objective:
- approach to reduction in force:

The following diagram shows the relationship of process and outcome. The key positions are the two diagonals in which one factor is judged to be good, and the other to be bad.

		<u>Outcome</u>	
		Good	Bad
<u>Process</u>	Good		(A) Lacks Group Conflict
	Bad	(B) Lacks Individual Fairness	

ANALYSIS OF DIAGRAM

• PROCESS, GOOD....OUTCOME, BAD....

At position A, the cutback process is considered to be a good one (e.g., there was little bitterness), but the outcome was bad. In organizations judged to be in this quadrant, it is likely that there was too little surfacing and accomodation of conflicting views. Possibly, the cutback manager pretended that everyone would equally lose, or, perhaps profit in some way in the cutback process. Cutback managers must help the staff to realize that all will undoubtedly lose in some way, and that tradeoffs need to be made.

• OUTCOME, GOOD....PROCESS, BAD....

If the outcome is good and the process is bad, as in position B, this may indicate that the cutback manager did not pay sufficient attention to the problems of fairness and the needs of individual staff members. Disadvantages of this model are that the remaining core staff may feel guilty about the bad process (survivors guilt) with consequent decrease in productivity, and may also fear or mistrust the "ruthlessness" of the cutback manager.

CASE EXAMPLES

• POLICE MANAGER...

An urban police chief decides to implement a cutback by instituting one person patrol cars during day tours in certain neighborhoods. The redeployment strategy will enable the Department to avoid backfilling for retirements for a full year with significant savings. While the fiscal outcome is clear, the process questions are very complex: reduced presence within certain neighborhoods; concern for officer safety; adequate training for the single patrol car personnel, etc.

• CORRECTIONS...AND COURT...MANAGERS...

A corrections commissioner and chief administrative judge determine that significant savings can be realized through a re-scheduling of court activities to include A.M. and P.M. delivery time for inmates. For as long as anyone can remember all inmates were due in court at 9:30 A.M. regardless of their actual appearance time. Judges would call them as needed. The practice resulted in major inefficiency in terms of transporting inmates as well as correction officer and police time. While the dollar savings were clear from the new scheduling plan, the process questions, again, were complex: the problem of controlling judges' schedules; the issue of changing inmate bus schedules and redeploying corrections vehicles and drivers, etc.

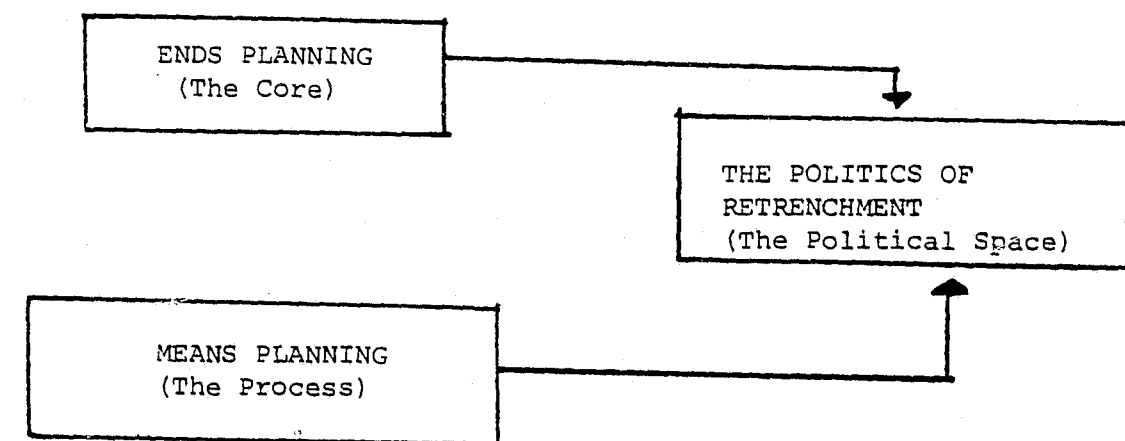
THE RELATIONSHIP REVISITED

• PROCESS AND OUTCOME:

Thus the cutback manager must attend to the problems of both process and outcome. Means planning (process) and ends planning (outcome) exist simultaneously and converge to define the politics of cutback management that are specific to each cutback objective.

• THE CONVERGENCE OF PROCESS AND OUTCOME:

The cutback manager must be sensitive to issues in the retrenchment process and keep in mind an image, however tentative, of the final core objective in order to operate in the political space where the two processes converge.



ENDS PLANNING: ESTABLISHING CORE OBJECTIVES

In cutback management the organization or unit is reduced to a core program. With rational, orderly ends planning that redefined unit may be any of the following:

- Most valuable component or original organization
- Most representative expression of former mission
- Most talented expression of former mission

- Ends Planning vs. Decremental Budgetting
 - Piecemeal problem solving
 - Defer new needs
 - Short-term priority ranking

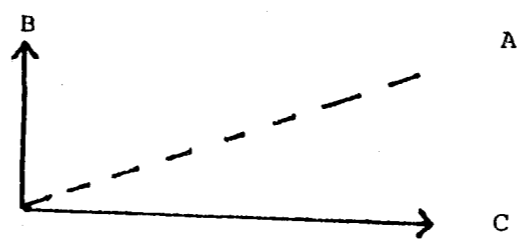
- The Core: Alternative Definitions
 - Representative:
 - Commitment to historical continuity
 - Preserving ties to clients and friends
 - Maintaining prior service levels
 - Maintaining geographic coverage

 - Adaptive:
 - Recognizing an uncertain future
 - Innovative
 - Responsive to changing environment

TWO DIMENSIONS OF A CORE PROGRAM

Representativeness

Concern for the
past and the
historical
continuity in
operations



Adaptability

Concern for the future and program's
adaptability in changing environment

FACTORS THAT IMPACT CHOICE OF CORE PROGRAM

As indicated in Session 6, there exists complexity, uncertainty and difference of opinion about means and ends in public organizations. The result of these constraints is a strong preference for short run, incremental and piecemeal problem solving methods. Incremental thinking is so deeply ingrained in contemporary public administration that managers and workers rarely take the cut as the beginning of a functional shift within the organization but perceive the cutback as a short-term decrement or temporary reduction.

Defining the core represents an alternative to that approach. In determining the extent to which the core should be representative of the existing organization or adaptive to new conditions, several factors should be weighed:

- Mission problem
- Economics of service delivery
- Geographic spread
- Capital/Personnel
- Limits of reduced staff
- Relationship to complementary organizations
- Politics of reduced service levels
 - Loss of visibility among constituents
 - How would constituents rank services?

CASE EXAMPLES

• Corrections...Probation:

- A local probation department is faced with a 10% reduction in funding. At the same time workload, which has traditionally been defined in terms of probation officer caseload and reporting requirements is increasing. If the administrator maintains a purely representative model, staff/client ratios will increase; reporting times will increase; and a thinner spread of resources will occur; options to develop an "adaptive" approach include development of restitution community service models which would dramatically change the role and function of the probation officer; and restructuring of the report writing system which would require an examination of roles and functions of employees in courts and corrections as well as probation.
- Each of the two options involves reexamination of the mission; adaptation of service delivery; analysis of interagency functions among police, courts and corrections; and may result in a new perception of the organization by external constituents. Yet with a re-defined core curtasks could be implemented in a rational, orderly process.

PERSONNEL NEEDS FOR THE CORE PROGRAM

The cutback manager must also think of the core in terms of personnel requirements -- actual persons who could be staff members after the cutbacks.

- A Team Of Complementary Roles
 - Highly skilled expert
 - Influence holder
 - External boundary manager
 - Service delivery person
 - Good project manager
- A Team With Complementary Traits
 - Leaders -- followers
 - Newly hired -- retained
 - Young -- old
 - Experienced -- inexperienced
 - Male -- female
 - Minority -- majority
- The Team And The Future Program
 - Shared sense of mission
 - New leadership -- old guard

The cutback manager must also develop an understanding of the environmental changes which will occur in a reduced staff setting.

- Leadership/Hierarchical Issues
- Negotiated Division of Labor
- Accountability and Trust
- Commitment to Personal Well-Being

MEANS PLANNING: MOBILIZING STAFF

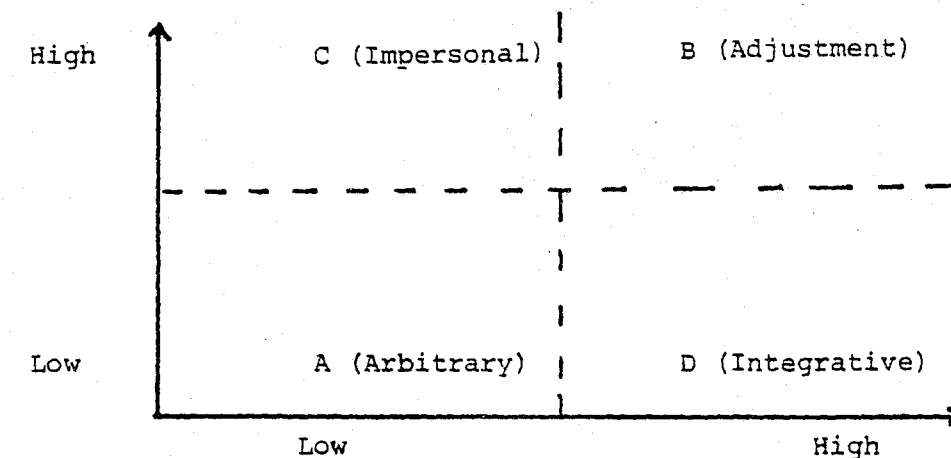
Cutbacks entail reducing the workforce. There are two ways to achieve a layoff system that is as fair as any possible: using neutral criteria or considering individual situations.

In its attempt to appear fair, a reduction in force program can use a culturally recognized principle, such as seniority, to decide who is laid off, or it can attend to the staff's individual needs (e.g., family income, home ownership, mobility, job prospects, skills, job search needs).

As stated earlier the choice of approaches will be made within the broader context of the specific personnel needs of the re-defined core.

The following diagram represents the two basic choices for attaining fairness in layoffs:

Fairness through the use of respected neutral principles, generally seniority



Fairness through attention to individual situations and needs

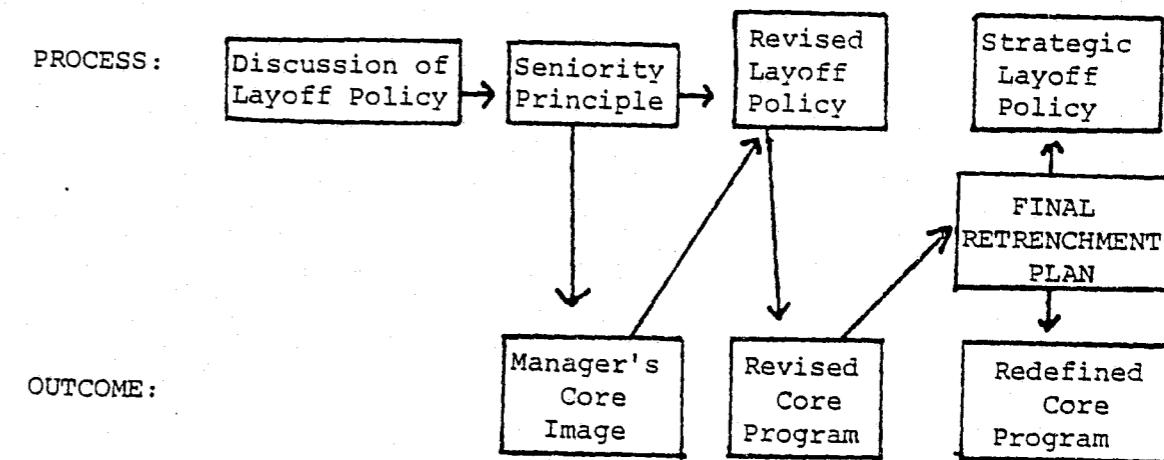
ANALYSIS OF DIAGRAM

- Any layoff policy will lie somewhere on the graph. Quadrant A, for example, represents an arbitrary process in which neither a recognized neutral principle nor individualized care and attention is used to determine layoffs. Quadrant B, in contrast, represents a policy in which both principles are used. Neutral principles are used to adjust individual needs.
- The seniority principle may be provisionally applied in the planning stages of the layoff, for example, but its consequence is projected and adjustments made to account for collective images of the best core and particular individual needs. Quadrant C represents an area in which strictly impersonal criteria are used and the layoff decisions tend to seem impersonal. Joint planning which combines individual and collective futures should be placed in Quadrant D.
- Realistically, in public organizations most programs will begin in Quadrant C with the seniority principle. However, the cutback manager will discover that the seniority principle is not so easy to apply. If the last hired are the first fired, an excessive number of minority staff may be let go. Similarly, if the seniority principle is strictly applied certain offices may close or imbalances in the ratio of professional to support or uniformed to civilian staff may emerge.
- In most programs, the very difficulty of applying the seniority principal will, in turn, open a political space for the cutback manager in which they can begin to structure and influence the process so that it produces a good outcome and a good process.

USING THE CORE IMAGE IN MEANS PLANNING

- Steps...To Be Taken...
 - Setting Agendas
 - Mobilizing Personnel Influence
 - Calling In Debts
 - Appealing To Outside Forces
 - Working With Executive Committees
- A Strategic Scenario...

The following scenario demonstrates the use of the core program as a strategic tool. The cutback manager forms an image of the core program, while the retrenchment process is initially organized by a discussion of using the seniority principle for layoffs. The principle proves to be ambiguous and the committee discussion is blocked. The manager initiates discussion about the core, introducing the image, as a method for guiding the layoff process. This strategy broadens the discussion to include both means and ends planning. This collective planning, represented by task forces, may lead to modification in the core concept, which may, in turn reshape the initial evaluation of the layoff policy. In time the staff arrives at an acceptable cutback plan with a core program redefined from the first one presented and an accompanying layoff plan that strategically complements the core program. The graph below outlines the strategy:



SESSION 7

DETERMINING A CORE PROGRAM:
A GROUP TASK

Summary of Session

This session is a group task that seeks to build upon some of the ideas presented in the previous session. Participants will be grouped according to the assignments listed on the next page.

Each group has the same task, namely, to agree on a listing of statements that are responsive to the Four Question Matrix that is presented in the text of this session. The Four Question Matrix is intended to enable group members *sort out and distinguish core program activities* that the specific agency must provide as part of its mission.

The process that the group should follow is a modified Nominal Group Technique...similar to the process used in Session 3. The modification will be that group members should follow Steps 1-5 of the process; however, if time permits, they may also complete Steps 6-7.

The outcome of the group task must be a completed matrix which lists the consensus statements of the group to each of the four questions listed on the matrix.

These consensus statements should then be listed on a flip chart to be used as part of a brief report by one member of each group. The completed charts from each group will then be displayed throughout the plenary workshop room for further review by individual participants.

It should be noted that the results of this task--i.e., discussion notes maintained by individuals in each group, issues raised during the group process, as well as the completed matrix--should be retained as part of the data needed by agency teams to complete subsequent tasks of this workshop, particularly tasks associated with Sessions 12 and 13.

At the completion of the group work, we shall reassemble for a brief reporting back by each group after which we shall begin Session 8 Strategic Decisionmaking: To Accept or To Resist Cuts?

GROUP ASSIGNMENTS

Participants will be grouped, as best as possible, according to the following broad definitions---

- Group 1: Legislative/funding body: those who are elected or appointed policy makers and/or staff of the legislative and/or budget approving body;
- Group 2: Executive/administrative body: those who are elected or appointed policy makers and/or general government staff of the executive and/or administrative branch...but do not have direct departmental or agency responsibilities;
- Group 3: Law enforcement: those who are executives and/or senior staff of the police department;
- Group 4: Court: those who represent the executives in the prosecutorial, defender, and court functions of the local criminal justice system...including those who are directly assigned, as staff, to this function;
- Group 5: Corrections: those who represent executives (and/or other support services) associated with the correctional function of the system.

Those participants whose functions cut across any of these groups, e.g., criminal justice system coordinators and/or system-wide planners, may choose any one of these five groups...if you do choose a group, we suggest that you remain within that group for the workshop.

<u>GROUP</u>	<u>ROOM</u>	<u>FACILITATOR/ LEADER</u>
Group 1:		
Group 2:		
Group 3:		
Group 4:		
Group 5:		

NOMINAL GROUP TECHNIQUE: SUMMARY

• Description:

Meetings within organizations are not always productive. Most executives feel that much of their time which is taken up in meetings is not always well spent. Nominal Group Technique is a way of organizing a meeting to enhance its productivity, to balance and increase participation, to use different processes for different phases of the group-meeting and different phases of group problem-identification and group problem-solving, and to reduce errors in compiling individual judgments into group decisions.

• Steps:

Step 1: Individual Generation of Ideas in Writing: 10-20 Minutes

The leader of the group presents the question or issue to the group in writing and briefly reads the question or issue. Each individual member of the group takes time (5-8 minutes more or less) to list in writing their responses to the question or issue, in brief phrases, on a piece of paper; this is done silently and independently by each individual.

Step 2: Recorded Round-Robin Written Listing of Responses on Charts: 20-40 Minutes

Each member is asked by the leader to read out one of his/her written ideas in turn. Each idea is written on a flip-chart as it is read. This procedure continues around the table enough times for each individual member to exhaust his/her list.

Step 3: Brief Clarification of Ideas Listed on Charts: 20-40 Minutes

Ideas or statements that need clarification are clarified and/or briefly explained by the individual who presented the ideas. If necessary, some ideas can be consolidated--- but only if it is clear that these ideas are similar and/or redundant. Justifying or explaining in great detail any ideas should not be permitted at this time.

Step 4: Preliminary Vote on Priorities: Silent/Independent: 10 Minutes

The leader asks the group to select from the entire listing of ideas on the flip charts 5 of the most important or priority ideas. 3x5 cards are given to each member to be used to list each idea chosen. The leader then explains how each card is to be ranked by the member: Priority #1 is to be ranked as a "5", Priority #2 is to be ranked as a "4" and so on until all 5 of the 3x5 card statements are rank ordered by each member. The leader will collect all cards, arrange them by ranked order, and record the votes on the flip charts.

Step 5: Group Discussion of the Preliminary Vote: 20-40 Minutes

Open discussion is used to examine inconsistencies in the voting pattern, justify and/or evaluate different positions, and rediscuss items which are perceived as receiving too many or too few votes.

Step 6: Final Vote on Priorities: Silent/Independent: 10 Minutes

Using the listing of rank ordered priorities determined by the group and displayed by the leader, the group is to repeat Step 4 and select 3 of the most important or priority ideas. 3x5 cards are given again; priority ranking is also used but Priority #1 is ranked as "3", Priority #2 as "2", and so on...

Step 7: Final Listing and Agreement on Prioritized Items: 10 Minutes

The results from Step 7 are listed on a chart or charts and provides a record of the group's agreement for presentation to the other groups. (If agreeable to the group, a minority-voting position or bloc can also be created and presented by those who feel the need to do so.)

THE FOUR QUESTION MATRIX

GROUP/AGENCY FOCUS: _____

<i>The Four Questions...</i>	<i>Listing of Consensus Statements in Response to Each Question...</i>
1. What activities can we stop doing?	
134 2. What activities must we do?	
3. What activities can we do more efficiently?	
4. What activities can we get others to do at lower cost or no cost? Costs can be captured Capital Equip substitution Labor to save cost?	

THE FOUR QUESTION MATRIX

GROUP/AGENCY FOCUS: _____

The Four Questions...

Listing of Consensus Statements in Response to Each Question...

1. What activities can we *stop* doing?

135
2. What activities *must* we do?

3. What activities can we do
more *efficiently*?

4. What activities can we get
others to do at *lower cost*
or *no cost*?

THE FOUR QUESTION MATRIX

GROUP/AGENCY FOCUS: _____

<i>The Four Questions...</i>	<i>Listing of Consensus Statements in Response to Each Question...</i>
1. What activities can we <i>stop</i> doing?	
136 2. What activities <i>must</i> we do?	
3. What activities can we do <i>more efficiently?</i>	
4. What activities can we get <i>others to do at lower cost or no cost?</i>	

SESSION 8

STRATEGIC DECISIONMAKING: TO ACCEPT
OR TO RESIST CUTS...

Summary of Session

Strategic decisionmaking describes the third step in our cutback management methodology--a step which is a pivotal one whereby the manager begins to construct and follow key choices that will direct his/her actions and the actions of the organization.

Fiscal stress has altered the manner in which managers of public agencies have traditionally thought about decisionmaking. In *good times*, incremental increases in annual budgets enabled managers to possess *slack resources*...which could be used to mask or to tolerate errors or mistakes in judgment and decisions. In *hard times*, slack resources vanish and tolerable errors or mistakes are rarely acceptable.

In this session, we will examine, in order, the following topics:

- The meaning of strategic decisionmaking and the new decisional tasks of cutback managers;
- Specific types of strategic decisions used by cutback managers;
- Four critical factors that influence the use of any or all of these types of decisions;
- A concluding summary.

Following this session, there will be a brief break which will then be followed by a group task in Session 9: TESTING A STRATEGY: The Use of Stakeholder Mapping.

OBSERVATIONS ON THE WORK OF CUTBACK
MANAGERS: STRATEGIC DECISIONMAKING TASKS

- One clear conclusion emerges from our studies of the work of cutback managers: The cutback manager must take full charge of his/her organization's strategic decisionmaking system defined as the process by which significant organization-wide decisions are made and interrelated.
- There are three reasons why the cutback manager is substantially involved in these decisions:
 - The manager alone has formal authority to commit the organization to new and important courses of action--
 - The manager alone has access to sufficient current information about the organization and its environment that enables him or her to ensure that significant decisions reflect current knowledge and organizational values--
 - The manager alone can control the implementation of strategic decisions so that they can be easily integrated into the organization.
- Strategic decisions will range along a continuum, from the purely voluntary innovative or proactive decisions, to the involuntary or reactive decisions.
 - At one end of the decisionmaking continuum, are those types of strategic decisions that *create an innovative process* or service;
 - At the other extreme of the continuum, are those types of strategic decisions that *react to a crisis* that has emerged;
 - In the middle of this continuum, are *problems* which the organization experiences as a threat or a crisis and the manager believes that the organization can *innovate* in its choice of solutions.
- Strategic decisions made by cutback managers in response to fiscal stress may fall anywhere on this continuum.

THE CUTBACK MANAGER AS RESOURCE
ALLOCATOR.

- Of the many decisionmaking tasks performed by cutback managers, the one which is the most important and most time-consuming is that of resource allocation.
- Resource allocation is understood, here, in the broadest sense and it includes money, time, material, equipment, manpower and reputation. Each of these can be allocated positively or negatively--that is, decisions can be taken by the cutback manager to use up or to protect these resources.
- Resource allocation decisions are the heart of the organization's strategy-making system. For it is in the making of choices involving the use of protection of organizational resources that strategies are determined by the cutback manager and his/her team of advisors and managers.

THE PHASED COMPLEXITY OF RESOURCE
ALLOCATION DECISIONS

- A strategy or strategic decision adopted by a cutback manager in response to the pressures of fiscal stress can be described as a phased set of mini-multiple-decisions which, cumulatively, over time, result in an actual choice by the cutback manager of the decision to act or react.
- These multiple decisions can be described as occurring according to the following scenario:
 - The cutback manager actively *discovers* or passively *receives information* which will require a decision by his/her organization; examples: the manager discovers that trends in workload outstrip current resources or the funding organization announces an across the board 10% reduction in resources;
 - The cutback manager seeks for *alternatives* to this information-based problem and *evaluates* the merits of alternatives: *What can I do* is the question?
 - The cutback manager *chooses* or accepts one alternative from among those available: *What will I do* is the question?
 - The cutback manager implements and oversees the chosen alternative: *How will we, as an organization, implement our decision* is the question?

EXAMPLES OF STRATEGIC DECISIONS
MADE BY CUTBACK MANAGERS

- Recent research on cutback management has attempted to identify and classify the types of strategic decisions that have been made by cutback managers of public organizations that have been impacted by the pressures of fiscal stress.
- Generally, there are two types of strategic decisions that have been identified and characterized by the cutback management literature:
 - Decisions adopted in order to *accept* the cuts imposed by external funding organizations;
 - Decisions adopted in order to *resist* the cuts or *lessen the actual impact* of the cuts imposed by external funding organizations.

- There are at least *seven* examples of *decisions to accept* cuts and within each example there are various tactics used or adopted by the cutback manager as means, within the organization, to accept these imposed cuts.

*--Each of these seven examples will be discussed
in this session--*

- There are at least *seven* examples of *decisions to resist* cuts or *to lessen the impact of the cuts* imposed by external funding organizations which have been adopted by cutback managers and within each example there are various tactics used or adopted by the cutback managers as means, within the organization, to not accept these imposed cuts.

*--Each of these seven examples will be discussed
in this session--*

STRATEGIC DECISIONS MADE BY CUTBACK MANAGERS
TO ACCEPT CUTS IMPOSED BY FUNDING
BODIES/ORGANIZATIONS

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- GENERAL DEFINITION:

These decisions are the actual choices made by cutback managers about who or what to cut to meet reductions in resources imposed by funding bodies.

- CHARTS:

Each of the seven types of decisions adopted are described in the charts which follow. The numbering of the charts is for purposes of convenience and is not a rank-ordering of the importance or use of the decision.

- DECISIONS...:

1. Rational Priority Planning
2. Politically Oriented Cuts
3. Cuts in Least Powerful Units
4. Across-the-board Cuts
5. Delay Making Cuts--But Cut Eventually
6. Abdicate Responsibility for Cuts
7. Do Nothing/Be Passive

1. STRATEGIC DECISION: RATIONAL PRIORITY PLANNING

DESCRIPTION:

This strategy is that by which various functions, programs, projects and units in the organization are each examined in terms of their value in contributing toward the most important objectives of the mission of the organization.

Those judged as making the most contribution take a lower or no proportion of the cut and those judged as making the least contribution take the largest proportion of the cut. Those judged to be in the mid-range take a negotiated proportion of the imposed cut.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

The cutback manager has within the organization an established means of determining the mission and clear objectives of the organization and an established means of determining, by a rank order, which functions, programs, projects and units contribute to the accomplishment of the mission and objectives.

Subordinate managers and line personnel are relatively familiar with the mission, objectives, and the established means for determining the relative importance of various functions and units as they relate to the mission and objectives of the organization.

SOME EXAMPLES OF ESTABLISHED MEANS:

The organization has some form of rational priority planning and analysis process which is used e.g., a form of program-budgeting system, a form of a Management By Objectives (MBO) or Zero-Base-Budgeting program that is used annually or bi-annually in the organization. The organization also has some form of internally used monitoring or management information system that can enable this strategy to be used effectively by the cutback manager.

SOME RESULTS OF THIS STRATEGY:

Within the framework of this strategy, judgments can be made to: reduce or eliminate certain types of services; off-load functions or programs to other agencies; reduce or furlough employees that serve in "less valued" units; reorganize and/or consolidate functions; eliminate current programs or defer the start-up of future programs or projects.

2. STRATEGIC DECISION: POLITICALLY-ORIENTED CUTS

DESCRIPTION:

This strategy is that by which the most valued and highest priority activities of the organization are given the largest cut because they have the most dramatic profile and the most visibility. The intent of this strategy is to make cuts to those programs functions or units in order to produce the greatest pressure on funding organizations in order to cease their cutbacks in the near future. (Sometimes this strategy has been characterized as the "Washington Monument Strategy" since some federal agencies have cut the personnel who serve the Washington Monument and thus eliminate or lessen the opportunity for sightseeing at this important national symbol and monument!)

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

As in the first strategic decision, the cutback manager has a means of determining what programs or functions best contribute to the mission and objectives of the organization.

The manager has the will and power to make actual cuts in the most valued and highest priority activities.

The manager has made a calculation about the potential positive and negative consequences --to him/her and to his/her organization--of this relatively high-risk, high-gain, strategy and his/her calculations suggest that this may be a one-time, short-term, cut.

SOME RESULTS OF THIS STRATEGY:

Within the framework of this strategy, cuts may be imposed, internally, on a single most valued function or on several equally valued functions or units. Extensive announcements about the cuts, their nature, and their impact must be made consistently to all within and outside the organization. Personnel may be temporarily transferred from most valued to least valued (non-cut) functions; bumping of personnel may occur in the least valued units; elimination or delay of most valued "new" or "innovative" programs may be done.

3. STRATEGIC DECISION: CUTS IN LEAST POWERFUL UNITS

DESCRIPTION:

This strategy is that by which funds are cut ("zeroed-out" in the next budget) from those units or programs within the organization that have the least ability or power to resist the cuts. Though these units or programs may actually be contributing, by their importance and their work, to key objectives or missions of the organization, the criteria for making the cut is not importance or value but ability or power to resist the cut.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

This strategy assumes that the cutback manager knows which units, programs, or even individual subordinate managers have sufficient real or perceived power to resist or not-to-resist the internally imposed cut in the unit budget.

The cutback manager is willing to overlook or ignore the valued contributions that the unit is making or has made to the objectives and mission of the organization.

The cutback manager has calculated that this cut will be a relatively "silent" cut in the sense that no public reaction (or internal reaction) may occur to offset the strategic decision.

SOME RESULTS OF THIS STRATEGY:

Generally, this strategy will result in RIFs, furloughs, and transfer of valued individual employees to non-cut units. Programs will be terminated and projects will be eliminated. However, these "silent" or "non-visible" cuts need to be described by the cutback manager to both the funding body and, if possible, to the public--otherwise questions may be raised, in the future, about the ease with which the cut was made or absorbed by the organization.

Examples of units or programs that have been cut based on this strategy are: planning and analysis units; staff and administrative units; deferring purchases and/or maintenance programs; some very specialized service provider units that deal in direct services that can be absorbed by generalist service providers at a reduced level of service, e.g., in Police Departments, termination of crime-prevention or community relations programs and transfer of some specialists to general services.

4. STRATEGIC DECISION: ACROSS THE BOARD CUTS

DESCRIPTION:

This strategy is one by which all functions, programs, projects and units in the organization are each given a reduction in their budgets by an equal sized proportion. The intent of this strategy is to accept an imposed cut throughout the entire organization so that all "share the pain" of the cut. By contrast, the three previous strategies "targeted cuts" in such a way that, generally, the remaining parts of the organization did not suffer. Generally, this strategy of across the board cuts has been the most common strategy used by cutback managers in the past two years.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

In this strategy, cutback managers assume that an across the board cut (as opposed to targeted cuts) will improve morale, lessen uncertainty among employees about job protection, and develop an esprit de corps within the total organization.

However, across the board cuts may penalize efficient and well-managed units within the organization and reward inefficient and poorly-managed units. The reason--an efficient and well-managed unit may already be using its existing resources in the most productive manner and a cut in these resources will, in effect, decrease productivity and decrease morale of employees who can argue that they are being penalized for being productive. By contrast, an inefficient and poorly-managed unit may have underutilized its resources and can more easily absorb a cut and, indeed, can borrow ideas from more efficient units as models of how to improve and, thereby, can be considered as being rewarded for inefficiency.

This strategy may be politically wise--all share the pain--but, managerially, the strategy may be counterproductive to the organization and cast doubts about the skill or wisdom of its managers.

SOME RESULTS OF THIS STRATEGY:

This strategy will result in RIFs usually based on seniority or usually following the LIFO rule--last-in-first-out. Complex civil-service rules (or collective-bargaining agreement rules) may govern how RIFs are to occur and in what order. Across the board cuts also have the net effect of reducing some services but not others, e.g., cuts in direct-line service providers may have the effect of significant reduction in delivery of services while cuts in staff services may affect only the efficiencies of the internal organization and not have a direct effect on direct delivery of services.

5. STRATEGIC DECISION: DELAY MAKING CUTS

DESCRIPTION:

This strategy is one by which the manager postpones or avoids or delays the decision to decide what to cut within the organization. In its positive form, this strategy is, in its effects, a calculated decision to enter deficit financing. Other reasons--both political and managerial--may also be present as a basis for the adoption of this strategy. For example, a more powerful manager of an agency may use this strategy in order to ascertain the relative power or influence of the funding organization, the power and/or vulnerability of other departments or departmental managers, or he/she may use this strategy to gain time in order to conduct, within his/her own organization, an analysis of the financial condition of the jurisdiction and the financial condition of his/her own department or agency as a means of arguing, later, against the imposed cut.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

In the exercise of this strategy, the manager assumes or is able to demonstrate to himself/herself several political-managerial calculations about the reputation, power, and influence of both the manager and the organization as well as issues associated with the environment in which the organization operates. Is the environment (client support, citizen beliefs, political support) hostile or supportive, stable or changing quickly, predictable or unpredictable?

Purposeful delay or postponement of cuts that are imposed may be perceived by others as "stonewalling" or "arrogance" or "not being a team player". It is provocative but if carried out carefully and skillfully it can gain time for the manager and organization.

If the strategy does not work as planned, the effects may be worse than other strategies, e.g., the manager may lose the battle and be forced to take an immediate, deep-gouged, cut for which he/she and his/her organization was not fully prepared.

However, it should be noted that this strategy has been used and has been relatively successful in the sense that individual managers have forced a public, open, debate about the imposed cut.

SOME RESULTS OF THIS STRATEGY:

Where the strategy has been successful, both time and funds have been gained. Usually, however, it is a short-term strategy (e.g., used for the next budget year) that is coupled with other strategies. Where it has not been successful, the effects have been immediate--missed paydays, furloughs, RIFs, and deep-gouge cuts.

6. STRATEGIC DECISION: ABDICATE RESPONSIBILITY FOR CUTS

DESCRIPTION:

This strategy is one by which the cutback manager chooses not to decide what and how to cut but rather turns to others to decide on the cuts. Usually this is done, sometimes voluntarily, by the manager by deferring to the funding body itself the decision about what and how to cut; sometimes this strategy is an involuntary one in which the funding body preempts the decision by the manager in a manner which does not allow the manager to carry out this task.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

If the manager voluntarily abdicates responsibility for decisions about cuts and turns this decision-making over to others, particularly funding bodies and/or legislative bodies, may be multiple and relatively unpredictable:

- the funding body may make the cuts and require the manager to implement them as stipulated;
- the funding body may refuse and force the issue with the manager or force a public debate about this specific issue of who cuts;
- the cuts may be made by the funding body but in areas that will undercut the authority and capability of the manager;
- the cuts will be deferred for a time until a negotiated settlement is reached between the manager and the funding body.

SOME RESULTS OF THIS STRATEGY:

If cuts are made by the funding body and if stipulations about implementation are specifically given to the manager, the type of cuts will probably be across the board cuts and/or cuts in salary increases or the cuts may be targeted and deep gouge cuts--depending on the relationships that may exist between the manager and the funding body. This strategy, however, may intentionally be used by the manager in order to force a clash of wills between the legislative and executive so that a public debate and a public record can be created for use in the future by either the legislative or executive.

7. STRATEGIC DECISION: A PASSIVE APPROACH TO CUTS

DESCRIPTION:

This strategy is one in which the manager has no choice and no say at all in the making of strategic decisions about what and how to cut in his/her agency. The means by which funds are cut, the amount of the cut, and how the cut is to be implemented are all decided by the funding agency. The manager is then left with only the operational problem of implementing the decisions. Usually, this type of strategic-no-choice-decision occurs when the funding organization is outside the jurisdiction of the focal agency, e.g., a state mandate or decision to close down or terminate (for budgetary reasons) certain types of services or activities that are carried out by the focal agency. However, sometimes this decision type also occurs within the jurisdiction and government of the local agency and is usually associated with a particular form of local government, e.g., some commission forms of local government in which both financial and executive responsibilities rest with the same body or organization.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

One can assume that if this type of strategic decision is made, it is usually made within the framework of prior consultations with the manager--and therefore, these consultations permit the manager to use anyone of the previous strategies; or, the manager truly has no choices because the decisions are made unilaterally and by a higher level of government, e.g., cuts in grant programs.

SOME RESULTS OF THIS STRATEGY:

Even in the situation in which the manager is a passive recipient of the decisions of others, the general fact is that these decisions will also have to explore the various options and issues associated with all of the previous strategic decisions listed here and in the next part of cutback strategies. The design of implementation procedures which can be applied by the manager in order to carry out this type of strategy implies some types of discretion on the part of the manager and some form of leverage with the funding body. The net effect may be that even in this type of strategy, the manager can obtain and carry-out a role which can rationalize, for his agency, some of the reasons for the cuts.

STRATEGIC DECISIONS MADE BY CUTBACK MANAGERS
TO LESSEN CUTS IMPOSED BY FUNDING
BODIES/ORGANIZATIONS

● GENERAL DEFINITION:

These decisions are the actual choices made by cutback managers to try to halt externally imposed cuts.

● CHARTS:

Each of the seven types of decisions adopted are described in the charts which follow. The numbering of the charts is for purposes of convenience and is not a rank-ordering of the importance or use of the decision.

● DECISIONS....:

- | | |
|---------------------------------|-----------------------|
| 1. Rational Argumentation | 4. Political Promises |
| 2. Alternative Sources of Funds | 5. Forming Coalitions |
| 3. Political Threats | 6. Joining Coalitions |
| 7. Do Nothing/Be Passive | |

CONTINUED

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1. STRATEGIC DECISION: RATIONAL ARGUMENTATION

DESCRIPTION:

The manager of the agency develops and uses a structured argument by which he/she explains to the funding organization that proposed cuts will directly harm the jurisdiction, the organization, and, above all, the mission and clients or essential services to others of the specific organization. The argument, as a conclusion, is supported by data, validated tests, and information-driven premises of the argument. The conclusion is seen as an incontrovertible fact and not as a value-laden rhetorical conclusion. The intent is to prove that cuts must not be made.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

The manager has, within the organization, either an established means of deriving the necessary data and information that will be needed to support the argument and conclusion of the presentation made by the manager.

In some ways, this strategy is *comparable* to a strategy used in *accepting cuts*, namely, a *rational priority planning process*, which we will discuss, in more detail, later in this session.

This specific strategy may be more effective *if* the manager uses it *in conjunction* with other strategies listed either in this section--*resist-cuts*--or in the next section of this session--*accept-cuts strategies*.

SOME RESULTS OF THIS STRATEGY:

The strategy, if successful, may enable the manager and the organization to buy some time and convince funding bodies to defer--to the future--proposed cuts. However, given the nature of fiscal stress, it seems that *all* agencies of government--even those that are preferred agencies or, arguably, the necessary agencies--may not be exempt from cuts at some time. Therefore, this strategy may work best when and if the manager can use his/her arguments *in support of* individuals on the funding body whose position is already favorable to the agency's argument or position and whose position can be used to tilt the position of others on the funding body. Thus, a successful use of this strategy requires that the arguments not only be carefully and factually documented but that the arguments be *directed at a specific audience--individuals, or, groups that can influence key individuals*.

2. STRATEGIC DECISION: SEARCH FOR ALTERNATIVE
SOURCE OF FUNDING

DESCRIPTION:

The manager searches for alternative sources of funding as a means of offsetting or balancing cuts imposed by formal funding bodies. This strategy requires that the manager attempt to persuade others to increase their support and contributions, e.g., the general public and/or users of the agencies' services, local, state and national foundations, or specialized "user" groups of the agency services. This strategy implies that the organization and/or its managers believe that other sources actually exist which could be persuaded to make up the losses...or that there are potential new sources that could be organized and persuaded to make up the losses...e.g., special tax districts.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

This strategy requires a high degree of confidence and skill on the part of the organization and its managers. It will be relatively effective provided the imposed cuts are not too severe and short-term cuts because the use of this strategy requires a "cost" to the organization in terms of time, effort and even funds to carry out the long-term possibilities of this strategy.

Implicit in this strategy is the notion that new funding sources are, at least, possible. For instance, special tax districts or tax zones have been suggested by some as an alternative source of funds from the public similar to the type of specialized taxes that are associated with some public services, e.g., fire-districts, garbage-collection and sanitation authorities. Another example is the creation and use of special interest local foundations which can focus on singular issues, e.g., financing crime prevention programming, improving court management, assistance to correction agencies, etc. As non-profit, tax-exempt, foundations, such organizations can be an attractive place for private funds and can also be used to attract state or national foundation support.

SOME RESULTS OF THIS STRATEGY:

This strategy has been used to increase the rate of user and fee charges. As such, it has resulted in convincing funding organizations that imposed cuts can be offset by increases in new sources. In search for totally new alternative sources, this strategy has not been commonly used...yet.

3. STRATEGIC DECISION: POLITICAL THREATS AND PRESSURES

DESCRIPTION:

This strategy involves the use of direct pressure in the form of threats and counter-attacks against the funding source. The approach is equivalent to--and usually used with--the strategy to accept cuts by a politically oriented process of cutting within the agency which was discussed earlier. The threat to cut politically sensitive services --within an organization--is usually done in the hopes of "scaring" the funding source into backing off from the imposed cut in funds. This choice implies some form of direct bargaining with the funding source without benefit of allies or intermediaries or coalitions. Generally, two basic forms of bargaining are implied in the use of this strategy: (a) bargaining in order to threaten or cause actual "pain" to the funding organization unless or until it withdraws the cut or (b) bargaining in order to compromise by offering to the funding organization some desired agency action in return for an easing up on the originally imposed cuts by the funding organization.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

This strategy, considered as a direct action by the agency against the funding body, implies that there are at least three concurrent factors present in the jurisdiction: (a) a belief by the agency managers (supported by some evidence) that there is a *political* basis used by the funding body to support its imposed cut on the organization; (b) a *public belief or perception* (supported by some evidence) that there is both substantial *public support* and *perceived public value* for the services provided by the agency; and (c) the *agency managers* have sufficient *power within their organization* to be able to follow through with their threats and/or promises.

SOME RESULTS OF THIS STRATEGY:

This strategy has been effective usually because of the *chutzpah factor*...that is, the skill, leadership, charisma, and efforts of the principle managers of the organization that choose this strategy. It is a high-risk, high-gain strategy and requires linkages and support to the managers from internal agency coalitions and, particularly, from the public's willingness to articulate their positive beliefs and support of the organization.

Its success has also been determined by the *crisis nature* of the imposed cuts--that is, cuts have been announced quickly, cuts have been seen as severe, and supporters have been mobilized and used by the managers.

The limitation of the strategy is that, probably, it will work only once in a given time because of the potential problem of the *boy-crys-wolf syndrome* that may develop.

4. STRATEGIC DECISIONS: POLITICALLY-ORIENTED PROMISES

DESCRIPTION:

This strategy is a variation on the previous one. Essentially, this strategy involves the manager in adopting, from the beginning, a weaker form of bargaining in which the manager seeks to earn relief from fiscal pressures by *promising, voluntarily, to shift programs* in a direction that is thought to be favored by the funding source. The direction of change is either seen as (a) a lower cost way of delivering services or (b) the use of alternative lower cost ways of delivering services. For example, in the former, the funding source may want to shift to one-person cars in the police department instead of current two-person cars; or, in the latter, the funding source may want to use civilians and/or paraprofessionals instead of sworn officers to do certain tasks now performed by sworn officers. The trade-offs are: the funding source does not cut the budget; the agency manager promises to deliver services at a lower cost by using favored approaches.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

This strategy has the effect of enabling the funding source to state to others that it has reduced costs; however, it requires that the agency head be able to deliver on the consequences of this strategy, particularly to units and personnel in his/her organization as well as to potential influencers (union or collective bargaining agents) on the organization. The net effect, moreover, of this strategy, is that the agency head is between the funding organization (to whom he/she has made the promise) and personnel within his/her organization. It may be a no-win situation for the manager but a win-win situation for the funding body.

SOME RESULTS OF THIS STRATEGY:

This strategy has worked--for funding bodies. Some managers, unaware of the implications of this strategy, may bargain away too much. Unless the manager has obtained, prior to the bargaining, some consensus and support for his/her position from those who must implement the bargain, then, the strategy will produce very many headaches for the manager...headaches that may result in the manager losing at two levels--with the funding body (because he/she has not delivered) and with agency personnel (because they will find ways to block the bargain).

5. STRATEGIC DECISION: FORMING A COALITION

DESCRIPTION:

This strategy involves the manager in taking a lead-agency role in the formation of coalitions. Coalitions are formed and built up with other similarly affected organizations, as well as organizations that use the services or are the beneficiaries of the services of the organization, the media, unions or other associations (e.g., interest groups like business groups, citizen service groups, neighborhood groups, etc.). The joint-power of these alliances or coalitions are used to bring pressure, indirectly, on the funding body.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

This strategy requires that the manager, before he/she initiates such a strategy, think carefully about several interrelated factors...and these include...

- The ability and credibility of the agency to lead others...
- The availability and willingness of other organizations to follow...
- The perception, by the manager, that a coalition will have more of an effect on the funding body than the manager would have if he were to use other strategies...such as those previously mentioned...that do not require "intermediaries" or "alliances" with others...

SOME RESULTS OF THIS STRATEGY:

This strategy has worked only when the three requirements listed above are present and accounted for...which is rare in organizations that have a criminal justice focus. Why? Criminal justice agencies are, quite simply, not used to working in this manner...however, these are "hard times" and, as such, new behavior, new skills, and new approaches may be better than following old rules and habits.

6. STRATEGIC DECISION: JOINING A COALITION

DESCRIPTION:

This strategy is similar to the previous one. The difference is that the manager and the organization simply joins and follows the lead of others who have formed a coalition whose objectives--reduce imposed funding cuts--are similar to the objectives and strategies of the agency. It is a weaker response in that one gives up something to join while one controls what one has formed and is leading.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

Generally, the same factors or calculations that were used by the manager in choosing the previous strategy--forming a coalition--are to be considered in this strategy.

If, however, the leadership of the dominant coalition is a leadership that is highly visible and legitimized, throughout the criminal justice system and in the community--for example, a judge--then, there may be benefits to joining rather than to forming a coalition or alliance.

SOME RESULTS OF THIS STRATEGY:

Coalitions of substantive interest groups, e.g., all agencies of the criminal justice system under the dominant leadership of a highly visible and legitimized spokesperson, have had the salutary effect of changing attitudes (by education and instruction) of funding bodies and also, they have effectively altered budget decisions in favor of directions supported by professional agency heads-acting-together. This strategy can be a very powerful one--for all who choose to commit themselves and their agency resources to this collaborative type of acting.

7. STRATEGIC DECISION: DO NOTHING/BE PASSIVE

DESCRIPTION:

Not to decide is a decision. This strategic option is one in which the organization's key decision-makers simply accept the cutbacks and do nothing to act against the imposed cuts.

SOME ASSUMPTIONS ABOUT THIS STRATEGY:

The net effect of this strategy is to accept and not to resist, in any way, imposed cuts. Usually the choice of doing nothing *vis-a-vis* the funding body is associated with a perception by the managers and the organization that they have little or no power or resources to alter the decision of the funding body. It also implies that, internally, the organization has no forces that push it to act against the funding body decision to impose a cut. Finally, this decision implies that the funding body has put forward such a strongly documented and argued "rational position" to favor the imposed cut, that the manager and the organization feels it must accept, at face value, the position of the funding body...

This set of factors and this situation is so uncommon and rare in public sector financing and budgeting because of the inherent subjectivity and ambiguities of public goal-setting, agency mission objectives, and performance measurement, that one can be led to a conclusion: This strategy should never be adopted or used...because, as a strategy, it doesn't have to be used!

CRITICAL FACTORS THAT
INFLUENCE CHOICES

● SEVERITY AND TIMING OF THE IMPOSED CUTS...

The manager must assess the two essential characteristics of imposed cuts...*simultaneously*...

- Is the cut, *major* or *minor*...
- Is the cut, *anticipated* or *unanticipated*..?

Understanding and diagnosing these two dimensions of an announced or imposed cut are absolutely critical to the choosing of an appropriate strategy...

A few comments about this factor will be offered in the remaining part of this session...

● THE CUTBACK CRISIS SYNDROME...

The manager and his/her organization *will be* affected by the crisis-like nature of announced or imposed cuts. A *crisis-syndrome* may cascade throughout the organization and produce behavior that can be characterized as *patterened crisis-behavior*...

The manager must be sensitive to and able to assess where his/her organization is within this *patterened organizational response*...so that his/her choice of strategies is appropriate for the organization...its current capacity to act...and its current abilities to act...

A few comments about this factor will be offered in the remaining parts of this session...

● PERCEPTIONS OF POLITICS AND POWER...

Choosing any one or more of the strategies is an exercise in *political management* as well as an act of *resource management*.

Generally, a manager of an agency that is being cut will need to *diagnose* the cause of the cut--i.e., is the cut being imposed because funding bodies perceive that the agency is *powerless* to resist the imposed cut--or-- is the cut being imposed because the funding body has determined a *specific position about budgets and financing...*

Either cause can be viewed as a *political position* based either on the funding bodies perception about *power* or perceptions about *how public funds and public services* are to be distributed and provided...

The manager of an agency will choose a strategy largely based on his/her perceptions about how much *power* the agency has *vis-a-vis* the funding body as well as *perceptions and knowledge* about the types of services the agency believes it can produce as *essential core services that require public funds to deliver...*

A few comments about this factor will be offered in the remaining parts of this session...

● THE CONTEXT OF STRATEGIC DECISIONMAKING...

A final factor that will influence the choices or strategies that managers of agencies will make are those factors that form or shape the *contextual conditions or circumstances*--other than the three factors mentioned above--*within which strategies are actually made.*

These *contextual conditions* include...

- the design and structure of the organization;
- the backround and personality of key managers and decisionmakers in the organization;
- the organization's relationship and reputation to various aspects of its environment.

A few comments about this factor will be offered in the remaining parts of this session...

SEVERITY AND TIMING OF CUTS

I: THE BIG BOMB--AN UNANTICIPATED MAJOR CUT OR CUTS

A large reduction in funding which, objectively, is considered as severe and is announced with little forewarning or consultation and which requires the agency to respond in a very short time frame.

Example in the Criminal Justice System: A Participant Discussion!

II: THE TIME BOMB--ANTICIPATED MAJOR CUT OR CUTS

A large reduction in funding but with considerable lead time for the agency to respond to the announcement.

Example in the Criminal Justice System: A Participant Discussion!

III: THE SHORT-FUSED FIRECRACKER--UNANTICIPATED MINOR CUT OR CUTS

A reduction which is not severe but is presented or announced with little forewarning.

Example in the Criminal Justice System: A Participant Discussion!

IV: THE LONG-FUSED FIRECRACKER--ANTICIPATED MINOR CUT OR CUTS

A reduction that is not especially severe and one which is expected well in advance of the actual event.

Example in the Criminal Justice System: A Participant Discussion!

NOTE: What is one person's objective interpretation of any one of these types is another person's subjective interpretation...

THE CUTBACK CRISIS-SYNDROME

- *Individual responses to a crisis event (disasters, death, etc.,) usually follow a pattern of (a) initial shock followed by (b) withdrawal and defensive retreat followed by (c) a period of acceptance or coping with the new situation followed by (d) eventual adjustment...*

- *Organizational responses follow a similar pattern...particularly in response to the crisis of announced cuts...which can be labelled as...cutback crisis-syndrome...and which can be characterized...as a pattern...as follows:*
 - *initial shock...disbelief, incredulity, Tooth Fairy Syndrome, and involves individuals in much discussion, rumors, and a dampening of productivity, and the beginnings of voluntary resignations, absenteeism, and turnover... usually a flight from reality...searching for victims to blame for situation...*

 - *withdrawal.....rapid reduction in productivity, missed deadlines... increased intra-organizational conflicts and reduction in communication channels...contraction of authority... centralization of decisionmaking over little as well as big issues...formation of cohesive protective cliques for mutual support and protection from cuts...decline in creative or group problem-solving...increase in centralized, mechanistic, problem-solving...more regulations, memos, and centralized forms of authority and structures...series of harsh decisions involving layoffs and turnover...*

 - *coping and adjustment.....Managers spend enormous time in meetings...to plan cuts... to resolve conflicts...to discuss unanticipated dilemmas... increased complexity in bargaining...more frequent impasses.. more frequent by-passing of normal channels and procedures... greater grievance activity...loss of cohesion among management team... frustration, confusion, fragmentation all affect management effectiveness...*

THE CUTBACK CRISIS-SYNDROME EFFECTS ON
ORGANIZATIONS

● THE STRUCTURE OF THE ORGANIZATION WILL CHANGE...RAPIDLY...

The cutback-syndrome will be manifested in a tendency toward centralization, increased regulations and formalization, and a breakdown in the nature of *those integrating or coordinating* units that linked other units together to form a cohesive organic community of workers and managers...

● THE INFORMATION MECHANISMS OF THE ORGANIZATION WILL CHANGE...QUICKLY...

The cutback-syndrome will affect communications and will contribute to a breakdown in *formal organizational* communication channels... with a consequent loss or failure to pass on and correctly interpret "bad news", or will result in inadequate information on alternative strategies or approaches being passed on...as well as a loss of the "global or big picture" forms of information that can show to the manager (and be used by him/her) what actually is happening to the organization as such...

Informal and uncontrollable channels of information will surface and substitute for the organization's formal channels...Rumors will be reported as facts and as policy...

● THE HUMAN RESOURCES OF THE ORGANIZATION WILL CHANGE...DRAMATICALLY...

Qualified people (able to be employed elsewhere) will leave due to declining morale and job insecurity; poor promotional opportunities will be available as rewards and incentives; the skills of experienced and productive personnel who remain will be spread thinner--and thus be less effective--as a result of resignations, attrition, layoffs, and furloughs...job-related stress will increase...

● THE MOTIVATION AND REWARD SYSTEMS OF THE ORGANIZATION WILL CHANGE...

The syndrome will produce a general loss of trust and loyalty--quickly; cynicism and job dissatisfaction will increase; absenteeism and personnel problems will accelerate; creativity and innovation will end and only the *minimum* will be done.

A HYPOTHETICAL NOTE ON POWER AND POLITICS
IN CUTBACK MANAGEMENT

- DETERMINANT OF THE CHOICE TO RESIST CUTS OR ACCEPT CUTS...
 - The one variable that seems to be the key variable that will influence a manager to choose either a *resist-cuts* strategy or an *accept-cuts* strategy is the belief by manager that he/she has (or has not) sufficient power...

- POWER AND THE STRATEGY TO ACCEPT CUTS...
 - IF decisionmakers within the organization believe that they have dominant power vis-a-vis others within the organization, then, these decisionmakers will choose those strategies that are more active....*Strategic Decisions To Accept Cuts #1, #2, #3, and #5.*
 - IF decisionmakers within the organization believe that they have no power or are powerless vis-a-vis within the organization, then, these decisionmakers will choose those strategies that are, basically, *passive...Strategic Decisions To Accept Cuts #4, #6, and #7.*

- POWER AND THE STRATEGY TO RESIST CUTS...
 - IF decisionmakers believe that have equal or dominant power--or access to such power with others--vis-a-vis funding bodies and also believe that they have dominant power vis-a-vis others within their organizations, then, these decisionmakers will choose those strategies that are more active...*Strategic Decisions To Resist Cuts #1, #2, #3, #4, #5 and #6.*
 - IF decisionmakers feel powerless vis-a-vis the funding body, then, these decisionmakers will choose those strategies that are, basically, *passive...Strategic Decisions To Resist Cuts #7 and/or Strategic Decisions (In Effect) To Accept Cuts #4, #6, and #7.*

NOTE: "Pay your money...and take
your choice..."

Anonymous Saying.

THE CONTEXT OF STRATEGIC DECISIONMAKING

I: THE DESIGN AND STRUCTURE OF THE ORGANIZATION...WILL INFLUENCE CHOICES...

- **GOALS AND PRIORITIES**...If these are clear and well known and accepted, information about prospective cuts will be easier to interpret and the element of surprise will be lessened. Conversely, lack of clear goals and priorities will distort information, and increase the element of surprise. However, *blind, doctrinaire adherence* to some goals, priorities or policies may also create a similar inability to interpret information which signals advance notice of potential cuts or trouble
- **FORMAL, HIERARCHICAL, REGULATED STRUCTURES**...These organizations will be less likely to transmit information relevant to funding cuts from lower to higher levels...and such information will come, eventually, as a greater surprise to the top decisionmakers. Conversely, overly "loose structured" organizations will have too many gaps in their communication systems and too few people attending to information relevant to the organization as a whole. Either way, either structure--unless managed tightly--will create the same effect--surprises and "Big Bombs"!
- **HIGHLY CENTRALIZED ORGANIZATIONS**...are more likely to contain key decisionmakers who do not have sufficient time or energy to track information relevant to impending cuts.
- **HIGHLY DECENTRALIZED ORGANIZATIONS**...are more likely to contain too few people willing to take the responsibility to track matters of organization wide relevance about information regarding cuts and budgets.
- **ORGANIZATIONS WITH MANAGEMENT INFORMATION SYSTEMS**...are more likely to have systems that aggregate and report on past or historic information (e.g., last year's budget or last months reports) which are poor and inadequate systems for projecting real-time, present data and trends and which are also not connected to outside data sources.
- **INFORMATION ABOUT AGENCY PERFORMANCE**...In the absence of a market mechanism (annual profit and loss statements), public organizations do not have adequate information, monitoring and evaluation systems that enable them to diagnose and discern the reactions of clients who are served, the true details of internal costs of operations, and the intentions or perceptions of funding organizations...As a result, cuts imposed will always come as a greater surprise and will be perceived as threats to the very life of the organization.

THE CONTEXT OF DECISIONMAKING--CONTINUED

II: THE MANAGERS THEMSELVES OF ORGANIZATIONS...WILL INFLUENCE CHOICES...

- **STRESS AND THE MANAGER...**The greater the level of *internal organizational stress* created by cutbacks, the less the span of attention, the greater the cognitive rigidity, and the shorter the time perspective of key decisionmakers.

This, in turn, will enhance and exaggerate both the perceived time pressure and severity of the cut which, in turn, will affect choices about strategies to act.

- **PERSONALITY OF THE MANAGER...**Personality types of high anxiety, low self-esteem, and Type A will be more likely to perceive cuts as severe crises.

This, in turn, will be perceived by other managers and employees and will contribute to the cycle of the cutback crisis-syndrome...other managers and employees take their "cues" from senior managers and executives.

- **PRIOR EXPERIENCES OF THE MANAGER...**Key decisionmakers who have had little or no past experience with budgets or budget cuts of a similar nature and extent will be more likely to perceive them as severe crises.

NOTE: *Individual differences among managers do make a difference...*

THE CONTEXT OF DECISIONMAKING--CONCLUDED

III: THE ORGANIZATION'S RELATIONSHIPS AND REPUTATION...WILL INFLUENCE CHOICES...

- ORGANIZATIONAL NETWORKS AND CONNECTIONS...The more extensive and active is an organization's connections and relationships with an inter-organizational network or system (both public and private), the more likely it will be reliably forewarned of impending cuts and the more time it can gain to plan carefully. Moreover, the more access it has to potential allies and potential members of coalitions that the organization may need in the very near future.

- ORGANIZATIONAL ENVIRONMENT...If the environment within which the organization operates (its market place and its clients--in business terms) is complex, dynamic, non-static, and changing, the less likely it will be to gain early warning about impending cuts--principally because its decisionmakers are constantly putting out fires or coping with changes. If this complexity is compounded by a "hostile" environment (little positive media or community support coupled with periodic negative expressions from others) the more difficulty the decisionmakers have in assessing appropriate strategies.

- ORGANIZATIONAL RIVALRIES...The more intense the rivalry for funding with other organizations, the more sensitive the focal organization will be to information dealing with funding and the less the element of surprise.

- ORGANIZATIONAL TRENDS...The more frequently any given cutback of any given public agency is seen as part of a trend in attitudes and values that favor a general-across-the-board program, government-wide, of spending reductions by funding agencies, the less the element of surprise to managers and the more difficult is the task of management.

NOTE: Each of these factors together reinforces the need for and the value of cross-agency collaboration and coordination in a system.

SUMMARY

● DECISIONAL ROLES OF CUTBACK MANAGERS...ENHANCED AND EXPANDED

Fiscal stress impacts heighten and increase the time and effort that cutback managers must spend on decisionmaking roles, particularly those roles associated with resource allocation decisions, decisions about organizational changes, organizational capacity, and organizational life, and, above all, decisions about how to respond to imposed cuts--

● STRATEGIC DECISION OPTIONS...TO ACCEPT OR TO RESIST CUTS...

Two broad categories of decision options are available to the cutback manager: Strategies to Accept Cuts or Strategies to Resist Cuts. Within each category there are seven types for each category. *Choosing which option or which types of strategies (or a mixture of strategies) is an essential task of the cutback manager...a task that is influenced by other factors...*

● FACTORS THAT WILL INFLUENCE CHOICES...

Decisions are not made in a vacuum nor are they made solely by considering their effects or consequences on the future life of the organization. Strategic decisions are also realistically affected by past and present circumstances to be found within the organization and outside the organization. The cutback manager must also consider these latter issues...*the timing and severity of the cuts, the crisis producing nature of the cuts, the power and politics of fiscal stress and cutback management, and, the present or past contextual conditions that surround and affect the very acts of deciding to act by managers...*

● THE SYNERGISM OF CUTBACK MANAGEMENT...

Synergism is defined as "...the cooperative action of discrete agencies (or actors, such as managers) such that the total effect is greater than the sum of the effects taken independently." The discrete steps proposed in our cutback management methodology partakes of this definition in that each step--*identifying resources, determining the core services, and choosing appropriate strategies--* will produce effects greater than the sum of the outcomes or effects of each step considered independently. *Strategic decision-making steps are the filters or screens through which can flow the results of other steps taken. One final step remains: Comparing the total results of all steps thus far to alternative approaches to action...A step which we will consider in Session 10...after we have tested our understanding of the use of a strategic decision in Session 9 which will immediately follow.*

SESSION 9

TESTING A CHOSEN STRATEGY...
STAKEHOLDER MAPPING

Summary of Session

In this session, participants will be grouped in the same way as in previous small group sessions. Group assignments are listed on the next page.

Each group has the same task: to identify a specific objective relating to the implementation of a cutback strategy or tactic which your organization has faced or may confront in the near future. Some examples are as follows:

- By July 1, 1982, the Probation Department will implement a restitution program which will allow the Department to operate with 10 fewer officers;
- By June 15, the Police Department will shift responsibility for investigating all residential burglaries from the Detective Division to the Patrol Division and reassign Detectives to other crime related functions;
- By August 1, the Court will initiate a fixed morning and afternoon court scheduling program which will then promote a new transportation program for the delivery of inmates and will also enable the Police to deploy and assign police officers for court related appearances.

After choosing a specific, time-framed, objective, each group is to follow a similar process which is described on the next few pages. The process is termed Stakeholder Mapping. Each step will be explained.

The outcomes of this task and process are to be used by participants as further building blocks and data for subsequent use in Sessions 12 and 13 of this workshop.

At the conclusion of this session, we shall reconvene for Session 10 at which time there will be a brief orientation to each of the subsequent concurrent sessions.

GROUP ASSIGNMENTS

Participants will be grouped, as best as possible, according to the following broad definitions---

- Group 1: Legislative/funding body: those who are elected or appointed policy makers and/or staff of the legislative and/or budget approving body;
- Group 2: Executive/administrative body: those who are elected or appointed policy makers and/or general government staff of the executive and/or administrative branch...but do not have direct departmental or agency responsibilities;
- Group 3: Law enforcement: those who are executives and/or senior staff of the police department;
- Group 4: Court: those who represent the executives in the prosecutorial, defender, and court functions of the local criminal justice system...including those who are directly assigned, as staff, to this function;
- Group 5: Corrections: those who represent executives (and/or other support services) associated with the correctional function of the system.

Those participants whose functions cut across any of these groups, e.g., criminal justice system coordinators and/or system-wide planners, may choose any one of these five groups...if you do choose a group, we suggest that you remain within that group for the workshop.

<u>GROUP</u>	<u>ROOM</u>	<u>FACILITATOR/ LEADER</u>
Group 1:		
Group 2:		
Group 3:		
Group 4:		
Group 5:		

STAKEHOLDER MAPPING

• DESCRIPTION

Every organization is subject to the influence of groups and individuals who function inside the organization or who interact with the organization from the outside. They have an interest in the goals of the organization because it affects their lives: They are Stakeholders...and they may enhance or inhibit organizational performance, they may support or oppose organizational objectives or strategies, they may aid in promoting changes or they may attempt to block any changes. The effectiveness of the cutback manager--particularly in his or her choices about strategic decisions--hinges often on his or her ability to identify stakeholders, build support, and manage opposition. Stakeholder Mapping is a simple but very useful planning device by which the cutback manager can, in an anticipatory fashion, assess the possible impact of all interested parties on a chosen strategy or set of objectives that the manager may choose in carrying forward a cutback management plan of action. Secondly, the technique also enables managers to develop strategies to offset potential opposition and to enhance and increase support for chosen strategies.

• STEPS:

Step 1: State the Organizational Objectives Associated With a Chosen Strategy

The group should, briefly, discuss and list on a chart a brief written statement of objectives.

Group discussion should follow, for a few minutes, to ensure mutual understanding and concurrence about the statement. List on the chart attached.

Step 2: Brainstorm Stakeholders

At the far left of the chart which is listed on the next page, write down by name or by titles all possible stakeholders that the group can identify. Be specific.

Step 3: Evaluate and Characterize the Attitude of Each Stakeholder Towards the Stated Objective

Scan the list of stakeholders (Step 2) and seek to examine, through their eyes and from their perspectives, their reactions to your group's chosen strategy statement (Step 1). Then, characterize each stakeholder's attitude by using the following code:

- ++ means "they strongly favor" strategy
- + means "they favor" the strategy
- 0 means "they are neutral" to the strategy
- means "they oppose" the strategy
- means "they strongly oppose" the strategy

Each group participant should list his or her choices or codes; the group, by consensus agreement, should arrive at a group agreement on codes for each stakeholder.

Step 4: Identify Stakeholder's Power Regarding the ADOPTION and/or IMPLEMENTATION of the Stated Objective

The power or influence of a given stakeholder can be distinguished as "power to affect adoption" of a strategy and/or "power to affect the implementation" of a strategy. For example, a mayor or a member of the local legislative council may be extremely powerful in influencing the "adoption" of a strategy but, by contrast, may have little influence over the "implementation" of a strategy. Conversely, staff members or other agency managers may not be able to influence the "adoption" of a strategy, but, they may have significant power over the actual "implementation" of an adopted strategy. Code these stakeholders, for each category--adopt and/or implement--according to the following scale:

- ++ means "very powerful"
- + means "powerful"
- 0 means "not powerful".

Step 5: Determine Relationships Among Stakeholders

List in the two categories described on the chart the names of various stakeholders who influence others or who are influenced by other stakeholders. Simply jot down appropriate names as needed.

Step 6: Reexamine Strategies to Increase Chances For Effective Implementation of the Stated Strategy

Steps 1-5 thus far should have been able to provide lists of people or stakeholders who will either be in support of the stated strategy or in opposition to the stated strategy. This next step is intended to focus only on those lists of the *most powerful stakeholders who are in opposition to the stated strategy*. The group should discuss realistic steps that can be taken to *decrease or lessen the opposition that these stakeholders would have to your stated strategy*. Be careful to avoid steps that may erode existing support or existing supporters. Next, discuss steps that may be taken to *enhance or increase the support of stakeholders who favor your strategy...but who have no power*. Attempt to develop ways to enhance their power, e.g., by sharing information with them, by organizing them, etc.

Step 7: Develop Agreement on Specific Strategies and Tactics to Guarantee the Adoption and Implementation of Your Stated Strategy

Steps 1-6 should now have been able to provide to your group a clear picture of those who oppose and those who support your goals. Discuss ways in which you can enlist the *most cooperative behavior possible from your most powerful supporters*. Review ways in which your group could modify current approaches so as to reduce opposition even beyond the levels you may have reached in Step 6. If and when it is seen that conflict is inevitable--i.e. disagreements between your objectives and those of others--attempt to gather as much understanding about your opposition and, then, concentrate on mobilizing sufficient support to outweigh opponents.

STEP #1: BRIEF WRITTEN STATEMENT OF OBJECTIVES: _____

<u>STEP #2: STAKEHOLDERS</u>	<u>STEP #3 ATTITUDES</u>	<u>STEP #4: POWER.....</u>		<u>STEP #5: WHO INFLUENCES WHOM?</u>	
		<u>TO ADOPT</u>	<u>TO IMPLEMENT</u>	<u>WHO DO THEY INFLUENCE?</u>	<u>WHO INFLUENCES THEM?</u>

STEP #1: BRIEF WRITTEN STATEMENT OF OBJECTIVES: _____

<u>STEP #2:</u> STAKEHOLDERS	<u>STEP #3</u> ATTITUDES	<u>STEP #4:</u> POWER.....		<u>STEP #5:</u> WHO INFLUENCES WHOM?	
		TO ADOPT	TO IMPLEMENT	WHO DO THEY INFLUENCE?	WHO INFLUENCES THEM?

STEP #1: BRIEF WRITTEN STATEMENT OF OBJECTIVES: _____

STEP #2: STAKEHOLDERS	STEP #3: ATTITUDES	STEP #4: POWER.....		STEP #5: WHO INFLUENCES WHOM?	
		TO ADOPT	TO IMPLEMENT	WHO DO THEY INFLUENCE?	WHO INFLUENCES THEM?

STEP #1: BRIEF WRITTEN STATEMENT OF OBJECTIVES: _____

STEP #2: STAKEHOLDERS	STEP #3 ATTITUDES	STEP #4: POWER.....		STEP #5: WHO INFLUENCES WHOM?	
		TO ADOPT	TO IMPLEMENT	WHO DO THEY INFLUENCE?	WHO INFLUENCES THEM?

SESSION 10

INTRODUCTION TO CONCURRENT SESSIONS:
POLICE, COURTS, CORRECTIONS
PROGRAM MODELS AND IDEAS
FOR IMPROVING PRODUCTIVITY

Summary of Session

This session is actually divided into three concurrent sessions each of which will be presented separately but simultaneously.

Each session will focus on current research findings, evaluation results, studies and reports that show significant promise in being able to improve the productivity and reduce some costs currently associated with the operations of police agencies, judicial, prosecution and defender organizations, and, corrections agencies and functions.

Each session will be presented by--and discussions will be directed by--trainers who have attempted to assess the current literature and practice associated with each component of the criminal justice system. A common theme that will be found in each of these major sub-sessions is "productivity" defined in one or more of the following ways:

- Productivity improvement in the sense of improving current practices to the best level known in order to obtain better performance without a proportionate increase in cost;
- Productivity improvement in the sense of allocating scarce resources to activities that give the highest return for each additional dollar spent;
- Productivity improvement in the sense of establishing means by which there is an increased probability that a given objective will be met or accomplished;
- Productivity improvement in the sense that one seeks to make the most of the existing talents and skills in the organization.

Assignments to each session are listed on the next page. Information about each session and outlines of each session's presentation are listed under the appropriate headings of each session on subsequent pages of this text.

At the conclusion of the concurrent sessions, we shall reconvene for a plenary panel session...Session 11: A Case For Collaboration...

CONCURRENT SESSION 10

PRODUCTIVITY IMPROVEMENTS IN
THE MANAGEMENT OF POLICE SERVICES AND
RESOURCES:
SYNTHESIS AND ANALYSIS

Summary of Session

Within the past 10 years a variety of experiments, tests, evaluation studies, and demonstrations have taken place in more than 100 U.S. Police Departments located in medium sized as well as large size jurisdictions. Ranging from the famous *Kansas City Preventive Patrol Experiment* (which was planned in 1971) to the most recent *Differential Police Response Strategies Field Test* (which is currently underway in three major cities), the past decade has witnessed, literally, an explosion of new knowledge about better means to manage and deliver police services. Included in these multiple efforts have been such efforts as Team Policing Projects, The Managing Criminal Investigations Program (MCI), The Managing Patrol Operations Program (MPO), as well as Career Criminal Programs (CCP), The Management of Demands for Police Services Program (MOD) and various Directed Patrol Programs carried out by several jurisdictions and departments.

In reviewing the vast literature that has been published about these experiments, tests, and programs, one is struck by the fact that there is one, common, linking theme which connects them to one another, namely, the theme of *productivity*. Each of these efforts, from the beginning, has deliberately set out to *improve current police practices to the best level then known in the state of the art of police management in order to obtain better performance without a disproportionate increase in costs*.

In this concurrent session, a session devoted exclusively to police productivity ideas, we will attempt to *synthesize and review* much of this 10 year effort and findings. Our approach will be to create a conceptual model--a *police agency management system model*--composed of several, interdependent components. This model is a way of organizing most of the findings and recommendations that have been derived from the use and practice of much of the research and evaluation literature that has been published about this theme of police productivity.

The model--and its components--should be considered as a *framework* or a *useful set of pegs* within which or upon which one can place much of our current understanding about contemporary police practices that have been shown to be of proven worth and value for police managers and policymakers.

The model does not go beyond the normal operational boundaries of a typical police agency; for example, the relationship between police and prosecutor--a relationship that can, if collaboratively managed well, produce major cost savings. The reason is quite arbitrary. Those issues will be handled in the concurrent session that deals with prosecutors. Moreover, the model discusses, largely, only those improvements that related to the use of patrol and investigative resources and personnel. As such, it does not

directly, at least, discuss productivity improvement issues associated with fleet management, human resource management--other than the issues associated with patrol and investigations--nor does it directly deal with improvements that may be possible with the use of new communication's technologies.

These issues are important but, in our view, subordinate to the principle productivity issues and productivity possibilities to be found in examining ways of improving the management and use of patrol and investigative resources. For these resources--measured in terms of personnel costs, time, and equipment--represent the most obvious candidate sources for discussion and review.

In summary, this session will address the following topics:

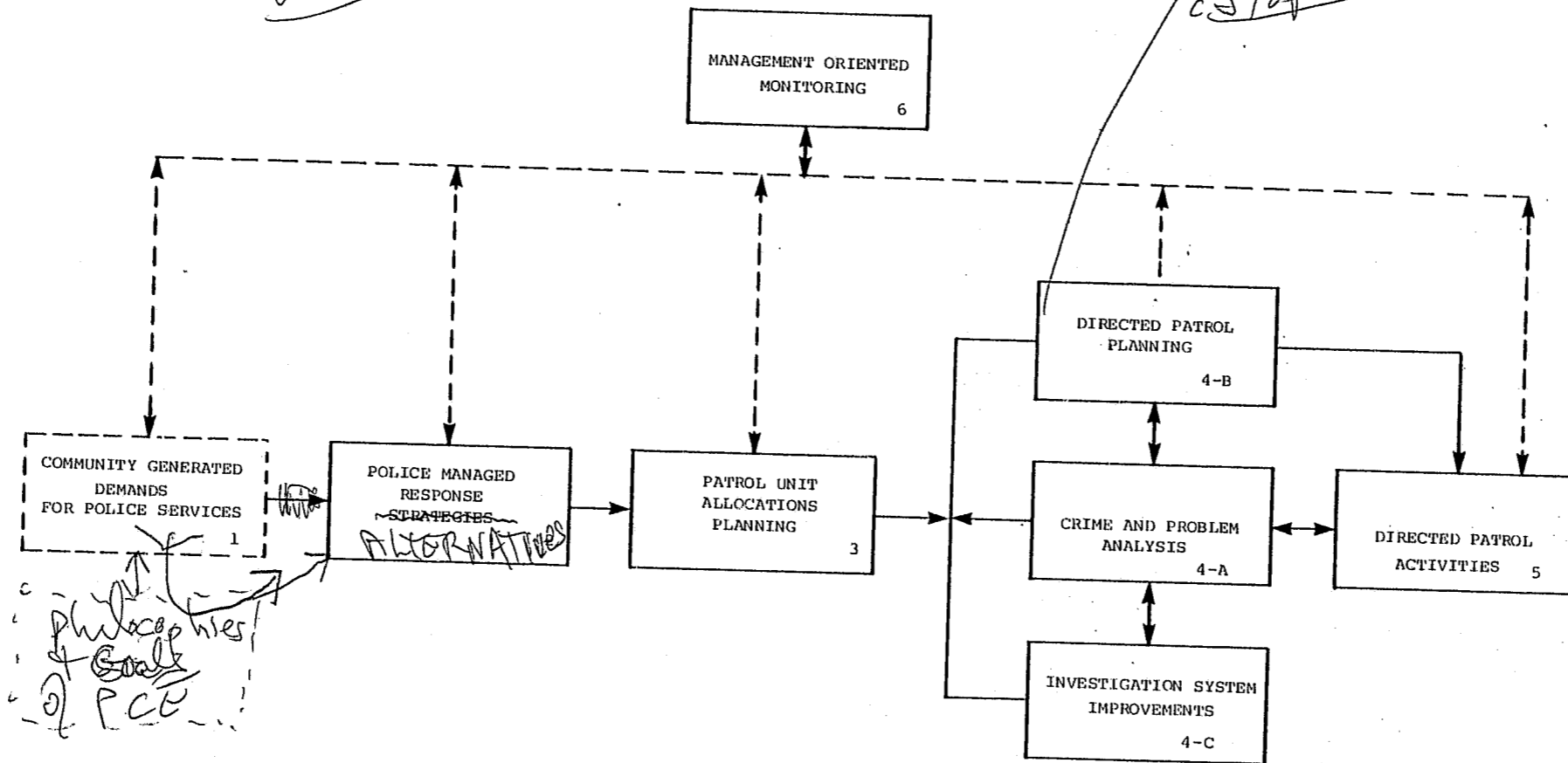
- The Model and Its Components: Some Definitions
- Component #1: Demands for Police Services
- Component #2: Police Response Strategies
- Component #3: Patrol Unit Allocation Planning
- Component #4: Linking Plans and Analysis to Operations: Three Interdependent Components: Crime and Problem Analysis, Directed Patrol Plans, and Investigation Process Improvements.
- Component #5: Directed Patrol Activities
- Component #6: Monitoring Activities and Results of Each Prior Component
- Summary and Conclusion

During the presentation, there will be opportunities for discussion and review of each component. Where possible, citations will be given in the text or by the presenter that can identify departments or reports that can be contacted or reviewed for further understanding by participants.

Attached at the end of this text is a select bibliography.

Patrol = 50% only
neg (10) other units → patrol 15%
Traffic?
other

a Random Patrol
b Directed Patrol
c STOP



EXPLAINING THE MODEL

● RATIONALE AND USE:

The model conceptualizes the essential work of a police organization in terms of a *response to demands* type of equation. The *demands side* of the equation is visualized as Component 1 and the *response side* of the equation is visualized as Components 2-6. The lines and arrows represent the relationships and linkages between components and, as such, these lines are to suggest that these relationships are dynamic, interactive, and form an interdependent system or network.

● DEMANDS:

Demands, as visualized by Component 1, refer to those many, different, randomly generated, and complex requests or calls-for-police-services that are transmitted to a department every day and every hour of a day.

The basis for these demands are varied and range from mandated demands due to statutes or ordinance to individual idiosyncratic demands based on citizen expectations. The range of the reasons for *demands for service* is enormous.

Over 95% of such calls or demands for service originate outside the department and are transmitted, usually, by phone contacts

Police officials *perceive* that demands are relatively *uncontrollable* and that little can be done by them to modify this side of the equation.

● RESPONSE:

Police agency response, is visualized by Components 2-6. Within each of these components are sets of activities that can be done by police agencies. Specifically, these components contain activities and practices that have been shown to be useful and valid ways of *redesigning* the critical operations of police organization so that *the agency's response-to-demands system* is managed in a more cost-efficient manner.

Moreover, when Components 2-6 are used in an efficient and effective way-- which is not a simple task to accomplish, but it is a task that is well within the control of police executives--the effects produced by their use will *modify and control much of the demand side of the equation.*

● APPROACH TO SESSION:

We shall follow the implicit logic associated with this model in the remainder of the session. We shall define and describe each component by using the results of current and recent research findings to describe how improvements have been made in each aspect of police management and operations.

COMPONENT 1: COMMUNITY GENERATED
DEMANDS FOR POLICE SERVICES

● SITUATION:

The increased volume of citizen-initiated calls for service coupled with strained police budgets, has made it increasingly difficult for police departments to respond to all calls for service in the traditional manner of sending out a patrol unit as quickly as possible while maintaining their current level of activity in other areas.

Recent surveys have indicated that as many as 7 of 10 police departments now make some attempt to classify in-coming calls by using a prioritization scheme that call-takers use to distinguish between calls that require an immediate mobile response from those calls for which a mobile response can be delayed. In many departments, however, calls are still handled on a first come, first served basis.

Even in departments that have classified calls in order to construct a prioritization scheme for call-takers, most calls are still classified according to signal codes that reflect legal codes set by state statutes or local ordinances.

● THE PROBLEM:

Over 90% of the volume of citizen demands for police services occur during a telephone transaction between a citizen and a police call-taker.

This "first, street-level" contact between demands and police response means that the "complaint-taker" is, in effect, the first decision-maker within the police-response bureaucracy. The complaint-taker is the "gatekeeper" of the use of police resources since his or her decisions about (a) the nature of the incoming call and (b) the types of police responses to make to this call will trigger a dispatch or trigger a response that does not require dispatching a mobile unit.

The problem with many police efforts to "control" or "manage" citizen demands for service lies in the fact that many departments have not analyzed sufficiently the nature of in-coming calls for service in order to establish a more realistic classification scheme that can be used appropriately by call-takers. Moreover, an updated in-coming call classification scheme can be used in multiple ways by a department.

Many signal code classifications--even those used in CAD systems--are too general and are unable to be used adequately by call takers in order to obtain more precise information from the caller so as to make an appropriate response decision or too many incoming calls are classified as "miscellaneous" or too many calls are unclassified.

● APPROACH TO PROBLEM: COMPONENT 1

Any department that wishes to improve its response to demands system must first know the nature, characteristics, and percentage volumes of the demands being placed upon it.

Thus, a first step in attempting to improve the productivity of a police response system--Components 2-6 of our model-- requires that a department assess and analyze the manner in which it currently classifies its in-coming calls.

In this portion of our presentation, we shall examine only the issue of classification of calls. Subsequent components will address the relationship of new classification schemes to their use by police departments.

● CLASSIFYING BY PROBLEMS:

A useful way of classifying in coming calls is to consider each call as a "problem" defined as "a circumstance that someone brings to police attention for police action". Secondly, each problem can be analyzed in terms of the "logic" or the "situation" that is to be found within the reported problem.

Such an approach was used in a recent set of studies--POLICE SERVICES STUDIES--which were conducted in over 21 separate police departments. More than 26,000 in coming calls--a statistically valid sample--were each observed and analyzed independently by trained analysts and observers. A combination of methods was used: observation and simultaneous listening to telephone transactions; observation and listening to dispatch transaction; presence in dispatched cars; review of audio tapes; review and analysis of call-intaker cards, dispatch cards, and the incident reports of dispatched officers as well as review of crime reports and interviews with officers and citizens.

The results of this multi-year, multi-jurisdictional study was twofold: (a) 236 separate problem descriptions were discovered and defined and (b) these separate problem descriptions were able to be classified and defined into 13 classification categories.

These 13 classification categories were tested by applying them to the multiple types of calls that usually come to a department--in several different jurisdictions. Consistency was seen as a result of this testing.

TABLE 1 lists and defines this 13 CATEGORY CLASSIFICATION SCHEME. The HANDOUT defines and describes the 236 problems that are listed under each one of the 13 CATEGORY CLASSIFICATIONS.

TABLE 1

<u>Problem Category</u>	<u>Definition</u>	<u>Percent of Calls*</u> (Rank)
VIOLENT CRIME	One person injures another in a manner which involves potential criminal liability.	4% (9)
INTERPERSONAL CONFLICT	Persons involved in a dispute or altercation	8% (6)
MEDICAL PROBLEMS	Persons who are ill or injured	1% (11)
NONVIOLENT CRIMES	Non-physical injury in a manner which involves criminal liability	14% (2)
TRAFFIC	Dangerous or illegal operation of motor vehicle or motor vehicle accident or hazard	21% (1)
PUBLIC NUISANCE	Unpleasant or annoying circumstance	10% (5)
SUSPICIOUS CIRCUMSTANCE	Situations that citizens (or officers) perceive as potentially annoying	5% (8)
DEPENDENT PERSON	Persons thought unable to care for themselves	1% (12)
PUBLIC MORALS CRIME	Affront to legal standards of "right conduct"	2% (10)
ASSISTANCE	All other problem situations in which citizens request help in dealing with a problem	12% (3)
INFORMATION REQUEST	Person wants information from police	11% (4)
INFORMATION FOR POLICE	Person provides information to police	6% (7)
INTERNAL POLICE OPERATIONS	Police provide a service to police and no direct service is provided to citizen	1% (13)

* Percentages sum to more than 100% because a single call may involve more than one problem; percentages derived from analysis and testing in over 25 jurisdictions. Volume of calls per jurisdiction ranges from 500,000 per year to 15,000 per year. Percentages are averages and may vary slightly when applied to a given jurisdiction. Generally, however, differences in percentages when applied are usually within plus or minus 1%-2%.

TABLE 2

RELATIONSHIP OF CATEGORIES TO
GENERAL POLICE MISSIONS

One can use these categories to analyze the relationship of these "problem categories" to conventional definitions of a police agency mission statement that focuses on crime control, order maintenance, service delivery and traffic management. Table 2 shows how these 13 categories can be clustered under each main mission heading.

<u>CATEGORY</u>	<u>DEFINITION</u>	<u>PERCENT OF CALLS</u>
1) CRIME CONTROL MISSION	Violent crimes, nonviolent crimes, public morals crime, suspicious circumstances, warrants and officer assists. (These latter two are listed under the last category on Table 1)	36%
2) ORDER MAINTENANCE MISSION	Interpersonal conflicts, disturbances, nuisances, dependent persons if the crime category does not apply and any one of these categories does apply then the problem or event reported to police is in the order maintenance category.	22%
3) SERVICE DELIVERY MISSION	Assistance, information request, information for police. If neither the crime nor the order maintenance categories apply and one of these categories does, then the incident is in the service category.	30%
4) TRAFFIC MANAGEMENT MISSION	Traffic problems. If neither crime nor order maintenance nor service delivery categories apply to the incident and the traffic problem category does, then it is considered in the traffic category.	12%

POTENTIAL USES OF PROBLEM
ORIENTED CLASSIFICATION

● COMPARISON WITH CURRENT CLASSIFICATION

Each category and each of the problem definitions within each category (See HANDOUT) are defined as actual types of "workload" or "demands" that are called into most police departments. Volumes may vary. But, generally, research suggests that percentages, per annum, usually are similar across agency jurisdictions. Of course, percentages may vary widely based on time of day, day of week or beats.

Individual agency managers may wish to compare their own classification scheme with this one. Are there gaps? Are some agency classifications too general?

● DEVELOPMENT OF NEW CALL-INTAKE PROCEDURES

This type of classification can be used effectively as part of a revised process of responding to calls. Any revised process must begin with new policies and procedures that must be used by call takers and dispatchers. In Component 2--which follows this portion of this session--we shall see how this call classification scheme can be used with revisions in call intake procedures and with a revised differential response system that may enable police agencies to lessen, dramatically, the number of dispatches of sworn mobile units to categories of calls--which can be a considerable savings in both time and money.

● MORE PRECISE PATROL UNIT ALLOCATION PLANNING

This classification scheme may also be used, in conjunction with the results of Component 2 in order to create a more realistic assessment of actual workload demands. If agencies are able to revise intake procedures and also establish a comprehensive response system that prioritizes types of responses to types of calls as well as offer differential responses, then, an agency may discover that the number of units it may have to deploy in a given period of time (day, week, month) or for a given area (beat or precincts) may be different than the way in which units are currently deployed and/or allocated. We shall discuss this relationship in Component 3 of our model.

● DEVELOPMENT AND USE OF CRIME AND PROBLEM ANALYSIS IN SUPPORT OF
PATROL AND INVESTIGATIVE IMPROVEMENTS

This form of classification can be used in a system of crime and problem analysis--Component 4-A of our model--in order to monitor and analyze types of problems by time of day or week, place, relative frequency of report to police, and other situational aspects of these clusters or types of calls, e.g., MO patterns, victim patterns, etc. Further, such analysis can be done for non-crime events or types, e.g., "interpersonal conflicts", "nuisance", and "traffic" as well as crime events, e.g., "violent crime" and "nonviolent crime" analysis.

The results of such analysis can be used to construct special or general strategies and tactics for treating these problems as patterned problems. Such tactics may involve the use of directed patrol planning--Component 4-B of our model--or new approaches in the conduct of investigations--Component 4-C of our model.

Such analysis may also result in the construction of data based arguments that can be used by the agency in order to persuade other agencies--zoning boards, traffic planners, and others--about the need for alternative ways of resolving or preventing crime or traffic problems.

● MONITORING AND REPORTING

This form of classification may also be used effectively by police managers in order to monitor and assess the performance of individuals and organizational units within a department. For example, in a police department individual calls that come in can be coded so as to be able to be identified as a call that fits into a category of problems. With new electronic information processing equipment (e.g., microcomputers) clusters of similar calls can be "tracked and traced" across different shifts, beat areas, or by units. Comparisons can be made across different dimensions, e.g., time taken to service call, response time averages, number of units responding, and even badge numbers of officers and supervisors. For certain types of calls that have been serviced, e.g., crime calls that have a crime report associated with it, a tracking system can be established in-house in order to track the follow-up phase of an investigation--who is doing it, status of case, etc.--as well as linking completed cases to a terminal in the prosecutor's office in order to track the progress of the case throughout the court system.

These aspects will be discussed in our treatment of Component 6 of our model.

COMPONENT 2: POLICE MANAGED
RESPONSE SYSTEMS

● SITUATION:

The current workload difficulties faced by many departments stem from three premises that have traditionally been used to support police responses to calls for service. First, it is necessary to respond to virtually all calls by sending a patrol car; second, most calls cannot be delayed and must be answered as quickly as possible; and third, responding to calls for service takes precedence over other activities performed by patrol officers.

Each of these premises has been called into question and several reasons support a rethinking of these premises:

- Rapid response is questionable because agencies are simply too understaffed to respond to all calls immediately. Calls are often stacked during peak periods--including critical calls that require an immediate response;
- Rapid response is not the only type of response available for a department;
- Only a small percentage of calls are for crimes in progress or for emergencies where a rapid mobile response is seen as necessary to prevent or treat injuries or to arrest suspects;
- Most problems reported to the police can be handled by a delayed mobile response or by various new forms of non-mobile responses;
- Citizens are willing to accept either a delayed response or to cooperate in using other types of police responses if and when they are properly informed of an estimated arrival time or properly instructed in the use of alternatives other than expecting a mobile immediate police response.

● THE PROBLEM:

Most departments have not sufficiently explored the vast range of alternative or optional responses that are available to them in order to respond to the various categories of problems that are called in to the department.

Even in those agencies that have addressed this issue of alternative responses--e.g., many ICAP and MPO agencies--their approaches have been too limited. Usually such agencies have established prioritization schemes that prioritize a dispatched response only or have installed telephone reporting units (or expeditor units) in order to handle certain types of incoming calls by phone rather than by dispatch of a patrol unit.

Recent research and demonstrations, however, have suggested that a more comprehensive review of the manner in which an agency handles its call intake procedures can suggest new ways of determining how incoming calls that have been reclassified can be handled by the department. Further, recent demonstrations have suggested that as many as eight to ten different types of responses can be developed and used by an agency besides the traditional response of dispatching a mobile unit to handle some calls.

● APPROACH TO THE PROBLEM:

Two major steps have been taken by some departments in order to create a new revised response system based on the prior reclassification of incoming calls for service. Thus, these two steps assume that some reclassification has been done (Component 1) and that the new classification scheme is to be used in order to construct a new response system.

The two steps are:

- Identification and Selection of Types of Responses Matched To Categories of Classified Calls
- Revision of Call Intake Procedures and Training of Call Intake Personnel and Others So That An Appropriate Match is Made Between Individual Call and Response Type Chosen

EXAMPLES OF ALTERNATIVES

- IMMEDIATE MOBILE RESPONSE OPTIONS

- one-person mobile unit
- two-person mobile unit
- one or more units
- non-sworn units

- DELAYED MOBILE RESPONSE OPTIONS

- one-person mobile unit delayed for a set period, e.g. one hour
- two-person mobile unit delayed for a set period, e.g., one hour
- a mobile unit that is scheduled to respond beyond a given set period, e.g., next day appointment
- a roving mobile unit that is sent outside the beat to another beat within a scheduled appointment, e.g., within next three hours or within next eight hours

- NON-MOBILE RESPONSE OPTIONS

- telephone report-taking by Teleserv Unit or Expeditor Unit
- citizen walk-in to report at station
- citizen mail-in report
- referral of call to other agency
- telephone "counselling" by non-sworn police paraprofessional or civilian employee or volunteer;
- services provided at station by paraprofessionals, civilian staff, or volunteers for walk-in clients

MATCHING RESPONSES TO CATEGORIES OF CALLS

- Matching types of alternative responses to categories of classified calls is usually done by a process of planning and analysis. "Formats" or "Matrices" have been constructed by various departments and analysts as tools to aid this process.
- Several different examples of such formats are presented in the following pages and each will be explained. Differences are due to local variations in policies and capabilities of each department.

**FIGURE 1:
GENERAL DIFFERENTIAL RESPONSE MODEL
TYPE OF INCIDENT/TIME OF OCCURRENCE**

RESPONSE ALTERNATIVES		MAJOR PERSONAL INJURY			MAJOR PROPERTY DAMAGE/ LOSS			POTENTIAL PERSONAL INJURY			POTENTIAL PROPERTY DAMAGE/ LOSS			MINOR PERSONAL INJURY			MINOR PROPERTY DAMAGE/ LOSS			OTHER MINOR CRIME			OTHER MINOR NON CRIME		
		IN-PROGRESS	PROXIMATE	COLD	IN-PROGRESS	PROXIMATE	COLD	IN-PROGRESS	PROXIMATE	COLD	IN-PROGRESS	PROXIMATE	COLD	IN-PROGRESS	PROXIMATE	COLD	IN-PROGRESS	PROXIMATE	COLD	IN-PROGRESS	PROXIMATE	COLD	IN-PROGRESS	PROXIMATE	COLD
SWORN	IMMEDIATE																								
	EXPEDITE																								
	ROUTINE																								
	APPOINTMENT																								
NON-SWORN	IMMEDIATE																								
	EXPEDITE																								
	ROUTINE																								
	APPOINTMENT																								
NON-MOBILE	TELEPHONE																								
	WALK-IN																								
	MAIL-IN																								
	REFERRAL																								
	NO RESPONSE																								

Process: Each classified call--see Component 1--is matched in this format. Matching is based on two dimensions: type of incident or call and time of occurrence. Response alternatives are of three major types: sworn mobile, non-sworn mobile and non-mobile.

SOURCE: Police Executive Research Forum

FIGURE 2

		DIFFERENTIAL RESPONSE MODEL																				
		INJURY		TIME (CRIMES)					Likelihood of Apprehension		Crime Potential	Non Crime Hazards And Occurrences	Purpose Of Call		Characteristics At Scene			Availability of Witnesses		Dispatch Policy Override		
		Requires Medical Attention At Scene	Potential Immediately Present	A- In Progress	B- Against Persons (within 15 min.)	C- Against Persons (over 15 Min.)	D- Against Property (within 5 min.)	E- Against Property (over 5 min.)	YES	NO	Potential Immediately Present		A- Police Report Only	B- Information Only	A- Extent of Loss/damage	B- Expediter Criteria	C- Person's Characteristics	A- Involvement	B- Future Availability	A- Citizen Demands Unit	B- Statutory Requirement	C- Administrative Policy
VIOLENT CRIME EVENTS 1- 00																						
HOMICIDE 1-01																						
SEXUAL ASSAULT 1-10		C3		C3	I	D				I	D											
RAPE 1-12		C3		C3	I	D				I	D											
CHILD MOLESTATION 1-14				I	I	D				I	D											
ROBBERY 1-20				C3	I	D				I	D											
ROBBERY OF A PRIVATE CITIZEN 1-21				C3	I	D				I	D											
ROBBERY OF A FINANCIAL INSTITUTION 1-22				C3	I	D				I	D											
ROBBERY OF A COMMERCIAL ESTABLISHMENT 1-24				C3	I	D				I	D											
ROBBERY ALARM 1-26				C3																		
SIMPLE ASSAULT 1-30				I						D	E				E							
DOMESTIC ASSAULT 1-31				I																	D	
AGGRAVATED ASSAULT 1-40		C3		C3	I	D				I	D											
CHILD ABUSE 1-43		C3		I	I	D				I	D											
KIDNAP 1-60		C3	C3	C3	I	D				I	D											

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Process: Each classified call--in this example only the classified calls for "violent crime" are displayed-- is matched in this format. Matching is based on nine (9) dimensions or indicators and some sub-dimensions (see top two lines of format). There are eight (8) types of responses, including a NR = No Response "response". Response alternatives are only sworn mobile or non-mobile responses.

FIGURE 3-A

EVENT CATEGORY	DESCRIPTOR	INJURY			TIME			ARREST POTENTIAL	PURPOSES OF CALL			AVAILABILITY OF WITNESS	CRIME POTENTIAL	OCCURRENCES		CHARACTERISTICS		OVERRIDE			
		actual	probable	potential	in-progress	just occurred	cold		prosecution	insurance only	information only			on scene	in the future	hazard	non-hazard	scene control	scene inspection	statutory requirement	citizen demand
1-00 Violent Crime																					
2-00 Interpersonal Conflict																					
3-00 Medical																					
4-00 Non-Violent Crime																					
5-00 Traffic Problems																					
6-00 Public Nuisance																					
7-00 Susp. Circumstance																					
8-00 Dependent Person																					
9-00 Public Morals																					
10-00 Assistance																					

Process: This format displays relationship of 10 categories of classified calls--derived from and adapted from the 13 categories of Component 1--but does not display types of responses: Figure 3-B

		INJURY			TIME		ARREST POTENTIAL		PURPOSES OF CALL			AVAILABILITY OF WITNESS		CRIME POTENTIAL	OCCURRENCES		CHARACTERISTICS		OVERRIDE			
		actual	probable	potential	in-progress	just occurred	cold	yes	no	no prosecution	insurance only	information only	on scene (2 or more)	in the future (leaving scene)		hazard	non-hazard	scene control necessary	scene inspection necessary	statutory requirement	citizen demand	department policy
SWORN	Immediate	X	X	X	X								X		X							
	Delayed					X	X					X		X			X	X	X			
	Delayed 1 (30 min.)							X								X				X	X	
	Delayed 2 (60 min.)							X								X				X		
NON-MOBILE	Referral															X						
	Expeditor					X	X	X	X	X	X											
	Walk-In					X			X	X	X											
	Mail-In					X			X	X	X											
	Appointment					X			X	X	X											
NON-SWORN	Immediate																					
	Delayed					X										X						

FIGURE 3-B: This format displays the relationship of responses, (left side of matrix) to characteristics of a given classified call derived from the 10 categories of classified calls listed in Figure 3-B.

FIGURE 4

DIFFERENTIAL RESPONSE MODEL//RUP

EVENT CODE #	EVENT TITLE	EVENT DESCRIPTORS							RESPONSE CODE (*=TEST REQUIREMENT)													
		INVOLV	DISC	PERS/INJ	PROP/LOSS	WEAPON	REP/CL	1*	2*	3*	4*	5*	6									
Specify Event Code Number 0-00	Specify Title of Event Code Number	IN-PROGRESS	COLD	COLD	MINOR	MODERATE	MAJOR	MINOR	SIGNIFICANT	MAJOR	POSSIBLE	YES	GUN	PROXIMATE	COLD	IMMEDIATE MOBILE	DELAY MOBILE	EXPEDITOR	REFERRAL			NO RESPONSE/CT HANDLED

Process: This format displays the relationship between a given category of call listed in any one of the 13 categories of classified calls and 6 dimensions or characteristics of the call, and 6 possible response alternatives. The characteristics of the call are listed under the heading of "event descriptors" and include characteristics of the call as well as time dimensions of the call.

POTENTIAL USES OF THESE
TYPES OF FORMAT

● FORMATS CAN BE USED TO ASSESS CURRENT RESPONSE STRATEGIES WITHIN THE AGENCY

Agencies may use these types of formats in order to determine, beforehand, the types of responses that the agency wishes to install and follow in order to respond to any given type of incoming call--once calls have been classified appropriately.

In making such a determination, agency analysts will be forced to review and assess the types of responses that they now give to given calls.

● FORMATS CAN BE USED TO SORT-OUT CURRENT RESPONSES AND PRIORITIZE RESPONSES ACCORDING TO ESTABLISHED AND MANAGED POLICIES

Call takers should not be given the discretion to choose what types of responses--e.g., "We'll have a unit there in a minute!"--the agency will make to a given incoming call. Most call takers need direction and guidance otherwise their normal tendency is to "overpromise" a response.

Sorting out what types of calls will get what types of responses is an important step in determining the policies and procedures that will be followed by communications personnel in conducting the initial "phone transaction" between a caller (demand) and the response (supply) resources of the department.

In agencies that have used this type of format or process of matching classified calls to types of different responses, it has been found that up to as much as 40% of previously dispatched (mobile-sworn) responses can be safely and satisfactorily handled by non-dispatched non-mobile responses with significant savings of patrol time and patrol resources.

● FORMATS CAN BE USED TO ESTABLISH ALTERNATIVE RESPONSES

Only selected calls require an immediate, mobile, sworn response. Indeed, the percentage of the total volume of annual calls that require this form of response is often found to be in the 10% to 15% range of calls.

Sorting out and matching what types of classified calls require what type of response will reveal to the agency that a wide range of response options can be identified and can be installed in the department. Possible ranges have been listed in previous tables in this section of this session.

MAKING A NEW SYSTEM WORK FOR
POLICE MANAGERS

● AN ESSENTIAL REQUIRED STEP: REVISION OF CALL-INTAKE PROCEDURES

A final and essential step in the development and implementation of a revised response system will require significant changes in the current manner by which calls and call-intake procedures are handled in a department.

The use of call classifications, identification and implementation of alternative responses and matching a response to a call means that an increased level of responsibility is placed on complaint operators, dispatchers and patrol officers.

Currently, in most departments, call-takers collect minimal information from citizens to classify the call according to signal codes before passing this information on to dispatchers who, in turn, pass on the information, again by way of signal codes, to officers in cars or units.

In the new system envisioned by our remarks and formats listed earlier, call-takers will be required to collect an expanded range of information from citizens in order to evaluate each call in terms of the dimensions of the call (see formats 1-4 above) and in order to assign each call to an appropriate response category, e.g., emergency immediate mobile, immediate mobile, delayed mobile, etc. Moreover, based on the policies and procedures of the department, the call taker will also have to inform the citizen, in certain types of calls, about an alternative such as the use of a Teleserv Unit or Expeditor Unit, or refer the caller to another non-police agency.

Thus, several new procedures will need to be developed and tested and finally implemented (and monitored) by the department and these include:

- Develop and instruct personnel on the new call classification system;
- Develop written guidelines on the specific types of information that call takers will need to obtain from citizens in order to match the call to a wider range of responses;
- Develop and test a standardized set of questions--a set of decision menus or steps--that a call taker can use quickly and efficiently in order to obtain the needed information to match the call to an appropriate response;
- Develop standardized explanations to inform citizen callers about appropriate responses to be taken by the agency and develop ways to train and monitor personnel who must use the system effectively.

SOME ANTICIPATED COST-EFFICIENT
EFFECTS FROM SYSTEM

● DETERMINATION OF WHAT WILL BE THE PRIMARY CORE SERVICES
TO BE DELIVERED BY THE AGENCY IN RESPONSE TO CALLS FOR SERVICE

The system--call classification, response alternatives, and matching responses to calls through revised intake procedures--will result in an agency developing policies and procedures for delivering its "essential core services" and will enable the agency to decide what types of previous services it can reduce or eliminate or what new services can be added safely as part of a revised response system.

In agencies that have used variations on this type of system, it has been found that, on the average, of a total of 32,000 calls per month, only 1,800 required any form of immediate or delayed mobile response. The remaining 31,200 were handled by a variety of lower-cost responses including Expeditor or Teleserv responses, non-mobile responses, and/or the use of mobile or non-mobile non-sworn officer responses such as mail-in, walk-in reports or services provided, at the station, by para-professionals or volunteers or services provided on-site to the caller by non-sworn paraprofessionals.

● MORE PRECISE DETERMINATION OF DEPLOYMENT AND ALLOCATION FORMULAS

A well managed and developed response to calls system can result in a more precise understanding of what types of classified calls will require a mobile, emergency, immediate, or delayed response. Analysis of these types of classified calls--by volume, time of day, day of week, season, location of caller, and other time and space dimensions--can be an essential ingredient in the development and use of allocational formulas for the deployment of patrol units. Such deployment usually occurs by time (shift, overlap shift, etc.,) or by place (precincts, areas or beats).

In Component 3 of our model we shall discuss some of the dimensions associated with allocation formulas. However, we shall discuss these as if some form of new response system has been developed.

The effect can be that when an agency upgrades its classification system (Component 1) and improves its response system (Component 2), potential cost savings can be identified. Moreover, and equally important, the level and variance in the demand side of the equation can be managed by the police department in its favor. Departments can begin to limit, in a rational and reasonable manner, its resources in order to match these with demands that can be met by effective police presence or an effective police response.

COMPONENTS 3-6 OF THE MODEL

● COMPONENT 3: PATROL UNIT ALLOCATIONS PLANNING

● COMPONENT 4: CRIME AND PROBLEM ANALYSIS

DIRECTED PATROL PLANNING

INVESTIGATION SYSTEM IMPROVEMENTS

● COMPONENT 5: DIRECTED PATROL ACTIVITIES

● COMPONENT 6: MANAGEMENT ORIENTED MONITORING

FOR PURPOSES OF THIS WORKSHOP
ONLY, THESE OTHER COMPONENTS
WILL BE DISCUSSED AND REVIEWED
BY USING HANDOUTS WHICH WILL
BE GIVEN IN THIS SESSION.

CONCURRENT SESSION 10

CUTBACK MANAGEMENT IN
JUDICIAL, PROSECUTION, DEFENDER
ORGANIZATIONS

Summary of Session

The purpose of this session is to introduce to participants a broad variety of programs, approaches or simply ideas to help judicial, prosecution and defender (J/P/D) managers deal with cutback pressures. First, there will be a brief review of the past decade, pointing out some fundamental dilemmas and pressures encountered by the criminal justice system, along with typical responses. Then the goals, premises and assumptions which underpin the material of this session will be stated.

The bulk of the session will focus on four classes of initiatives for J/P/D managers to consider in developing their cutback plans:

- Resource enhancements
- Alternatives to traditional processes
- Offender and victim/witness alternatives
- Technology benefits

The first area, resource enhancements, identifies ways to improve the use or employment of resources, both people and processes. The second, alternatives to traditional processes, identifies ways to set up alternative mechanisms aimed at conserving resources, streamlining processes and/or enhancing productivity/output. The third area, offender and victim/witness alternatives, has as its focus the recipient of services or treatment and ways to improve that service or treatment in the face of cutback pressures. The fourth area, technology benefits, identifies a handful of technological resources, basically hardware systems, which offer great promise for cutback situations.

CUTBACK MANAGEMENT
IN
JUDICIAL, PROSECUTION, DEFENDER
ORGANIZATIONS

Introduction

Looking Back

Dilemmas: Prosecutors

Public Defenders

Judges

Responses: Good management

Selective innovation

Current Environment: Decreasing resources

Increasing pressures:

- Workload
- Personnel
- Financial
- Facility/Equipment
- Jurisdictional

Looking Forward

Goals: Knowledge
Practicality

Premises: Interaction:

- Cutbacks
- Management

Collaboration:

- Rationality
- Effectiveness

Assumptions: More demands--less resources

No CJS immunity

System interdependence

Collaboration--solution

Cutback Management Initiatives

RESOURCE ENHANCEMENT
ALTERNATIVES TO TRADITIONAL PROCESSES
OFFENDER AND VICTIM/WITNESS ALTERNATIVES
TECHNOLOGY BENEFITS

RESOURCE ENHANCEMENT

TECHNIQUES FOR IMPROVING PRODUCTIVITY

JUROR USAGE AND MANAGEMENT

IMPROVING POLICE/PROSECUTOR RELATIONS

IMPROVING MISDEMEANOR COURTS

IMPROVING DEFENDER OPERATIONS

Managing Delay and Costs

Benefits

Conclusions of Research (Providence, Dayton, Las Vegas, Detroit):

- Delay stems from many sources
- Consider a variety of delay-reduction approaches
- Local socio-legal culture is an important policy issue
- Diagnostic tools are needed for identifying underlying problems

Prescriptive Strategies: Program Brief

ABA: Action against the "twin evils"--Delay and Costs

Case Screening

Problems in Case Screening

Jail Overcrowding Example: Central Intake

Desired Characteristics:

- Personnel--senior, well-trained
- Early screening
- Joint police/prosecutor/defender screening
- Written guidelines
- Communication

Conspicuous Cost Savings and Efficiencies

Key Reforms:

- Multiple name sources
- Increasing/standardizing fees
- Decreasing/eliminating fees, coupled with juror service improvements
- One day/one trial
- Juror notification by first class mail
- One-step qualification and summoning
- Computerization of selection and notification

Center for Jury Studies:

- A Guide to Jury Usage
- A Guide for Jury System Management
- Methodology Manual for Jury Systems

IMPROVING POLICE/PROSECUTOR RELATIONS

The Need: Improved initial screening

The Problem:

- Training
- Communication
- Scheduling and costs
- Organization

The Solution:

- Police and prosecutor training programs
- Prosecution feedback
- Redefining police role
- Improving case transfer process
- Direct access to prosecutor in charge

Specific Actions:

- By prosecutor
- By police
- By both

IMPROVING MISDEMEANOR COURTS

Most and Least Important

Research Recommendations:

- Case Management and Information System
- Community Resource Program
 - Citizen advisory board
 - Community resource brokerage
 - Community service restitution
 - Expanded volunteer services

IMPROVING DEFENDER OPERATIONS

Workload and the Right to Counsel:

- Costs and caseload
- Caselaw pressures

Workload Problems and Strategies:

- Case and work overload pressures

Standards:

- Maximum workload levels
- Statistics and record keeping
- Elimination of excessive caseloads

Justice Training Packages

Early Representation by Defense Counsel Field Test

ALTERNATIVES TO TRADITIONAL PROCESSES

ADMINISTRATIVE ADJUDICATION

ARBITRATION AND MEDIATION

ALTERNATIVES TO CRIMINAL AND CIVIL PRACTICE AND PROCEDURE

STRUCTURED CASE SETTLEMENT

ADMINISTRATIVE ADJUDICATION

Traffic Offense Adjudication

Prison Grievance Resolution

ARBITRATION AND ADJUDICATION

Neighborhood Justice Centers

- Field test evaluation

- Major conclusions

Miscellaneous Dispute Resolution Mechanisms

A Mediation Case Study

ABA Special Committee on Alternative Means of Dispute Resolutions

ALTERNATIVES TO CRIMINAL AND CIVIL PRACTICE AND PROCEDURE

Economic Litigation Programs:

- Pleadings
- Motions
- Discovery
- Trial

Expediated Appeals:

- Transcript and record
- Briefs
- Oral argument
- Decision
- Case Management

Multiple Witness Testimony

CONTINUED

3 OF 4

STRUCTURED CASE SETTLEMENT

Mandatory Settlement Procedures:

- Monetary risk

- Informal conferences

- "Lloyds of London"

- Structured civil settlement

Structured Plea Conference

- NIJ field test
- Field test characteristics
- Evaluation issues

OFFENDER AND VICTIM/WITNESS ALTERNATIVES

PRETRIAL RELEASE

OFFENDER FINANCIAL ALTERNATIVES

VICTIM COMPENSATION

VICTIM/WITNESS ASSISTANCE

SENTENCING AND SENTENCE GUIDELINES

PRETRIAL RELEASE

The Problem

Multi-Agency Policy Board

OFFENDER FINANCIAL ALTERNATIVES

Financial Restitution/Community Services--Adult and Juvenile Programs

VICTIM COMPENSATION

Programs and Recommendations

Publications

VICTIM/WITNESS ASSISTANCE

Practical Guides

TECHNOLOGY BENEFITS

TELEPHONE CONFERENCING

VIDEO TECHNOLOGY

DATA SYSTEMS

AUTOMATED TRANSCRIPTION

TELEPHONE CONFERENCING

Actual Uses:

- Scheduling
- Depositions
- Pretrial hearings
- Motions
- Assessing case status
- Expert testimony
- Incapacitated witnesses
- Settlement conferences
- Argument after pleading
- Guilty pleas
- Appellate motions
- Appellate oral argument

ABA and Institute for Court Management Research

- Reasons for telephone conferencing
- Impacts of telephone conferencing

VIDEO TECHNOLOGY

Benefits:

- Material witness
- Expert witness
- Threatened witness
- Abused witness
- Out-of-town witness
- Police witness
- Chain-of-custody witness

DATA SYSTEMS

Technology Types

Services:

- Management control
- Operations
- Internal planning and research

Problems

AUTOMATED TRANSCRIPTION

Varied experience

References

CONCURRENT SESSION 10

COST EFFICIENCY ALTERNATIVES IN CORRECTIONS

Summary of Session

While there has been an historical tendency to perceive corrections as the neglected component of the criminal justice system--given the twin facts that corrections have had no natural constituencies nor have corrections been at the center of public policy debate--nonetheless, expenditures and expenditure rates have far outdistanced any other part of the criminal justice system during the past decade.

Since 1971, total criminal justice expenditures have risen from \$10 billion to over \$25 billion. Surprisingly, the corrections portion of that expenditure growth represents an increase of more than 149%. Today, in 1981, prisons, jails, and corrections activities account for approximately 20% of all criminal justice spending.

In this session, we will examine some of the causes and reasons for this growth. We will also identify critical policy areas which now require careful reexamination in the light of *fiscal stress and retrenchment*, and, we shall present some specific strategies for use by cutback managers in order to improve management efficiencies.

In summary, this session will address the following topics:

- Growth in Costs;
- Efficiency vs Effectiveness Issues;
- Policy Dilemmas;
- Population Management and Overcrowding: The ABT Study;
- Litigation and Judicial Interventions;
- Management Efforts To Impact (Positively) Costs:
A Look at...Probation Improvement...Restitution...
Community Services...Pre-trial Release...Jail Management...
Prison Alternatives...
- Some Issues and Questions About Expansion and Construction
- Some Concluding Comments.

GROWTH IN COSTS: SOME REASONS

A simple reading of the figures does not explain the events and dramatic changes within corrections during the past decade which have driven up costs in almost every jurisdiction:

- POPULATION INCREASES:

Since 1975 prison population has increased by 42 percent to the point where this nation's cell capacity is overutilized by as much as 65 percent

- LITIGATION:

More than 30 states are subject to federal court intervention requiring costly steps to deal with overcrowding and dramatically reform conditions of confinement

- SECURITY - UNREST:

- COLLECTIVE BARGAINING:

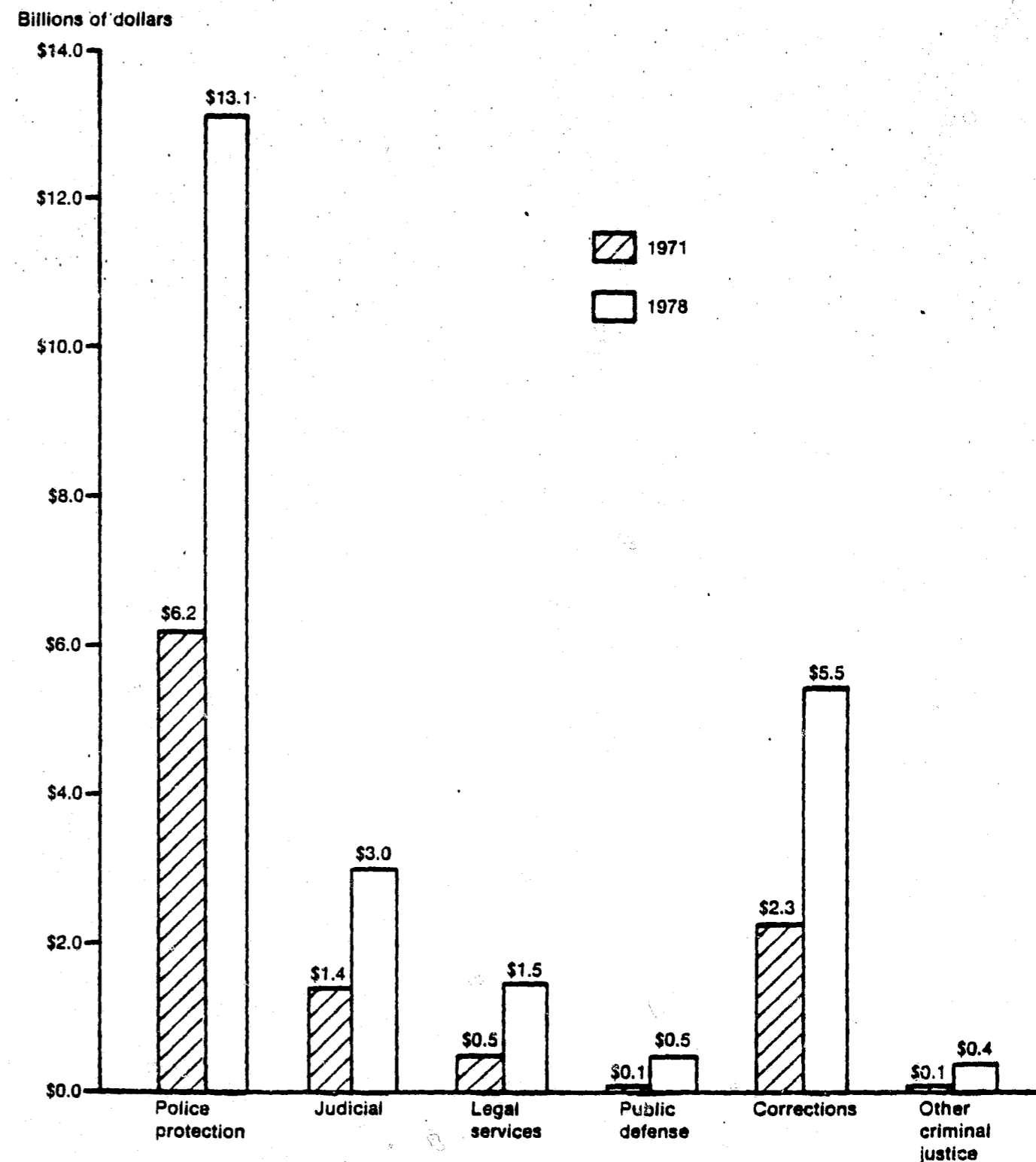
- MINIMUM STANDARDS:

Throughout the decade in response to litigation and unrest, the field has begun to establish minimum professional standards of operation impacting every aspect of the correctional environment and requiring major financial investments for compliance.

With the absorption of so much change within a relatively short time frame, the challenge of cutback management for correctional administrators is perhaps more complex than any other criminal justice segment.

Figure 1.2 Criminal justice expenditures of Federal, State, and local governments, by type of activity, United States, fiscal years 1971 and 1978

NOTE: See NOTE, Table 1.3. For survey methodology and definitions of terms, see Appendix 2.



Source: U.S. Department of Justice, Law Enforcement Assistance Administration and U.S. Bureau of the Census, Trends in Expenditure and Employment Data for the Criminal Justice System 1971-1977 (Washington, D.C.: U.S. Government Printing Office, 1980), p. 29, Figure 7; and U.S. Department of Justice, Bureau of Justice Statistics and U.S. Bureau of the Census, Expenditure and Employment Data for the Criminal Justice System 1978 (Washington, D.C.: U.S. Government Printing Office, 1980), p. 8, Figure adopted by SOURCEBOOK staff.

EFFICIENCY VS. EFFECTIVENESS

- EFFICIENCY: Relationship of Inputs To Outputs
Can we do more with less?
- EFFECTIVENESS: Relationship Of Operation To Goals.
Do our mandates and objectives mirror a practical system of resource allocation?

SOME DISTINCTIONS

- | | <u>WORK METHODS</u> | <u>COST CONTROL</u> |
|-------------------------|---------------------|--------------------------|
| • <u>Efficiency:</u> | Employee Attitudes | Scheduling |
| | Working Conditions | Capital/Labor |
| | Physical Plants | |
| • <u>Effectiveness:</u> | Training | Organizational Re-Design |
| | Education | Targetting Services |
| | Supervision | |

POLICY QUESTIONS

The cutback manager in corrections must be prepared to deal with two sets of questions:

- How do I create and sustain a reexamination of broad policy issues which drive up costs?
- How do I improve the efficiency of my organization?

AND POLICY DILEMMAS

Any discussion of corrections public policy must be prefaced with a comment that policy initiatives in corrections tend to be far less definitive than those within other public services.

Not only are public objectives enunciated more specifically in other governmental services but there also tend to be more clearly established performance indicators. There exist within most jurisdictions informal "tolerance levels" or "warning systems" which reflect public demand for services.

It is relatively easy to measure public expectation regarding the performance of the LIRR of the MBTA or the MTA. Citizens state very specific objectives in terms of on-time performance and cleanliness and safety. Although not always easy to deliver, the objectives can be established.

When the public becomes concerned about ambulances, a discussion and focus occurs around response time. Specific improvement targets are set and monitored. Government officials in New York find out quite early and often when the City's Department of Transportation is not meeting the public's expectation on potholes and street repair.

POLICY DILEMMA...CONTINUED

Society speaks freely about teacher ratios and classroom size, all of which relate to public policy definition and public expenditure.

In corrections however, perhaps because people just don't like to think about it, expectations and objectives are far less clear and shift much more frequently with a consequent lack of resource accountability and fiscal control.

If one examines the last century in American corrections it is relatively easy to trace major philosophical shifts from theories of punishment to confinement to rehabilitation to reintegration. In most jurisdictions, no one theory was every totally rejected and as a result constant shifting occurs. The shifts frequently reflect the politics of current political administrations and tend to dictate the kind and level of resources applied to corrections.

POPULATION MANAGEMENT AND OVERCROWDING

This nation's prison population has risen every year since 1969. Currently federal and state correctional institutions hold more than 320,000 persons. Since 1975 alone prison population has increased by 42 percent. While officials rapidly attribute these increases to rising rates in violent crime, severe new laws and demographic factors, we, as correction administrators and planners, have been woefully imprecise and inaccurate in our ability to predict population and in preparing to manage it efficiently. During the past decade, several attempts have been made to project prison population accurately and to shape the public policy issue in a manner conducive to effective planning and efficient management. Until the past year most of those efforts had failed or fallen short of the objective.

A major change in that pattern occurred during the past year with publication of the National Institute of Justice study entitled "American Prisons and Jails". Acting under a congressional mandate, the Law Enforcement Assistance Administration contracted with ABT Associates of Cambridge, Massachusetts to conduct a comprehensive review of prison and jail space in this country as well as population projections for the future.

Perhaps the most significant point of the report is that without careful public focus and consideration in an area long neglected by policy makers, skepticism about the future will continue and progress toward improvement will be limited.

In most jurisdictions the early response to overcrowding is some effort to push for expansion. While the process of building new prison and jail space, including the planning decision, financing, public approval, site selection, design, construction and organizational development takes from 3-5 years public officials more quickly to announce such plans as a response to the crime problem.

Figure 5.1
Future Prison Capacity and Two Projections
of Federal Prison Population

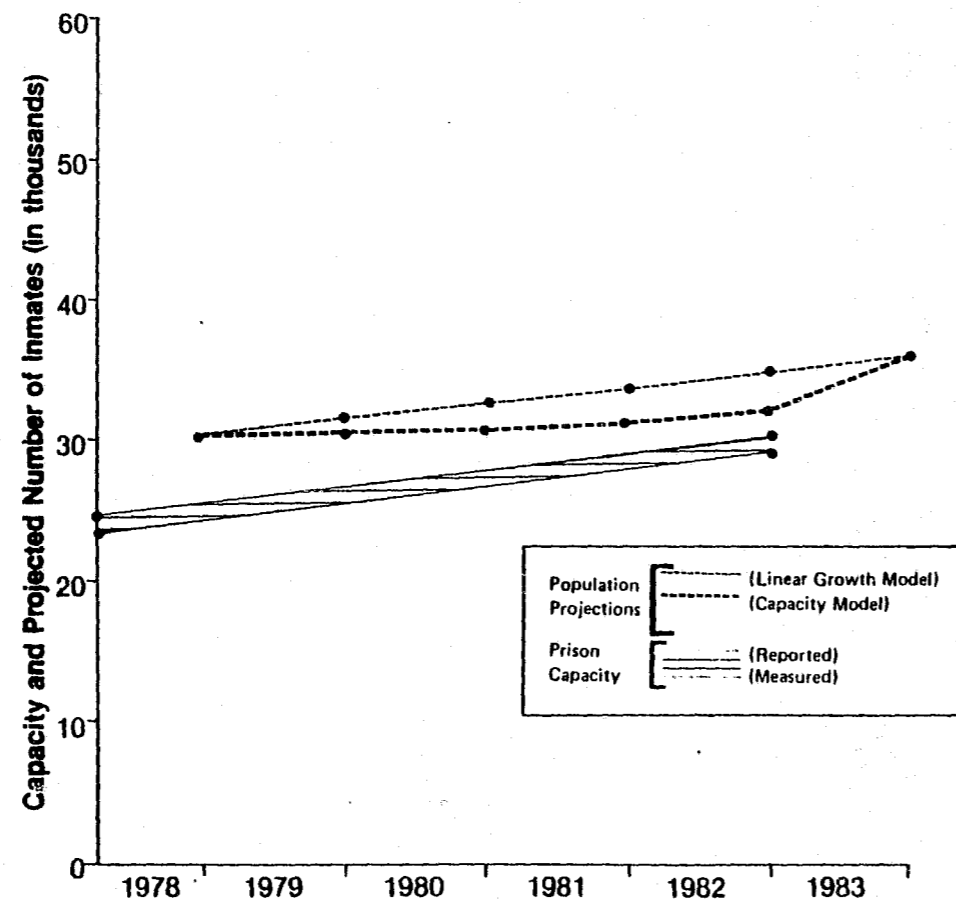
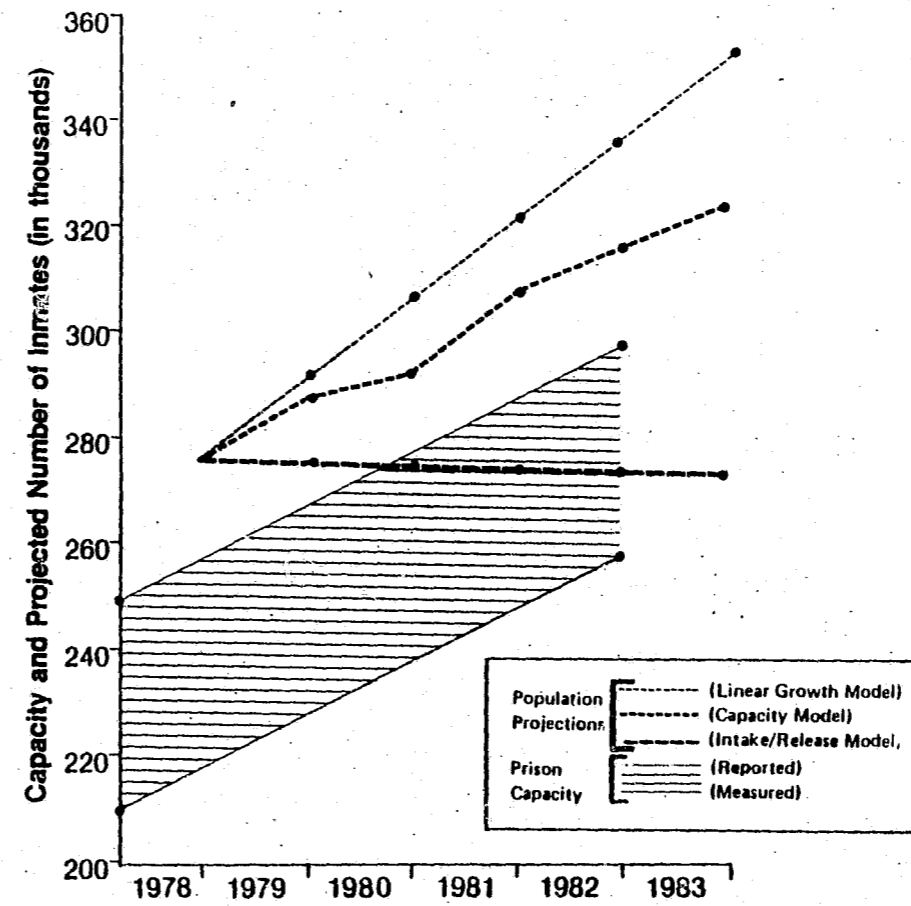


Figure 5.2
Future Prison Capacity and Three
Projections of State Prison Populations



Sources: The assumptions used to develop the projections are discussed in the preceding Chapter (Section 4.1). Estimates of reported capacity begin with the figures reported by each jurisdiction as of March 31, 1978 (PC-2) and extend to include reported capacity additions planned through December 31, 1982 (PC-2). Assuming this additional capacity will meet minimum standards, the same number was used to extend measured capacity from the number computed as of March 31, 1978.

THE ABT STUDY

The ABT study can offer a base to place such actions in a more informed context which can foster improved, fiscally sound public policy making and allow full and thoughtful consideration of alternatives to massive expansion.

In the last five years as a result of court mandates and a gradually growing awareness of the real costs of building jails and prisons many jurisdictions have engaged in discussion and in some cases definitive policy making which reflects a growing acceptance of alternatives.

A productive short-term step which any cutback manager concerned about government spending in the areas of criminal justice could take would be to read and consider that study which has not yet received the attention it deserves.

The ABT study verifies in extensive detail, what is happening among States and localities from several perspectives which can serve as a base for productive policy planning.

The ABT team conducted an exhaustive review of existing prison and jail capacity through the nation and compared physical space to existing minimum standards.

The report documents the fact that existing living space for prisoners in 1978 failed to meet standards of adequacy.

The team also developed and presented several approaches to population projection which are highlighted in the figures below.

THE ABT STUDY...CONTINUED

While their projections hint that the near future will result in a decline in the rate of growth the discrepancy between capacity and prisoners far outweighs the possible decline in growth rate.

The report also warns that projections are based on historical data. As their regional analysis indicates the traditional historical indicators are frequently outweighed by political and short term policy shifts within the criminal justice system.

The study poses three policy options:

- Expansion
- Reduce the demand for space through diversion
- Control intake and release

In terms of expansion the findings suggest that such an option alone is probably unaffordable and won't alleviate crowded conditions. The report concludes that "the capacity theory" -- where space is available, it will be filled -- is suggestive.

While not detailing strategies for alternatives to institutionalization the report offers strong arguments for the practicality of considering programs and measures which either divert persons from prison and jail or regulate intake and/or release.

Finally the ABT study specifically suggests that consideration be given to establishing limits on corrections systems, first by fixing capacity and then by regulating the flow to meet those limits.

Perhaps the most significant point of the report is that without careful public focus and consideration in an area long neglected by policy makers, skepticism about the future will continue and progress toward improvement will be limited.

In most jurisdictions the early response to overcrowding is some effort to push for expansion. While the process of building new prison and jail space, including the planning decision, financing, public approval, site selection, design, construction and organizational development takes from 3-5 years public officials move quickly to announce such plans as a response to the crime problem.

Hopefully the ABT study will place such actions in a more realistic context which can foster sensible policy making and allow full and thoughtful consideration of alternatives to massive expansion.

LITIGATION AND JUDICIAL INTERVENTIONS

A review of the influence which the federal courts have exerted upon the administration and management of this country's prisons and jails during the past decade is helpful in understanding expenditure growth.

For years prior to the mid-60's, the federal courts had maintained a "hands-off" doctrine on the matter of prisons and jails. During the 1960's following national attention on alleged abuses within the Arkansas prison system, resulting in a series of investigations and lawsuits, the trend shifted. The most prominent lawsuit -- the results of which represent a most significant correctional law case and focal point in relation to correctional policy and expenditure -- was a civil rights action litigated in the United States District Court for the Eastern District of Arkansas known as Holt v Sarver.

That case along with subsequent litigation including Holland v Donelon and Hamilton v Schiro in Louisiana; Benjamin v Malcolm in New York; and Collins v Schonfield in Maryland marked the beginning of a new direction which would dramatically reverse the influence of the courts in corrections management and also existing patterns of corrections spending. The National Institute of Justice has produced a useful study on this subject for corrections managers and policy makers grappling with court intervention entitled After Decision Implementation of Judicial Decrees in Correctional Settings by M. Kay Harris and Dudley Spiller, Jr., which provides a history and perspective of several major cases.

The ABT population study, issued in 1980, listed 30 states which were either under court order to reduce crowding or involved in litigation relating to crowding. A table follows on the next page.

Table 2.1
Litigation Involving Prison Conditions and Crowding, April 1980

State	Affected Institution	Status	Case
Alabama	State System	Court order; Receiver appointed 466 F.Supp 628 (M.D. Ala. 1979).	<i>Pugh v. Locke</i> , 406 F.Supp 318 (M.D. Ala. 1976).
Arizona	State Penitentiary	Preliminary orders limiting prison population and reclassification.	<i>Harris v. Caldwell</i> , C.A. No. 75-185, PHX-CAM (D. Ariz.).
Arkansas	State System	Court order; Special Master appointed.	<i>Finney v. Mabry</i> , 458 F.Supp 720 (E.D. Ark. 1978).
Colorado	Maximum Security Penitentiary	Declared unconstitutional and ordered closed; partial stay issued pending appeal (10th Cir. 380).	<i>Ramos v. Lamm</i> , C.A. No. 77-K-1093 (D. Col. 12/20/79).
Delaware	State Penitentiary	Court order	<i>Anderson v. Redmon</i> , 429 F.Supp 1105 (D. Del. 1977).
Florida	State System	Court order	<i>Costello v. Wainwright</i> , 397 F.Supp 20 (M.D. Fla. 1975).
Georgia	State Penitentiary at Reidsville	Court order; Special Master appointed.	<i>Guthrie v. Evans</i> , C.A. No. 3068 (S.D. Ga.).
Illinois	State Penitentiary at Menard	Court order	<i>Lightfoot v. Walker</i> , C.A. No. 78-2095 (S.D. Ill. 2/19/80).
Indiana	State Penitentiary at Pendleton	Pending	<i>French v. Owens</i>
	State Penitentiary at Michigan City	Pending	<i>Wellman v. Faulkner</i> , 1P79-37-C (S.D. Ind.).
Iowa	State Penitentiary	Pending	<i>Watson v. Ray</i> , C.A. No. 78-106-1, filed 12/28/79 (S.D. Ia).
Kentucky	State Penitentiary and Reformatory	Court order (by consent decree)	<i>Kendrick v. Carroll</i> , C76-0079 (W.O. Ky.) and <i>Thompson v. Bland</i> , (April 1980).
Louisiana	State Penitentiary	Court order	<i>Williams v. Edwards</i> , 547 F.2d 1206 (5th Cir. 1977).
Maine	State Penitentiary	Pending	<i>Lovell v. Brennan</i> , C.A. _____ (D. Me.).
Maryland	2 State Penitentiaries	Declared unconstitutional	<i>Johnson v. Levine</i> , 450 F.Supp 648 (D. Md. 1978), <i>Nelson v. Collins</i> , 455 F.Supp 727 (D. Md. 1978).
Massachusetts	Maximum Security Unit at Walpole	Pending	<i>Blake v. Hall</i> , C.A. 18-3051-T (D. Mass.).
Mississippi	State System	Court order	<i>Gates v. Collier</i> , 501 F.2d 1291 (5th Cir. 1974).
Missouri	State Penitentiary	Court order	<i>Burks v. Teasdale</i> , 803 F.2d 59 (8th Cir. 1979).
Nevada	2 State Penitentiaries	Pending	<i>Meginnis v. O'Callaghan</i> , C.A. No. 77-0221 (D. Nev.).
New Hampshire	State Penitentiary	Court order	<i>Leaman v. Helgemoe</i> , 437 F.Supp 269 (D. N.H. 1977).

State	Affected Institution	Status	Case
New Mexico	State Penitentiary	Pending	<i>Duran v. Apodaca</i> , C.A. No. 77-721-C (D. N.M.).
North Carolina	Central Prison at Raleigh	(NO INFORMATION AVAILABLE)	
	Women's Prison	Pending	<i>Batton v. State Gov't of North Carolina</i> , C.A. No. 80-143-CRIT-5 (E.D. N.C.), filed February 25, 1980.
Ohio	State Penitentiary at Lucasville	Court order	<i>Chapman v. Rhodes</i> , 434 F.Supp 1007 (S.D. Oh. 1977).
	State Prison at Columbus	Court order by Consent Decree; to close in 1983.	<i>Stewart v. Rhodes</i> , C.A. No. C-2-78-220 (S.D. Ohio) (12/79).
	State Prison at Mansfield	Pending	<i>Boyd v. Denton</i> , C.A. 78-1054A (N.D. Oh.).
Oklahoma	State System	Court order	<i>Battle v. Anderson</i> , 584 F.2d 388 (10th Cir. 1977).
Rhode Island	State System	Court order; Special Master appointed.	<i>Palmigiano v. Garrahy</i> , 433 F.Supp 956 (D. R.I. 1977).
South Carolina	State Penitentiary	Pending	<i>Mattison v. South Carolina Board of Corrections</i> C.A. No. 78-318.
Tennessee	State System	Declared unconstitutional; preliminary order closing one unit.	<i>Trigg v. Blanton</i> , C.A. No. A6047- Chancery Court, Nashville.
Texas	State System	Pending	<i>Ruiz v. Estelle</i> , trial ended summer, 1979.
Utah	State Penitentiary	Pending	<i>Nielson v. Matheson</i>
Washington	State Reformatory (Walla Walla)	Pending	<i>Collins v. Rhay</i> , C.A. No. C-7813-V (W.D. Wash).
Wyoming	State Penitentiary	Court order by consent decree	<i>Bustos v. Herschler</i> , C.A. No. C-76-143-B (D. Wyo.).

Source: National Prison Project of the American Civil Liberties Union Foundation, 1980.

OBSERVATIONS ABOUT LITIGATION

Many other jurisdictions and localities are dealing with or struggling to resist court actions on narrower issues of confinement.

Where the resolution of such issues has involved court orders or consent decrees, major new appropriations, both capital and operating, have been required.

In the vast majority of cases where government has been forced to engage in new activity within prisons and jails in terms of reduction of idleness, improved food services, enhanced programming, better health care, additional access to visitors and the community, etc., new funding was required. One jurisdiction, within the cycle of a single fiscal year, was awarded 500 new correction officers involving an expenditure of more than \$10 million to "meet minimum standards and to comply with existing court mandates."

In the cases of such expansion, the rate of change is just as important, if not more significant, than the amount of change.

Not only have correctional agencies been required to totally revamp their approach to service, but they have been required to meet mandates on very short timetables. In too many cases the change was merely layered on to the organization. Such management practice is extremely costly and in many cases not very effective.

STRATEGIES FOR COST-EFFECTIVE RESOLUTION OF LITIGATION

- Signs from the higher courts
 - Bell v Wolfish
 - Chapman v Rhodes
- Resist or Smooth?
- Alternatives to Litigation

MANAGEMENT ISSUES AFFECTING COSTS

While several complex policy issues and a lack of public consensus in those areas has limited correction's ability to control cost, several areas exist within the control of administrators which represent ground for improved efficiency and the implementation of cutback strategies.

- PROBATION IMPROVEMENTS:
 - Caseload Management
 - Pre-Sentence Reports
- RESTITUTION/COMMUNITY SERVICES:
 - Earn-It--Quincy, Massachusetts
 - Vera Institute--South Bronx, New York
 - National Juvenile Offender Restitution Program
 - 26 States
 - 50 Localities
- PRE-TRAIL RELEASE PROGRAM: PRACTICES AND OUTCOMES:
 - Tuscon, Arizona
 - Baltimore City, Maryland
 - Lincoln, Nebraska
 - Beaumont-Port Arthur, Texas

MANAGEMENT ISSUES AFFECTING COSTS...CONTINUED

• JAIL MANAGEMENT:

• Technological Innovation

- Perimeter security
- Information systems
- Food service
- Transportation

• Privatization: The California Experiment

• Classification of Inmates: A Way to Cut Cost

• Security Deployment: More Flexibility?

• PRISON ALTERNATIVES

- Work Release
- Community Corrections
- Temporary Release/Furloughs
- International Options

ISSUES AND QUESTIONS ABOUT EXPANSION AND CONSTRUCTION

It is estimated that more than 200 local correctional facilities are planned for construction by the end of 1982 representing a total of 66,237 beds. Estimates on the cost of construction range from \$40,000 - \$100,000 per bed. Clearly, capital expansion represents the major cost center in corrections today. In addition to examining population management policy, cutback managers in corrections can improve performance through consideration of the following:

- Temporary Construction: modular housing/trailers etc.
- Site Selection
- Design Considerations
- New Facilities: A Chance for Technological Change
- Planning the Opening of New Jails
 - National Institute of H.O.N.Y./P.O.N.Y. projects
- Organizational Development Strategies.

Appendix C-2
Estimated Number of New Jails and Beds to Be Built or Acquired
Before December 31, 1982 for Which Funds Have Been
Committed by Region and State: February 15, 1978*

	Number of New Jails	Number of New Beds
STATES TOTAL	207	66,237
NORTHEAST	17	5,663
Maine	2	64
New Hampshire	2	150
Vermont	-	-
Massachusetts	2	146
Rhode Island	-	-
Connecticut	-	-
New York	1	40
New Jersey	5	2,573
Pennsylvania	5	2,490
SOUTH	96	28,574
Delaware	-	-
Maryland	7	6,602
District of Columbia	0	0
Virginia	5	2,522
West Virginia	4	2,097
North Carolina	9	668
South Carolina	1	26
Georgia	6	1,248
Florida	5	1,746
Kentucky	3	164
Tennessee	11	2,223
Alabama	3	198
Mississippi	7	4,111
Arkansas	8	2,254
Louisiana	1	75
Oklahoma	1	40
Texas	25	4,599
NORTH CENTRAL	54	18,739
Ohio	6	4,240
Indiana	6	2,422
Illinois	7	2,387
Michigan	5	2,343
Wisconsin	5	281
Minnesota	4	131
Iowa	2	2,052
Missouri	9	4,175
North Dakota	3	0
South Dakota	3	0
Nebraska	7	161
Kansas	3	57
WEST	40	13,241
Montana	5	2,070
Idaho	0	0
Wyoming	3	2,108
Colorado	3	194
New Mexico	3	315
Arizona	3	305
Utah	0	0
Nevada	0	0
Washington	5	532
Oregon	4	252
California	13	7,565
Alaska	-	-
Hawaii	-	-

Source: National Jail Census, 1978.

*Approximately 1300 beds will be added through renovation or addition and approximately 1300 beds will be removed through renovation or by closing all or part of existing facilities.

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SESSION 11

A CASE FOR COLLABORATION...A
PANEL DISCUSSION

Summary of Session

In this session, the three trainers who have presided over and been part of the major discussions in each of the previous three concurrent sessions will act as a resource panel. The singular question that each will address, from the perspective of each part of the criminal justice system that they have reviewed with participants in the concurrent sessions, is: How can collaboration between criminal justice executives aid in cost-containment within the criminal justice system?

Each speaker will briefly suggest and analyze how cost-containments can be achieved, at least in theory supported by data, in each of the following related areas:

- Managing the Demands for Police Services...and the Role of Other Criminal Justice Policy Makers and Executives...
- Managing Court Delays...and the Role of Other Criminal Justice Policy Makers and Executives...
- Managing Correction's Population...and the Role of Other Criminal Justice Executives.

The order of presentation by the panel will be in reverse...we shall begin with Corrections...and conclude with the Police.

Each presentation will be brief--between fifteen and seventeen minutes. At the conclusion of all three presentations, the floor will be opened for comments, observations, questions or other such statements as may be useful to the theme that runs throughout each presentation...*collaboration across agency boundaries is a useful cost-containment strategy and approach in this time of fiscal stress and cutback management.*

At the conclusion of this session, there will be a brief break following which we shall assemble for Session 12...in which there will be offered some short instructions on the development of An Agency Specific Plan of Action...A Group Task.

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SESSION 12

AN AGENCY SPECIFIC PLAN OF ACTION...
A GROUP TASK

Summary of Session

In this session multiple small teams will be formed composed *only* of executives and managers of a *specific criminal justice agency or department*. Where those executives or managers are part of a larger department or agency, e.g., probation as part of corrections, or social services as part of a court system, then these executives or managers are to *choose* whether they should work together as a separate team or as part of the larger agency management team.

Each management team has the same general task, namely, they are to produce a written document for their use later, after the workshop, that will contain the following information:

- a listing of *decisions or tasks* to be done within the agency in order to carry forward ideas they have acquired thus far from this workshop;
- a listing of the *individual people* in their agency who are to be *the relevant actors or participants* in association with each decision or task;
- a listing of the *type or form of* participation by each individual in each decision or task.

The process to be followed in constructing this written document is one which is termed *Responsibility Charting*. A description and a listing of the steps to be followed in carrying out this process is given on the next two pages of this session. A set of *Responsibility Charts* are also listed.

Responsibility Charting is a task-focused discipline which can aid a management team work through specific issues and identify and analyze how each role will relate to each decision, task or issue. It does not require a third party as a facilitator. It is data based and moves from specifics to general policies much like case law development. It is also a time consuming process and, as such, we do not anticipate that all decisions or tasks can be charted...therefore, we suggest that your group identify only a few tasks or decisions...then proceed... and, back at your agency, use this technique when there is more time available.

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RESPONSIBILITY CHARTING

DESCRIPTION:

As organizations adapt to the conditions of change imposed by fiscal stress and cutback management, they become more fluid and complex. In periods of retrenchment, managers can no longer be assured that the organizational structure in which they operate is a fixed and permanent one. Changes in tables of organization are also insufficient to ensure and guarantee manager's control over all activities or functions. *Responsibility Charting* is a technique that is based on the valid assumption that misunderstandings and/or lack of information about who has what kind of responsibility in making a decision or carrying out a task is a major cause of failures or breakdowns in the well managed process. In periods of fiscal stress and cutback management, such failures or breakdowns can be so critical as to be intolerable. The *Responsibility Charting* technique is a disciplined and structured process that will generate information from management team members of an organization about their understanding of which actor in the organization has what kind of responsibility for decisionmaking or task performance. *Responsibility Charting* is intended to clarify relationships among decisions/tasks, actors, and the types of participation by each actor in each decision/task.

STEPS:

STEP 1: THE MANAGEMENT TEAM STATES DECISIONS AND TASKS TO BE DONE IN SPECIFIC TERMS

A listing of such statements may be as long or as short as the management team's interest or imagination. For purposes of this workshop, we suggest only the most important few decisions or tasks, since the time is limited. Moreover, decisions or tasks should be a reflection of the ideas and insights your team has acquired in this workshop. (In using this technique after the workshop, a *Nominal Group Technique* process could be used in this first step as a way of obtaining consensus on the most important decisions and tasks to be done.)

STEP 2: DECISION AND TASK STATEMENTS ARE LISTED SEPARATELY AS A MANAGEMENT TEAM GOAL STATEMENT AT THE TOP OF THE MATRIX

Using the matrix form--one for each goal statement--list the management team goal statement at the top of the matrix.

STEP 3: INDIVIDUAL TEAM MEMBERS LIST STEPS REQUIRED AND ACTUAL OR POTENTIAL ACTORS NEEDED TO CARRY OUT STEPS

Using the matrix form, each individual member of the management team lists steps to be taken (these could be subtasks or subdecisions) to attain the team goal statement listed as a result of Step 2. This listing of steps on the matrix is to be done on the left side of the matrix. Across the top of the matrix, each individual team member is to list the actual or potential actors who are relevant to each step listed.

STEP 4: THE MANAGEMENT TEAM DISCUSSES AND DEVELOPS A COMMON UNDERSTANDING OF ACTOR-PARTICIPATION CODES

Participation-codes are to be assigned, in the appropriate matrix cell, to match the actors with steps in a relevant way. Before individual team members assign such codes, the management team should discuss and agree on the meaning of the codes. Coding terms are as follows:

A = APPROVAL

A person who must sign off or veto a decision or task or step before it is implemented; a person who is accountable for the quality of the decision.

R = RESPONSIBLE

A person who takes the initiative in the particular step, develops alternatives, analyzes the situation, makes recommendations and is accountable if nothing happens.

C = CONSULTED

A person who must be consulted prior to a decision being reached or a task being completed but this person has no veto power.

I = INFORMED

A person who must be notified after a decision is taken or a task initiated, but before these are publically announced; a person who needs to know for reasons other than those associated with the decision or task but need not give input.

DK = DON'T KNOW

The individual doing the chart doesn't know how the actor relates to a step or decision.

BLANK SPACE

The individual doing the chart leaves a blank space when the actor has no relationship to a step or decision.

STEP 5: INDIVIDUAL TEAM MEMBERS COMPLETE THE MATRIX BY ASSIGNING CODES THAT RELATE ACTORS TO STEPS

Working horizontally across the matrix, each team member fills in each cell of the matrix under each actor's name or title. Codes should be assigned to each cell--A, R, C, I, DK that shows how the individual team member perceives how the decision or tasks would or should be done by each actor under current conditions.

STEP 6: THE MANAGEMENT TEAM LEADER RECORDS THE RESULTS OF EACH INDIVIDUAL MEMBERS ANALYSIS OF THE MATRIX

Using a flip chart, the management team leader should collect results of each individual team members analysis. This can be done by a simple round-table verbal presentation by each member. Results are listed on the flip chart and an aggregate record should be listed.

STEP 7: THE MANAGEMENT TEAM SHOULD ANALYZE AND DISCUSS RESULTS LISTED ON CHARTS

A group discussion among the management team should aim at identifying discrepancies and clarifying patterns that emerge from a review of the aggregated record. Clarification should aim at showing how different management team members see decisions or tasks being related to actors and how actors are to function in carrying forward different decisions or tasks.

Patterns that may emerge that will require rethinking and discussion by the management team will fall into two types: Decision Patterns and Role Patterns which are explained on the next page.

ROLE PATTERNS/PROBLEMS: FOCUS ON PERSON/ACTOR IN RELATIONSHIP TO STEP/VERTICLE AXIS

- If there are several "R's" under a single actor's name or title...the question must be asked: Can this person stay on top of so much?
- If there are no empty spaces under a single person's name or title...the question must be asked: Does this person need to be so involved?
- If there are no "R's" under a single person's name or title... the question must be asked: Does this indicate a weak role that can be enlarged or eliminated?
- If there are no "A's" under a single person's name or title... the question must be asked: Does this indicate a weak role that can be enlarged or eliminated?

DECISION PATTERNS/PROBLEMS: FOCUS ON STEPS OR DECISIONS IN RELATIONSHIP TO ACTOR/HORIZONTAL AXIS

- If there are no "R's" associated with a step or decision...the question must be asked: Will the job get done since no one is taking initiative?
- If there are lots of "A's" associated with a step or decision... the question must be asked: Will the job get done since there is so much dispersed and diminished accountability that it would be easy to shift blame for failures?
- If there are lots of "C's" associated with a step or decision... the question must be asked: Is so much consultation really necessary? Answers will depend on a trade-off between the cost of delay due to time spent on communication against the benefits of inputs from those who are to be consulted.
- If there are lots of "I's" associated with a step or decision... the question must be asked: Do they really need to know.
- If there are consistent blank spaces associated with a step or a decision...the question must be asked: Do we have no one person in the organization who can do the task or make the decision or has the step or task or decision been incorrectly described?

STEP 8: THE MANAGEMENT TEAM LEADER FORMULATES A FINAL CHART

Using the results of the discussion and analysis done in Step 7, the management team leader makes adjustments in the aggregated chart, assigns task or decisions to actors, and assigns clear responsibility codes for each. Such assignments are then reduced to a written outline form by members of the management team, collected by the management team leader, and, after the workshop, are used in a subsequent meeting of the management team in order to construct a specific work plan, with timetables, for carrying out the specific goal statement of the team.

THIS PROCESS IS THEN REPEATED FOR SUCCESSIVE GOAL STATEMENTS AND THE MANAGEMENT TEAM THEN GOES BACK TO STEP 1 ABOVE.

RESPONSIBILITY CHART FOR GOAL STATEMENT: _____

PARTICIPANTS/ACTORS STEPS/DECISIONS/ TASKS TO BE DONE							

RESPONSIBILITY CHART FOR GOAL STATEMENT: _____

PARTICIPANTS/ACTORS STEPS/DECISIONS/ TASKS TO BE DONE							

RESPONSIBILITY CHART FOR GOAL STATEMENT: _____

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RESPONSIBILITY CHART FOR GOAL STATEMENT: _____

PARTICIPANTS/ACTORS STEPS/DECISIONS/ TASKS TO BE DONE							

RESPONSIBILITY CHART FOR GOAL STATEMENT: _____

PARTICIPANTS/ACTORS STEPS/DECISIONS/ TASKS TO BE DONE							

SESSION 13

A JURISDICTION WIDE PLAN OF ACTION:
A PLENARY TASK

Summary of Session

In this session, participants will work as members of the same team--and as a jurisdiction-wide planning team--in order to construct a one-page, written, agreed-to plan by which the representatives of this local criminal justice system will meet again within six weeks in order to follow-up on ideas and issues identified in this workshop.

Steps to be followed, in this session, in order to arrive at this written product are as follows:

- The senior most representative of each agency of this criminal justice system will act as the team leader for his/her group;
- Each group will caucus for 30 minutes and will decide on answers to the following questions:
 - What are the three most important agenda items or issues that our group wishes to see addressed in a follow-up meeting with others?
 - When will this meeting occur and where?
 - Who will represent this group at that meeting?

Each group team leader will then form a panel with other team leaders. The panelists will present, briefly, their group listing of answers. A facilitator will list all these answers so that all participants, in the plenary session, can review and assess the answers.

Members of the plenary audience will, with panelists, negotiate a final listing of answers. This final list will become the agenda for the next group meeting. A copy of the agenda, dates, places and representative members will be given to the local sponsoring agency of this workshop. Each member of the workshop will receive a notice of this agenda and meeting within ten days of this workshop.

SESSION 14

SUMMARY AND CONCLUSION OF WORKSHOP

Summary of Session

The workshop will conclude with a brief summary of what had been proposed as part of the objectives and design of the workshop and what has been accomplished in the workshop.

A brief period of time will be spent on completing an evaluation form which team members will use in order to assess the process and outcomes of the workshop.

END