



## Proposal for Identifying and Prioritizing Core Services Provided by Palm Beach County

### BACKGROUND

Palm Beach County is facing enormous financial pressures causing it to look for ways it can cut its expenditures. Lowering expenditures is necessary in order to avoid increasing, and hopefully decreasing, the rate and amount of taxes levied on taxpayers. Palm Beach County is not alone in facing difficulty in achieving a sustainable budget as counties all over the United States find themselves in similar or worse situations.

A July 16, 2010 Fox Business article described the situation as follows:

"For decades, state and local governments across the U.S. have conceded to the insatiable demands of both their constituents and the public employee unions whose contracts they negotiate and ultimately approve. The result has been unprecedented levels of service delivered through ever-expanding layers of government bureaucracy. Now many of these governments are broke and they find themselves under tremendous pressure to balance their budgets and facing intense heat from their constituents to not raise taxes."

An elected county official quoted in the Fox Business article noted that his primary obligation as an elected official was to the taxpayers and rate payers of the county. His primary obligation is not to county employees, despite his close relationship with many of them. This is a philosophy that TAB suggests should also apply to Palm Beach County Commissioners when they are making budgetary decisions, as difficult as these decisions may be when they affect county employees.

The article goes on to note another commentary on the new focus of government in view of the economic situation faced by counties today:

Stephen Acquario, executive director of the New York State Association of Counties, said the writing has been on the wall for some time warning elected officials that a financial reckoning was just around the corner. The politicians, he said, have reflexively indulged what Acquario described as a "compulsion or a need to respond to constituent requests." "But unfortunately the well has run dry," he said. "Going forward we're projecting the worst of all possible worlds, which is cutting services, layoffs and raising taxes."

If there is a silver lining to all of this, and Acquario believes there is, it's that governments are now being forced to look at the roles they play in the lives of the constituents they serve and to tailor those roles to fit the new economic reality. "We're starting to ask ourselves at the county government level just what are the core services that county government should be providing. We can't be all things to all people," he said.

This is the new reality that faces the Palm Beach County Board of Commissioners. It must decide what role county government should play in the lives of Palm Beach County residents and identify the core services that the county government should be providing and which non-core services should be discontinued. These decisions need to be made without bowing to the insatiable desires of constituents or public employee unions. Times have changed and it is no longer for the Commissioners to make judgments based on what services and amenities they or the citizens would like to have. Instead, decisions must be based on what the county is required by law to provide, and no more.

Palm Beach County is not the only Florida county facing these financial pressures. The Hillsborough County Administrator's Budget Message noted that he had undertaken "to seek new directions in service delivery and the County's role in delivering these services." He also noted that "use of one-time revenue necessitates action over the next twelve months to implement long-term solutions by identifying our priorities and determining how they can be met with

recurring resources. Therein lies our greatest singular opportunity as a community to clarify the role and mission of local government in providing service to our residents.” He proposed consolidating functions across departments, and initiated an organizational restructuring process to reduce costs and improve service. This included merging three departments into one department. Other changes he proposed were to merge and integrate administrative, financial and human resources functions into a single Management Support Unit for the Aging Services, Children’s Services, and Health & Social Services Departments. Similar consolidation was implemented for Planning & Growth Management, Public Works and Real Estate Departments and for the Water Resource Services and Solid Waste Management Departments. The Debt Management Department was eliminated through a joint agreement with the Clerk of the Circuit Court. A variety of other programs are being studied over the next year to identify other ways to provide service at a lower cost to the County. (For more detail [CLICK HERE](#) )

County Executive, Pete Kremen of Whatcom County, Washington said the following in his State of the County Message this year:

“...the harsh reality is we can no longer operate as we have in the past. We know that for our families and businesses to survive, let alone thrive, they must be able to adapt and reinvent. Government cannot be exempt from this creative approach, no matter how difficult the task or how unpopular the decisions. We must take a long, hard look at the core operations of County government, enhance those services that work and serve our residents, and divest our government of those services that are simply no longer cost-effective or possible.”

## TAB PROPOSALS

The first step for the Board of Commissioners is to identify those core services that the county should provide based on a defined set of characteristics to distinguish them from discretionary services and funding so that funding priorities can be established. Look at what the County is currently doing now versus what the original purpose of county government was thought to be.

What TAB proposes is adoption of an approach similar to the one currently used by San Mateo County in California to define Core Services:

The three categories of Core Services are the following:

- Services mandated by federal, state, or local law, including the County Charter and County Code of Ordinances
- Services essential to the health and safety of county residents for which there are no other organizations or institutions able to provide such services
- Services which provide infrastructure to support core services, i.e. administrative and support services

All other functions and programs constitute a discretionary service, not a Core Service, and all spending that is not required to deliver a Core Service is a discretionary expenditure and is subject to reduction or elimination. Additionally, even those services which are considered Core Services need to be examined to determine if they are being delivered in the most efficient and cost effective manner, and whether they are services which should be provided by county employees or whether they can be provided through outside sources at a lower cost while maintaining an acceptable level of quality. For more information on the San Mateo County approach, see [San Mateo - Guidelines](#), [San Mateo - Contracts](#), and [San Mateo - Span of Control](#).

Alternative ways of identifying core services have been used by other county governments. For example, [Core Services](#) is a document developed by Buncombe County, NC in which each county service is listed along with the statutory or other mandate requiring it to be provided if such a mandate exists. This approach could be a template also for an analysis by Palm Beach County. Many other examples exist throughout the United States.

## ADDITIONAL STRATEGIES TO CONSIDER

Additional strategies to consider, some of which are discussed in more detail elsewhere in the TAB materials, include the following:

- As an alternative to cutting a non-Core Service, identify any fee options which could allow the service to continue or alternative ways the service could be delivered through a different source.
- As an alternative to cutting a non-Core Service, identify ways to reduce the costs through outside contracting, partnerships with others, combining departments or services, or other arrangements.
- Review the comparability of compensation packages between county employees and outside resources capable of providing the same service.
- Consideration should be given to the long term impact on pension obligations imposed on Palm Beach County when comparing compensation packages offered to county employees versus compensation to outside sources and in the determination whether certain county programs are financially self-sustaining.
- Policies that could be adopted by the County Commission to increase revenue by prohibiting the waiver of certain fees, such as impact fees.

- All federal and state mandates should be reviewed and political and advocacy pressure should be used to reduce or eliminate them where appropriate.
- Determine where cooperation with local governments can eliminate duplicate services such as code enforcement, licensing, etc.
- Determine whether budget planning and development should be done biennially rather than annually.
- Develop a long range plan with which budget decisions must be consistent.

All services currently provided by the county should be identified and analyzed to determine where there are discretionary costs specific to each function or program operated by each county department which is funded by the county. The analysis should identify each budget unit, its functions, programs and services, and whether the services are mandatory or discretionary. Each budget unit should provide a description of each function or program, the approximate cost and authorized staffing at the current service level, the revenues the function or program generated, any required subsidies, and the amount of county discretionary funding.

Each budget unit should also list the discretionary functions and programs in priority order, from most important to least important, based on the mission of each department and identify the amount of funding flexibility it involves, e.g. some, most, or no flexibility. Flexibility would be defined as the ability to accept expenditure reductions for a particular function or program and still meet the minimum mandates associated with the function or program. Programs with no flexibility are those which cannot absorb any additional reductions and still meet mandated requirements. Finally, budget units must supply any negotiated requirements, such as collective bargaining agreements, existing leases, bond requirements, etc., that would reduce the ability to absorb reductions in expenditures. Finally, to the extent a budget unit provides services to another unit of government, any costs incurred in excess of the amount reimbursed by the other county unit should be identified so that the County is not subsidizing other government entities.

With regard to the resources required to offset the cost for each function or program, each budget unit must provide the amount of any required match or maintenance of effort requirement imposed to receive non-county revenues, or matches required for state or federal welfare funds.

Discretionary funding would be identified by subtracting any revenues and required match from the gross cost of the function or the program. The difference would constitute the maximum amount of county funding that could be eliminated without risking loss of other funding sources.

The county attorney's office should make the determination whether each of the services is mandatory or discretionary. It will also be necessary to identify administrative and support service functions. For each function or program, the amount of discretionary funding must be identified.

## **SUMMARY**

TAB recognizes that there is insufficient time in the remaining process for the 2011 Palm Beach County budget to develop and apply this type of analysis to identify possible expenditure reductions to any significant degree. However, even without this level of analysis and to the extent such discretionary expenditures are obvious, TAB urges the County Commissioners to cut expenditures wherever they can be readily identified as discretionary in the 2011 budget. TAB also requests that the Board of County Commissioners adopt a motion to direct County staff to conduct such a detailed analysis to give them the data necessary for the development of the 2012 budget.