

Advancing Excellence in Government Finance



Government Finance Officers Association

To Build Thriving Communities

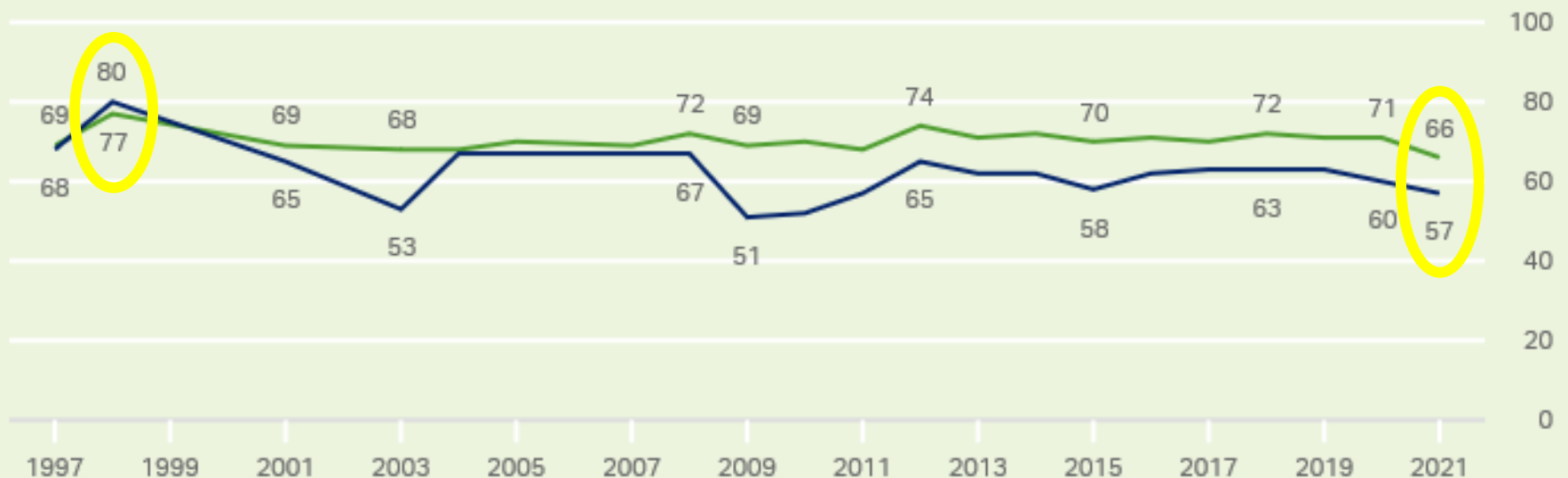
Declining Trust in State/Local Government

Trust in Local and State Governments' Handling of Problems

How much trust and confidence do you have in the [local/state] government where you live when it comes to handling [local/state] problems -- a great deal, a fair amount, not very much or none at all?

% A great deal/fair amount

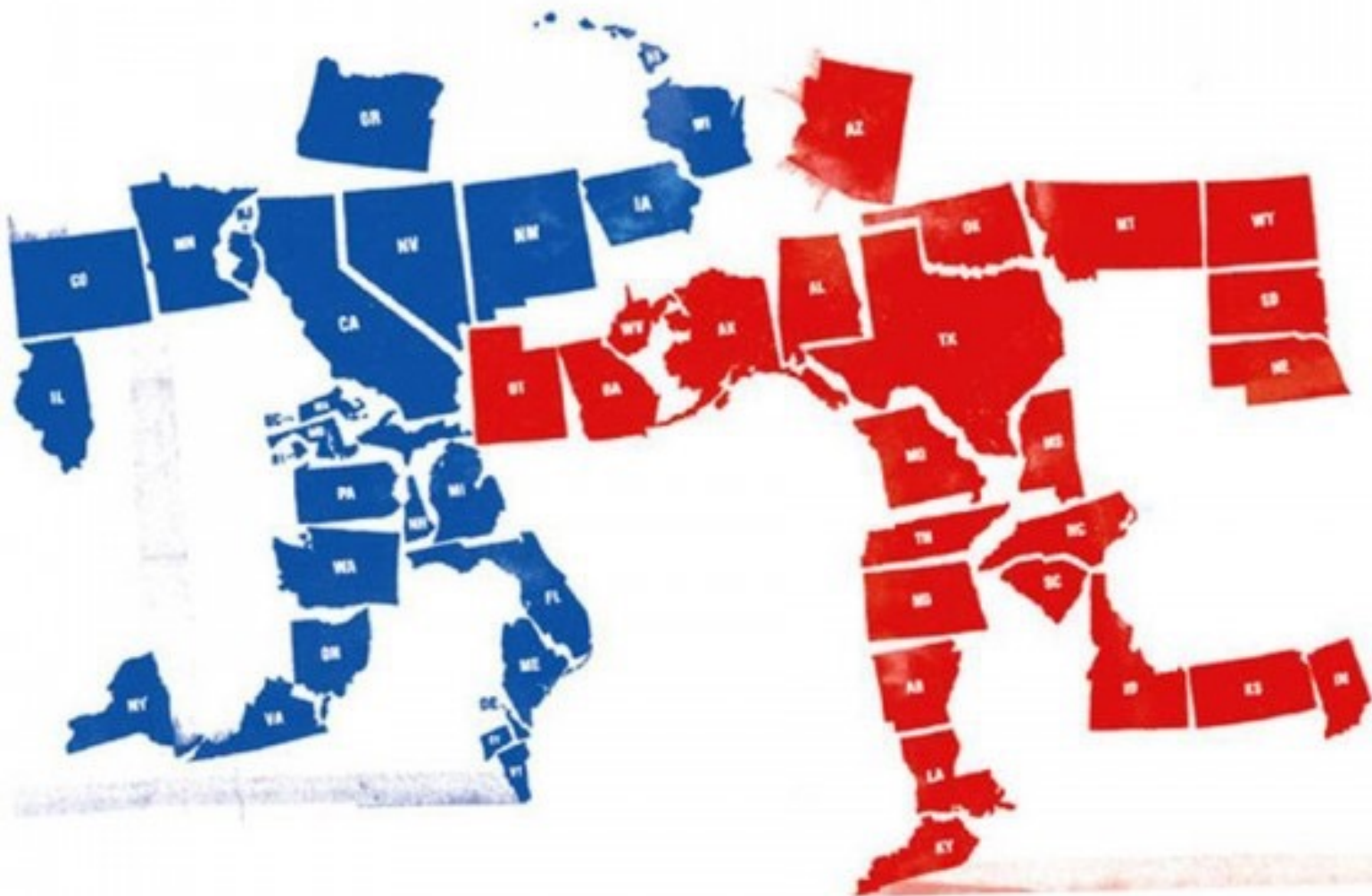
— Local government — State government



Data from 1972-1976 not shown

GALLUP

Polarization



HBS.ORG MAY-JUNE 2017

Harvard Business Review

STRATEGY 50
We Give Shareholders Too Much Power
Joseph L. Bower and Lynn S. Paine

ANALYTICS 138
What's Your Data Strategy?
Leonardo Galatiello and Thomas H. Davenport

THE HBR INTERVIEW 348
"Above All, Acknowledge the Pain"
Sheryl Sandberg and Adam Grant

TALENT 86
Neurodiversity as a Competitive Advantage
Robert D. Austin and Gary R. Paine



DOUBLE
ISSUE

WHAT GREAT CEOS DO DIFFERENTLY

THE BEHAVIORS
THAT SET THE BEST
LEADERS APART
PAGE 70

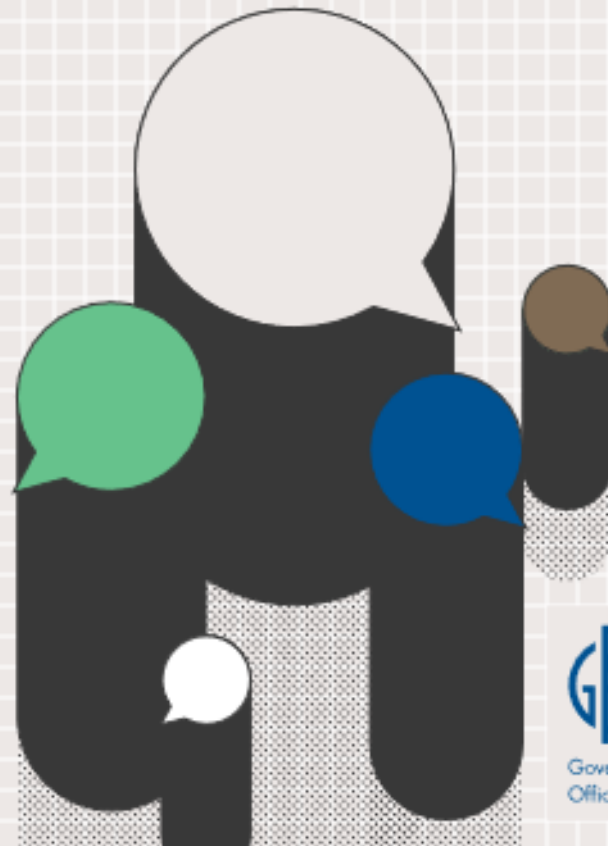


- Deciding with speed and conviction
- Engaging for impact
- Adapting Proactively
- Delivering reliably

BUILDING TRUST AND OPEN COMMUNICATION

LESSONS FROM THE MOST TRUSTED
PUBLIC FINANCE OFFICERS

BY SHAYNE C. KAVANAGH AND ELIZABETH FU



Government Finance
Officers Association



GFOA Code of Ethics



**INTEGRITY
AND
HONESTY**



**PRODUCING
RESULTS
FOR YOUR
COMMUNITY**



**TREATING
PEOPLE
FAIRLY**



**DIVERSITY
AND
INCLUSION**



**RELIABILITY
AND
CONSISTENCY**





Why Integrity and Honesty is Important



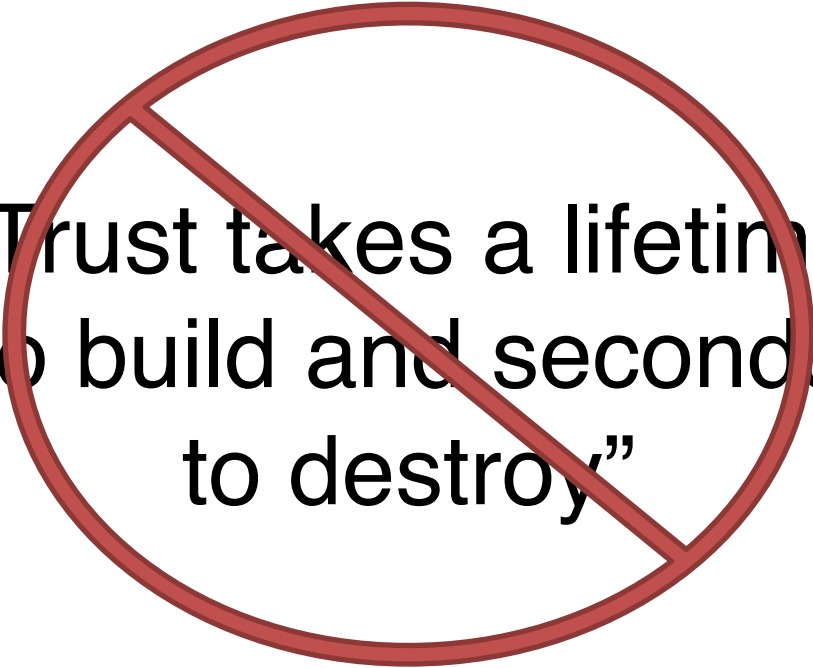
**INTEGRITY
AND
HONESTY**

The foundation on which trustworthiness is built

- People can believe what I say
- I act in accordance with my deepest values
- I put principal ahead of my own ego
- I do the right thing even when it is hard



The Conventional Wisdom



**“Trust takes a lifetime
to build and seconds
to destroy”**





Peak Experiences Matter Most

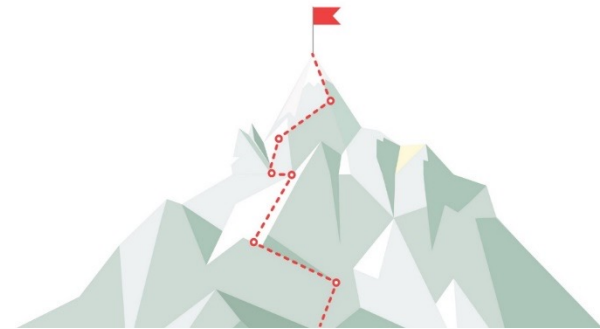


Examples of Peak Experiences

Zero tolerance for unethical behavior

Owning mistakes

Delivering **bad news** well



How to Deliver Bad News Well

- Be prompt
- Be straight
- Provide solutions





Standing for Your Values

Integrity is the integration of values with behavior



**INTEGRITY
AND
HONESTY**

- Define the values that drive how you conduct yourself in service to your community
- Be prepared to give voice to your values when faced with pressure to do the wrong thing



Examples of Values

- A strong emphasis on customer service
- A commitment to democratic government
- Follow a defined set of principles



One Finance Officer's Personal Code

- Is it illegal?
- Is it immoral?
- Will anyone be hurt?

Resource: GFOA Code of Ethics Poster



Key Take-Aways

- Take advantage of high points, low points, and transitions to build trust
- Define your value system
- Standing up for your values can be a high point





Why Producing Results for your Community is Important

Doing the job of the public finance officer well honors the trust the public has placed in me.



**PRODUCING
RESULTS
FOR YOUR
COMMUNITY**

- High quality work produces confidence
- Developing skills shows ability to produce results now and in the future
- Exercise good judgment to choose in the best interest of the community



Producing Results Example:

K-12 Funding



Eat for Education

A delicious way to help
Roanoke City Public Schools



Eat for Education

Mention you're "eating for education" at participating restaurants and you'll be invited to enter a monthly drawing for a \$50 gift card you can use at any participating establishment.

Eat it up. Who Is Participating

Eating for Education. How to Participate

Family Night Out.

School Lunch Day.

Educators' Day.

Get involved.





Why Reliability and Consistency is Important

When others can count on me, I prove my trustworthiness. When I consistently apply my standards – especially to myself – I make it easier to do the right thing even when faced with challenging circumstances

- Develop strong financial policies
- Produce reliable information
- Produce timely information

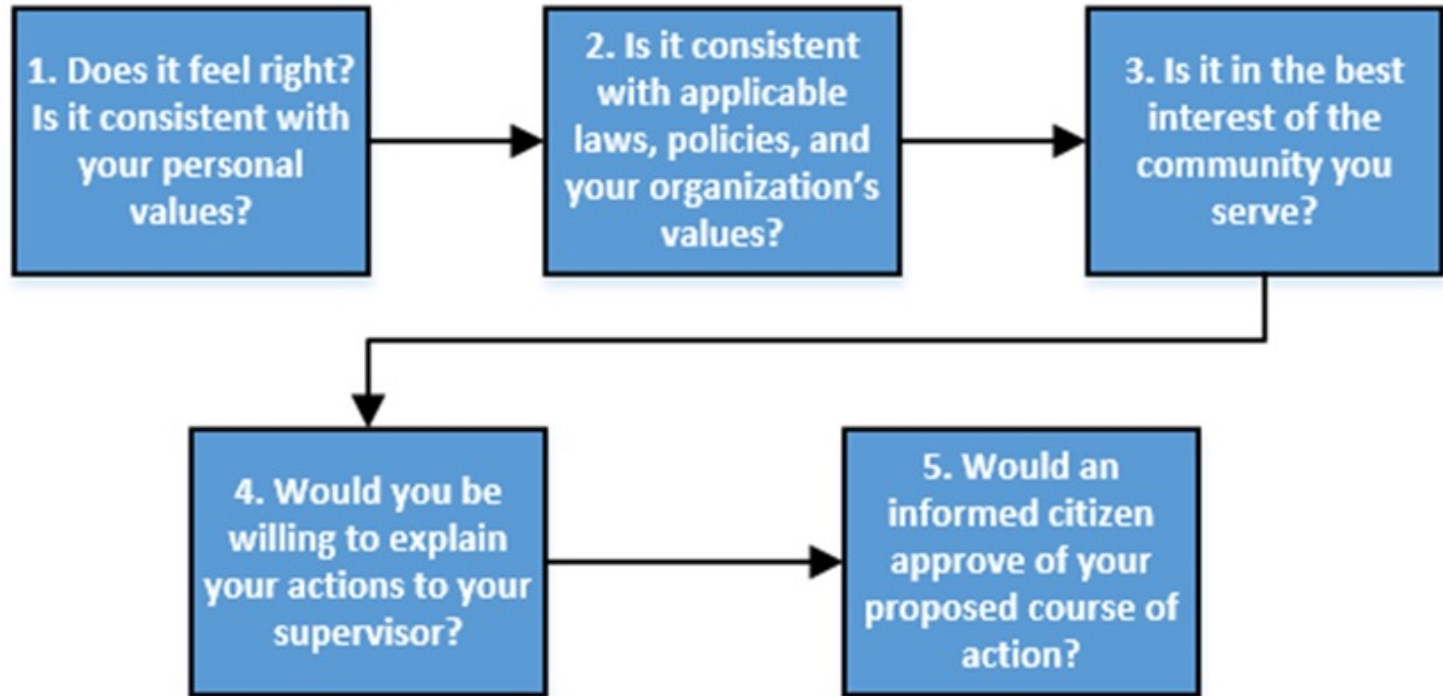


Financial Policies with Special Relevance

- Fund balance / Reserves
- One-time revenue
- Debt burden
- Fees
- Long-term financial planning

See Financial Policy Challenge website for policy templates





Help People
Navigate
Situations the
Policy Doesn't
Cover

If **"Yes"** to all, then you are likely OK to proceed.

If you are **not sure**, seek input from others.

If there are many **"No's"**, don't do it. Think about how you might reply to reasons and rationalizations you might hear for why you should do it.



Where to Get the Policy Templates

- Go to gfoa.org/trust and scroll down until you see...

Download Model Policy Templates

**Vendor Relations and
Gifts**

DOWNLOAD MODEL TEMPLATE

Proper Use of Staff Time

DOWNLOAD MODEL TEMPLATE

**Making Gifts with Public
Funds**

DOWNLOAD MODEL TEMPLATE



Financial Policies: The Book

Comprehensive guidance for developing policies

<https://www.gfoa.org/materials/financial-policies-book>

<https://www.gfoa.org/financial-policy-challenge>



Why Treating People Fairly is Important



If people feel unfairly treated, relationships break down, and they may withhold their support from my local government.

**TREATING
PEOPLE
FAIRLY**

Consider the “Ultimatum Game”



The Ultimatum Game

Scenario 1

Bill



*Bill shares
roughly equally*



Joe



Joe Accepts

Scenario 2



Bill is miserly



Joe Rejects



Procedural Justice

- Decisions are based on accurate information
- Transparent & consistent decision-making criteria applied equally
- Stakeholders given opportunity for input
- Mistakes are recognized & corrected





Distributive Justice

- People get what they deserve
- Distribution of resources is “fair”



COMPETING DEFINITIONS OF FAIRNESS

EQUITY

PROPORTIONALITY



Equity vs proportionality

Equity

People should be treated differently to compensate for different circumstances and/or the need for help from the government to alleviate disadvantages faced by the person.

Proportionality

People should feel that the benefits produced by public services are relative to the size of the financial contribution they are making to the public services provided.

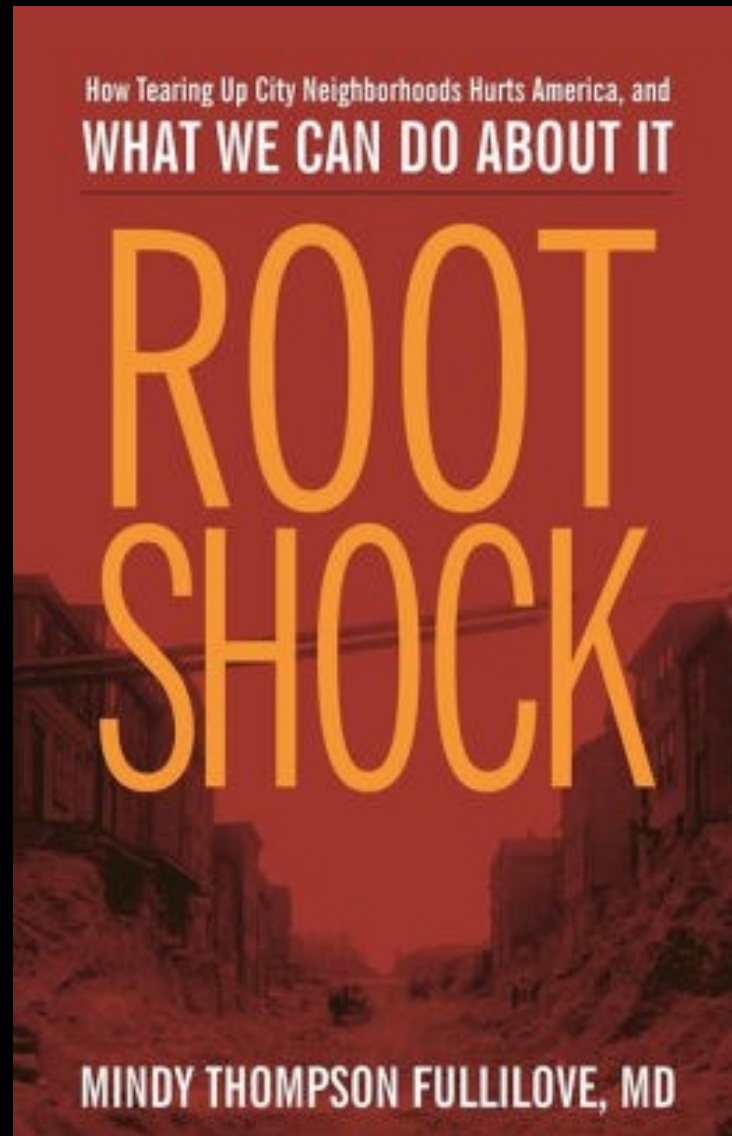


Washington Park, Roanoke VA





Scourge of Urban Renewal



Washington Park



[illegible]

Key Take-Aways

- Build procedural justice into financial decision-making
- Account for distributive justice in decision-making
- Check out gfoa.org/fairness for more resources, including tips for improving fairness in public finance



Why Diversity and Inclusion is Important



**DIVERSITY
AND
INCLUSION**

Embracing diversity and fostering inclusiveness helps cultivate organizations and promote policies that reflect the community. When people feel included, they will see that I am concerned for their wellbeing, and that shows I am worthy of their trust.

- Provide people with opportunity to be part of decisions that impact them
- Support equity in service provision

Key Take-Aways

- Be sure to recognize people's contributions
- Give people the opportunity to contribute their best work
- Be intentional about promoting diversity & inclusion
- “Diversity and inclusion” includes the public
- Share yourself with others

Begin with Trust

The first step to becoming a genuinely empowering leader by Frances
X. Frei and Anne Morriss

From the Magazine (May-June 2020)



Holly Andres



**INTEGRITY
AND
HONESTY**



**RELIABILITY
AND
CONSISTENCY**

Authenticity
*I experience
the real you.*



**TREATING
PEOPLE
FAIRLY**

Logic

*I know you
can do it; your
reasoning
and judgment
are sound.*

TRUST

Empathy

*I believe
you care
about me
and my
success.*



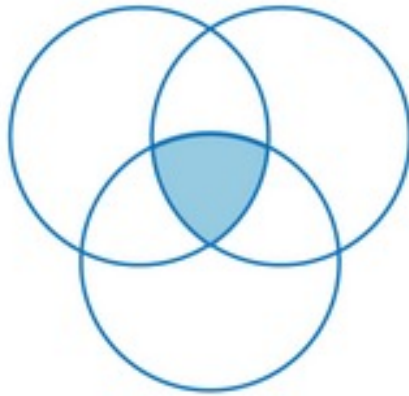
**PRODUCING
RESULTS
FOR YOUR
COMMUNITY**



**DIVERSITY
AND
INCLUSION**

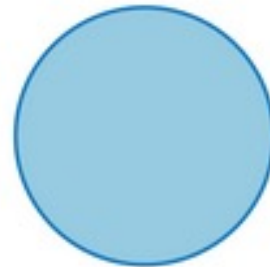
From: "Begin with Trust," by Frances Frei
and Anne Morriss, May-June 2020

 **HBR**



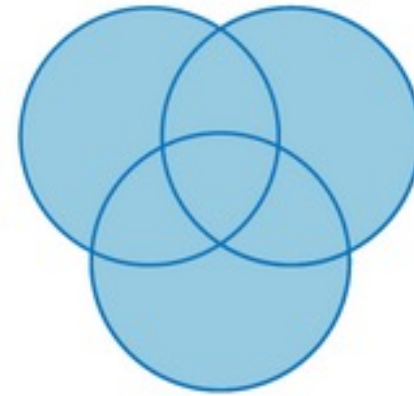
**Diverse
teams**

A diverse store
of knowledge
is partly shared.



**Homogenous
teams**

A common store
of knowledge
is fully shared.



**Inclusive
teams**

A diverse store
of knowledge
is fully shared.

From: "Begin with Trust," by Frances Frei
and Anne Morriss, May-June 2020

Small Group Discussion

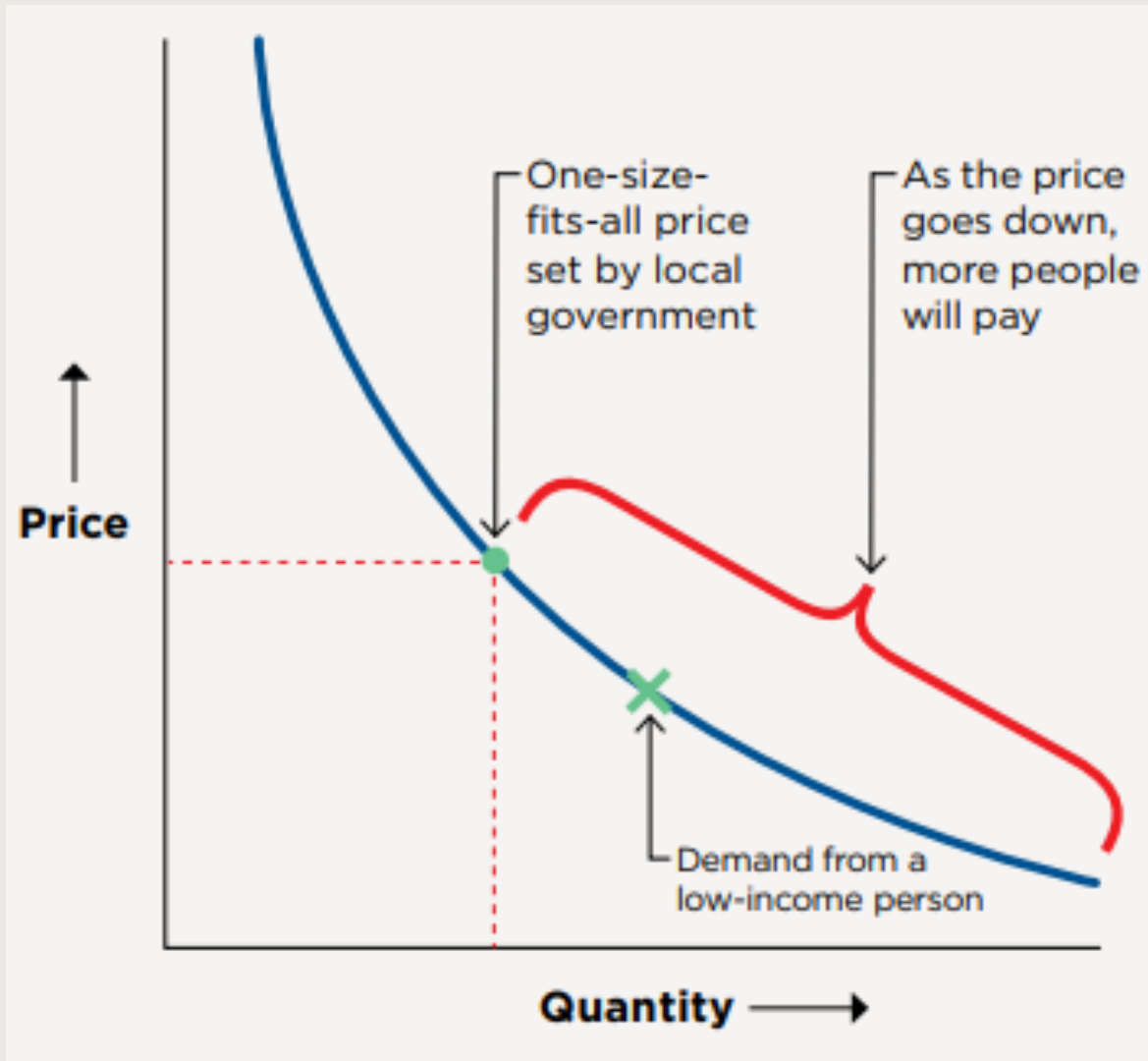
What is one thing you could do to build your community's or your own reputation for trustworthiness?

New Research

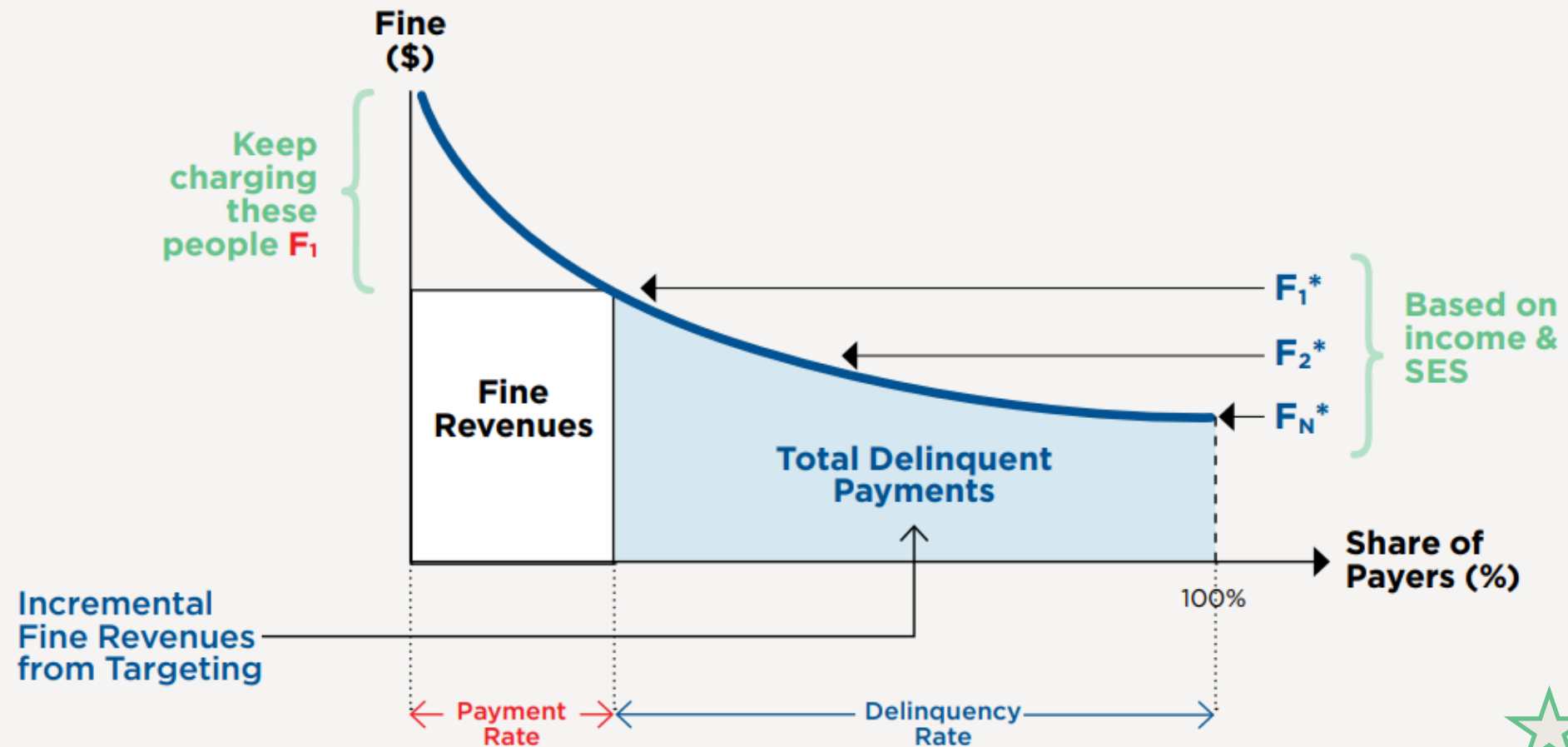


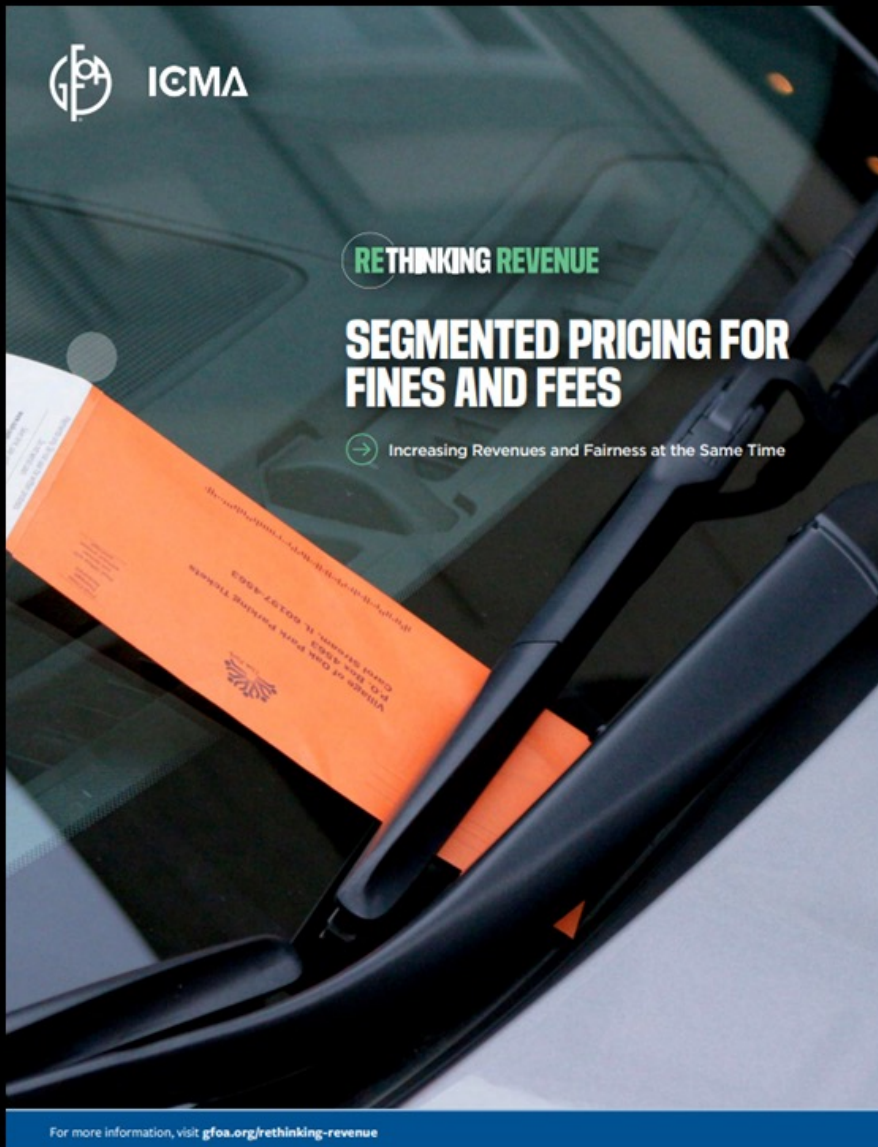
SEGMENTED PRICING

Basic Demand Curve

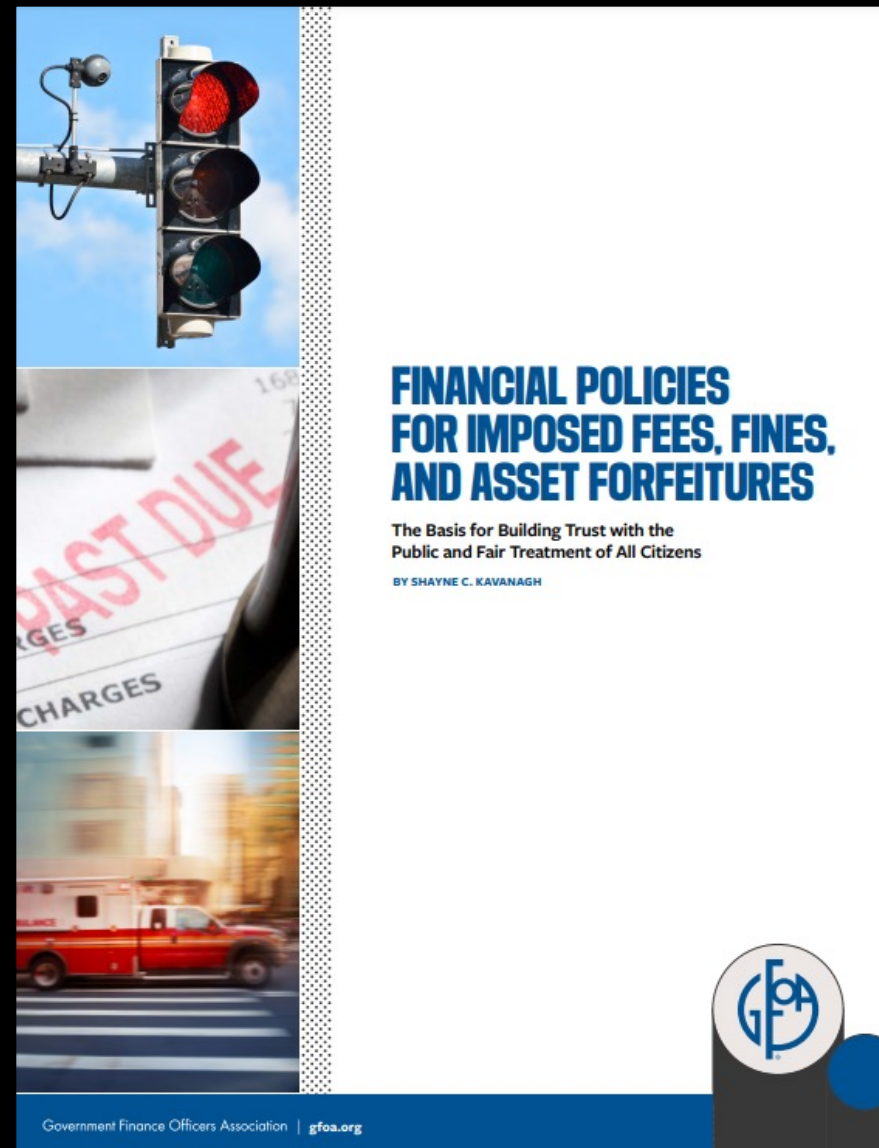


SEGMENTED PRICING IN ACTION





<https://www.gfoa.org/materials/segmented-pricing>



<https://www.gfoa.org/materials/fees-fines-forfeitures>



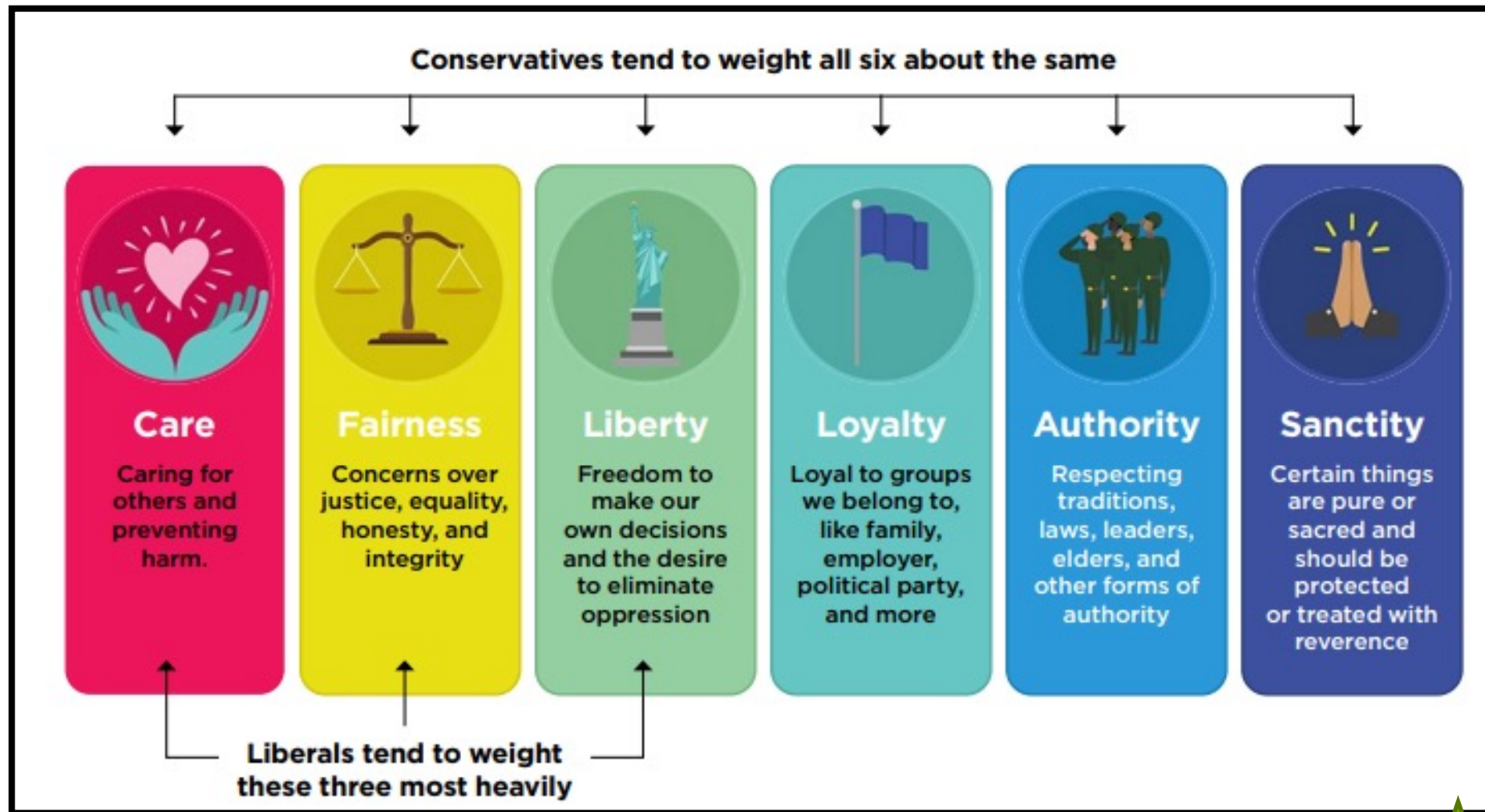
Three Critical Skills for Ethical Organizations

- *Psychological safety and comfort speaking up*
- *Conflict resolution (silence or violence problem)*
- *Inclusion and belonging (less tolerance for cheating)*

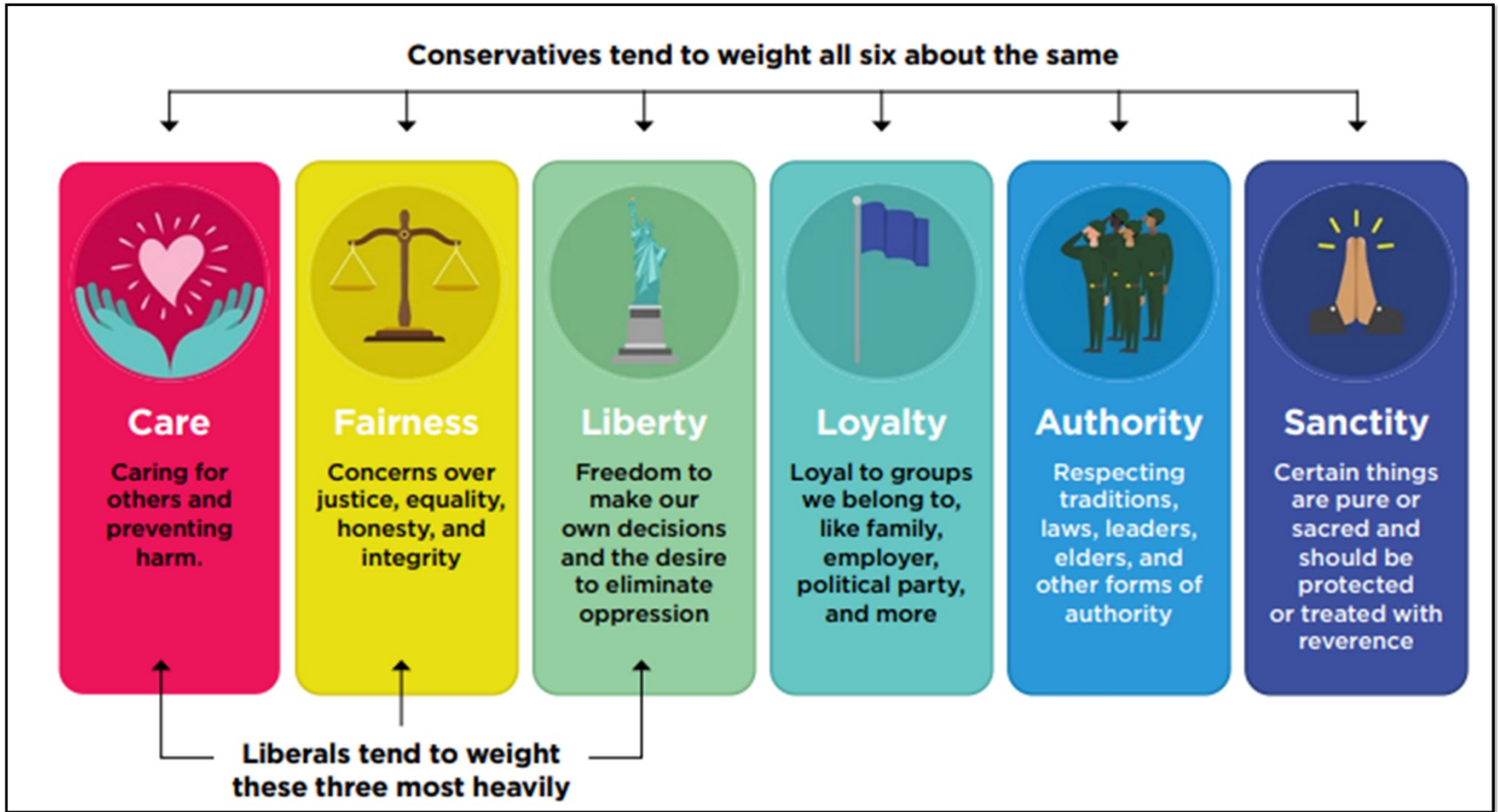


Perspectives

The Premise: We all share six basic “moral foundations”. Think of these like taste buds. Just as people have different appetites for salty, sweet, etc., people weight the moral foundations differently on political issues.



Implications

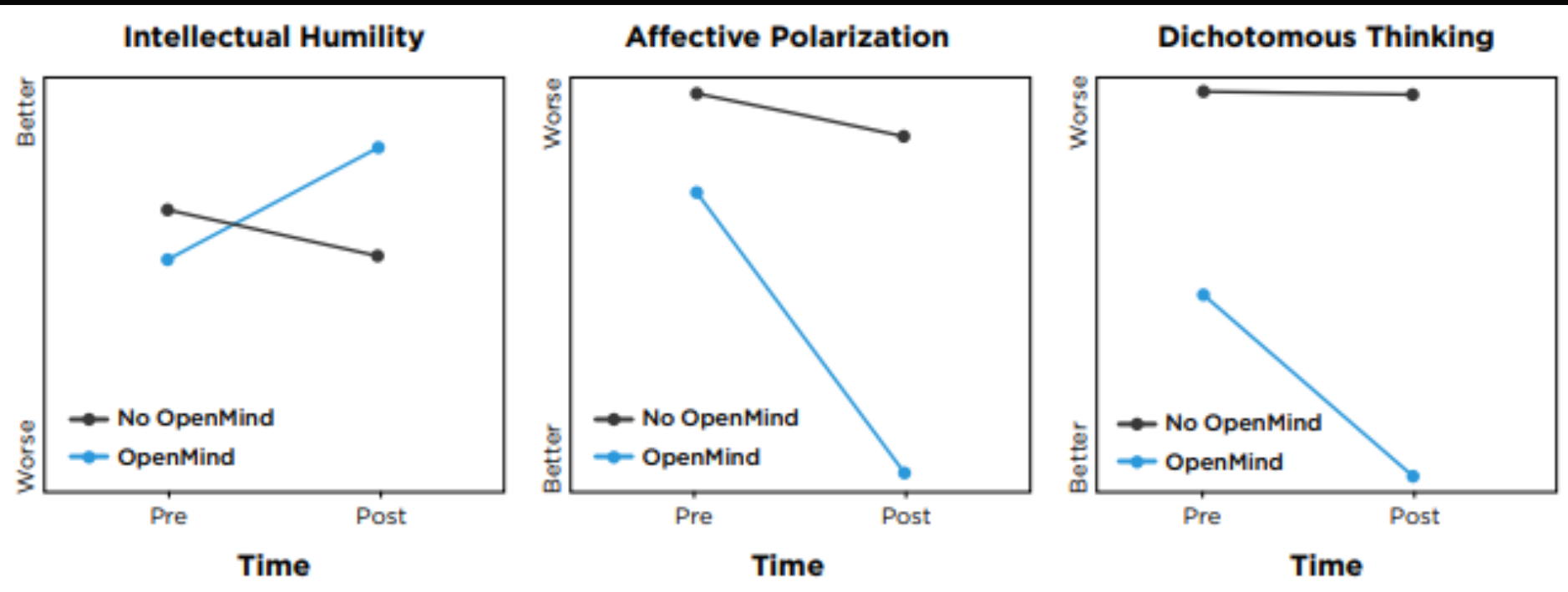


What This Means: Because these moral foundations are shared by everyone it is possible to communicate across divides. The trick is to find the common ground, instead of emphasizing differences. Recognize which moral foundations are at work in a conflict and then see how you can help people recognize a shared moral interest.

Visit gfoa.org/perspectives to learn more and to access training that is proven effective in teaching people to work through political polarization.



Results from Our Nationwide Study



On average, participants rated their satisfaction with the program as a 9 out of 10.



Check out the Research Report

<https://www.gfoa.org/materials/bridging-political-divides-in-local-government>



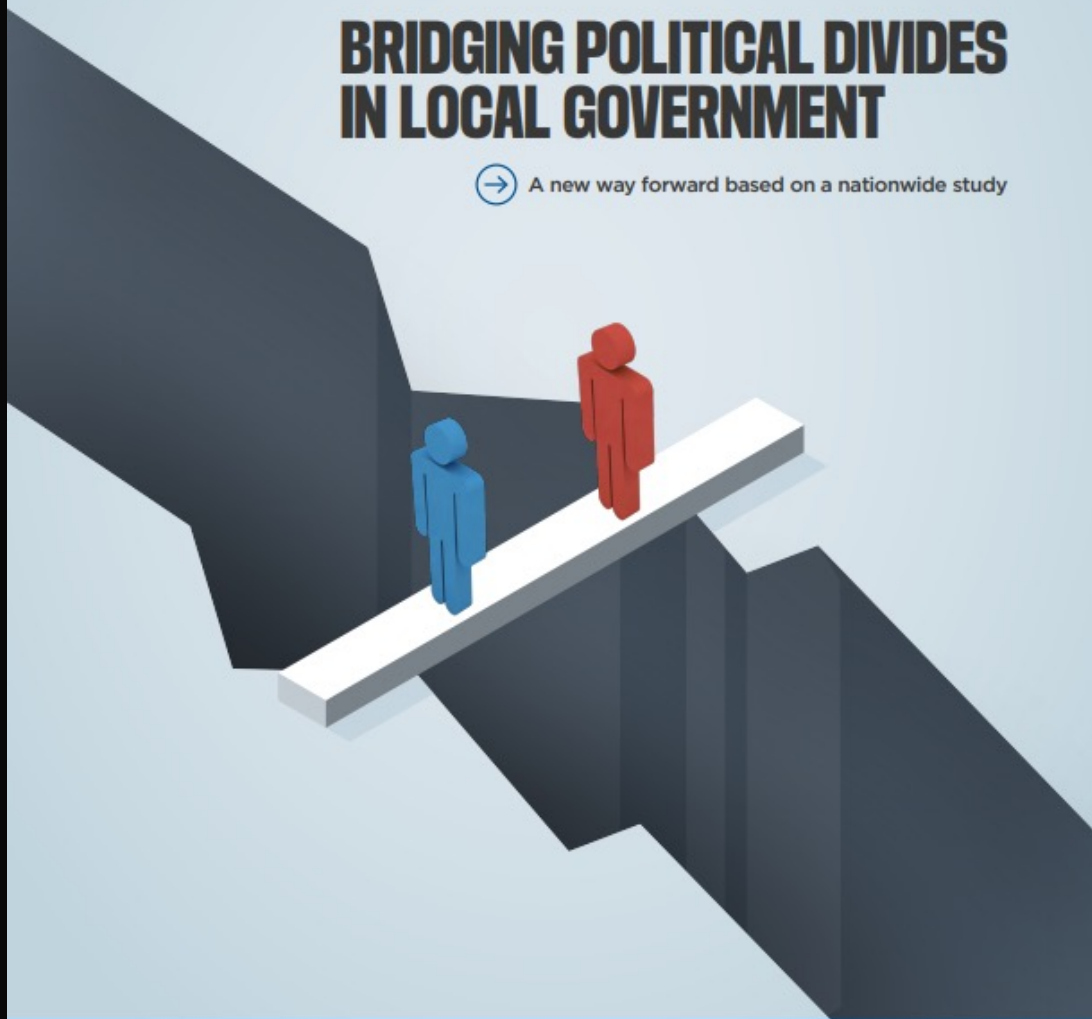
Constructive
Dialogue
Institute

ICMA

RETHINKING BUDGETING

BRIDGING POLITICAL DIVIDES IN LOCAL GOVERNMENT

→ A new way forward based on a nationwide study



For more information, visit [gfoa.org/rethinking-budgeting](https://www.gfoa.org/rethinking-budgeting)





Code of Ethics

Government Name

CSMFO

Government Logo



We, the government finance officers of the United States and Canada, have a deep and abiding desire to show that we are worthy of the special trust that the communities we serve have placed in us. As a member of my government's finance office, I commit to living the following values to show that I am worthy of that trust.

INTEGRITY AND HONESTY

Integrity and honesty are the foundation on which trustworthiness is built. It means people can believe what I say, I act in accordance with my deepest values, I put principle ahead of my own ego, and I do the right thing even when it is hard.

PRODUCING RESULTS FOR MY COMMUNITY

Public finance offices have an important job. Doing that job well honors the trust the public has placed in me.

TREATING PEOPLE FAIRLY

Local governments depend on trusting relationships. Therefore, I will treat people fairly and develop processes and procedures that are fair.

DIVERSITY AND INCLUSION

Embracing diversity and fostering inclusiveness helps finance offices cultivate organizations and promote policies that reflect the communities they serve. When people feel included, they see that I am concerned for their wellbeing. That shows I am worthy of their trust.

RELIABILITY AND CONSISTENCY

When I consistently apply my standards – especially to myself – I honor my commitment to the community I serve and make it easier to do the right thing even when faced with challenging circumstances.

For your
Code of
Ethics poster
gfoa.org/trust



Hope to see you in...



Thank You



Government Finance Officers Association

cmorrill@gfoa.org



Case Study – City Council Conundrum

The Ethical Issue: providing accurate information to your council or board without upsetting your boss.

The Scenario:

- Mary Finley the City Finance Director is appointed by and reports to Mayor Pamela Dawkins, and it is an election year.
- Mayor Dawkins has asked Mary to research a new tax proposal that would be levied to fund a new program to address the opioid crisis in the City.

Council Conundrum (Continued 2)

- Mary and the Finance team diligently analyze the proposal and provide a forecast of potential revenues and costs.
- Because the program is new and the proposed tax is not something the City has used before, both the expenditures and the revenues provided to the Mayor have caveats, assumptions and various hedges built in.
- The analysis Mary provides to the Mayor includes ranges for both expenditures and revenues due to the uncertainty.

City Council Conundrum (continued 3)

- When Mayor Dawkins announces the new proposal, he shares only the highest revenue and lowest cost projections. Mary knows they are unrealistic.
- Mary expresses concerns to the Mayor and is told that it is her responsibility to back the Mayor's proposal. Finance completed its work and the Mayor made the decision.
- When City Council deliberates on the proposal, Mary is asked by the Council to testify because of the trust they have in her department's work.

City Council Conundrum (continued 4)

Mary is certain there will be significant questions about the lack of nuance to the projections as the Council has been used to seeing thorough work from the finance team.

1. What is at stake for all involved?
2. How should Mary act on her values?
3. What are your suggestions for how Mary should respond when questioned by the Council?
4. How should she follow up with the Mayor?