

SPRING 2022



How Government Leaders Can Capitalize On Federal Funding to Fuel an Equitable Future

A PLAYBOOK FOR PURPOSE-DRIVEN GOVERNMENT



Produced by Funkhouser & Associates
With support from GTY Technology



Bonfire CITYBASE eCivis OpenCounter Questica SHERPA

CONTENTS

01

Introduction

02

The impacts of the pandemic & the federal funding response

05

Fading barriers to change

05

The human-centered design

07

Investing the money strategically

09

Achieving & sustaining a structurally balanced budget

11

Managing growth

12

Focus on equity & sustainable development

13

Investment in community

14

Operationalizing investments

15

The power of procurement

17

New toolsets, new mindsets

21

Looking ahead: The resilient, human-centered government

CASE STUDIES

Mount Prospect: Making Government More Accessible

03

Miami: Streamlining Business Licensing to Support an Equitable, Vibrant Economy

06

Arizona: Using Tech to Optimize Grant Opportunities and Impact

08

Concord: Combating Pandemic Uncertainty with Budget Forecasting and Modeling

10

Barnstable County: Driving Competition, Enhancing Vendor Diversification

16

Philadelphia: Creating a Roadmap to Effective Budget Management

18

INTRODUCTION

In a time of historic federal funding, government leaders and policymakers are feeling enormous pressure to use this opportunity to lift up historically disadvantaged populations and build the foundation for a more sustainable and equitable future. At the same time, governments are facing growing capacity constraints as they struggle to retain and hire workers. Many departments and agencies are looking at technology for help. Public sector tech leaders at a recent NASCIO event discussed the challenges and possibilities of digital government as they are working on an unprecedented scope of IT modernization projects in states, cities and counties.

A focus in this playbook is on how state and local governments can emerge even stronger from the pandemic by taking a sustainable approach to budgeting and finance that is centered on meeting the needs of residents and employees.

As state and local government leaders consider how best to leverage federal funding and engage new technological solutions to achieve their goals, the strategies and case studies laid out here show how a human-centered approach to policymaking and implementation can help governments become more accessible to all residents and build relationships centered on what matters most: the people.

CASE STUDIES



This playbook contains six case studies spotlighting practical ideas shared by governments who have tackled challenges - from grants management to resident engagement to financial planning - using purpose-driven solutions.



THE IMPACTS OF THE PANDEMIC & FEDERAL FUNDING RESPONSE

The COVID-19 pandemic ushered in a new era of digital connectivity and accelerated government adoption of technology in a way few could have predicted prior to the outbreak. Out of sheer necessity and a need to keep governments accessible, business services such as permitting and licensing were quickly moved online, public meetings were livestreamed, and public services such as vaccine clinics and even recreational classes became mobile to meet the needs of community members where they lived. The flexibility local governments showed in response to the pandemic has changed what constituents and government employees now expect from their interactions with cities and counties. Thanks to the \$2.2 trillion CARES Act and the \$1.9 trillion American Rescue Plan Act (ARPA), governments have spent billions of dollars in funding on new technology and tools enabling greater access to government and services. What began as a pandemic response has, in short order, now become industry practice.

Alongside this progression, the pandemic exposed existing inequalities in more stark relief and, in combination with the social unrest ignited by the murder of George Floyd, fueled demands for change that were taken to heart by state and local officials and reinforced in the federal legislative response. From state education superintendents to local planning departments, officials have been working on uncovering and addressing these systemic inequities that have limited social and economic mobility and contributed to the underrepresentation of certain communities in how decisions get made and services are distributed. Factors like job schedules or child care responsibilities created barriers to access for large swaths of the population, and particularly so for those most in need of government assistance. In some ways, the digitizing effect of the pandemic has improved equity by increasing access. For example, governments have reported greater participation in online public meetings and, in particular, from groups that hadn't previously participated.



Governments have opportunities to build upon this progress in the coming years.

The current federal administration has placed a high importance on data gathering and evidence-based policy, and the Treasury Department rule governing how states and localities can spend the \$350 billion in ARPA fiscal recovery funds encourages using the money for these purposes when possible. "Governments with high capacity to use data and evidence to administer programs," the rule says, "are more likely to be responsive to the needs of their community, more transparent about their community impact, and more resilient to emergencies such as the pandemic and its economic impacts." Likewise, the \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) places a priority on data and outcomes: The principle underlying many of the grant programs is the Biden administration's Justice40 Initiative, which aims to deliver 40 percent of benefits from federal investments in climate resilience and clean energy to disadvantaged communities. (Continued on p. 4)

"Governments with high capacity to use data and evidence to administer programs are more likely to be responsive to the needs of their community, more transparent about their community impact, and more resilient to emergencies such as the pandemic and its economic impacts."

MOUNT PROSPECT

MAKING GOVERNMENT MORE ACCESSIBLE

Oftentimes, a resident's first encounter with their local government is when they have a bill to pay. When paying that bill is an inconvenience, or limited to office hours or certain forms of payment, the experience can quickly become frustrating.

The pandemic highlighted the existing challenges of ensuring equitable access to government, especially local government, nationwide. In the Village of Mount Prospect, a Chicago suburb where government leaders are focused on diversity, equity and inclusion, improving access to services is a priority. Implementing new technology that allows governments and utilities to receive resident payments via both online and in-person channels is just one example of how the community is providing services more equitably.

To help address bill-payment access limitations, Mount Prospect decided to use [CityBase](#), a technology solution that enables customers to make cash payments using a kiosk system, said Jenny Fitzgerald, the village's deputy director of finance. By providing a secure payment system that allows users to obtain payment receipts during non-business hours, the village created a flexible option for the unbanked and anyone unable to come in person to make payments. Self-service payments have been a lifesaver during the pandemic and a critical boost toward digitizing government services and providing citizens better access and improved customer service, explained Fitzgerald.

This system has other positive benefits, including allowing users to set up recurring credit-card payments, thereby facilitating more reliable revenue collection by simplifying processing and streamlining

employee workflows. The online system also allows for account lookup and access to payment history and is more user-friendly for residents, supporting Mount Prospect's goal of on-time payments while simultaneously improving access and the customer experience.

Handling collections well creates a positive touchpoint for residents, which is crucial. It not only makes customers more likely to pay their bills, but because making payments is often the only regular interaction people have with government, a positive experience goes a long way toward building public trust and inclusive communities.

The CityBase platform also integrates into billing, account management, finance and other systems to support the configuration of payments and services, reconciliation across jurisdictions and agencies, and revenue reporting. This new functionality has allowed the city to streamline administrative processes and use staff more efficiently.

It's often hard to get employees on board with new technology solutions, noted Fitzgerald. Sometimes there is an assumption that the goal is to reduce payroll. But "CityBase has been spectacular in terms of onboarding and implementation," she said. It's "timely, professional, clear, and lived up to promises."

Mount Prospect's approach provides a great example of how delivering on-time solutions that make things easier for residents and staff can quickly lower apprehensions around technology modernization while making government more accessible for everyone.

Handling collections well creates a positive touchpoint for residents, which is crucial.

While this emphasis on data and outcomes is encouraging from a civic tech perspective, it lays more accountability on governments at a time when many don't have enough capacity to meet the challenge. Governments have not been immune to the "Great Resignation," and thousands of people have left local government or retired, taking with them knowledge and management expertise at a critical time. According to a recent MissionSquare Research Institute public workforce survey, employees are burnt out from the pandemic and nearly two out of three respondents reported that their organization has experienced more people leaving their jobs voluntarily since 2020.

Nearly every person we interviewed for this project listed staff capacity as their biggest challenge. Stockton, California, City Manager Harry Black told us that "the challenge is bandwidth — keeping the workforce motivated, focused and healthy." Wayne County, Michigan, CFO Hughey Newsome echoed that sentiment, telling us that "we struggle to hire people and we're running an insanely bad vacancy rate." This reflects what the professional associations serving local governments are hearing from their members. For example, Rick Grimm, CEO of the National Institute of Governmental Purchasing, told us that his members report difficulty in recruiting and retaining staff and that workforce capacity is their number-one challenge. This is especially concerning, he says, "because procurement gets in the news when there wasn't enough staff capacity to do things the right way." Tip Tucker Kendall, interim executive director of the National Grants Management Association, told us that "through the last two years, grants managers have been stretched very thin. Many of them have never managed such large amounts of funds and so many subrecipients, and that was a big learning curve. Now, they're coming to the audit phase, and there's a lot of stress



The workforce shortage puts more pressure on governments and challenges their ability to effectively leverage what many view as a once-in-a-generation funding opportunity.

with that because they take seriously the work of making sure each dollar is used appropriately." And when asked about the priorities of his members, Matt Chase, CEO and executive director of the National Association of Counties, said: "Retain the workforce. Number one is people."

The workforce shortage puts more pressure on governments and challenges their ability to effectively leverage what many view as a once-in-a-generation funding opportunity. Those who lack the ability to fully take advantage of the funding could ultimately contribute to existing inequities, notes urbanist Bruce Katz, co-author of "The New Localism." In what he calls a "delivery crisis," Katz warns that "most communities do not have the personnel with the capabilities, competencies, bandwidth or muscle memory to plan transformative projects, apply for disparate federal sources, do the capital stacking necessary to make catalytic projects happen and coordinate multiple investments for synergistic effect." ■

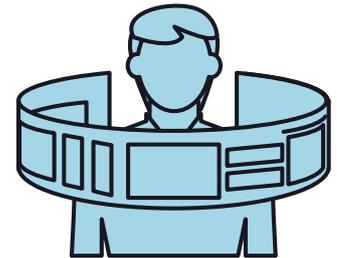
FADING BARRIERS TO CHANGE

New technology will likely play a role in filling the capacity gap. Traditionally, state and local governments lagged the private sector in tech adoption and therefore, to a certain extent, were seen as a smaller and less appealing market for cutting-edge applications. Therefore, solutions offered to governments were usually designed for the huge market offered by the global corporate sector and later modified to meet the needs of government. This after-the-fact adaptation meant that governments were often only using a portion of the functions they were paying for or were burdening staff by modifying functionality in-house.

That changed with the pandemic — governments could no longer avoid massive investments in technology, and they were given the federal funding to make those investments. Almost overnight, the market for sector-specific, purpose-built government technology exploded as public sector organizations scrambled

to accommodate remote work, remote service to the public and paperless processing.

Now with ARPA and the IIJA, states and cities have the time to innovate proactively instead of reactively. In their book “Power to the Public,” co-authors Tara Dawson McGuinness and Hana Schank, who are associates of the New America think tank and former Obama administration officials, explain that understanding, research and constant program testing with the people you are trying to serve is essential to getting public policy and public programs right in the digital age. “Delivery won’t fix bad policy, but very good policy can be undercut if it isn’t designed and executed to meet people where they are,” they write.



HUMAN-CENTERED DESIGN

Modernizing government to meet the needs of the people it serves requires an approach that’s centered around its users, including employees. This concept is called “human-centered design,” or HCD, and is advocated by civic tech groups like Code for America and U.S. Digital Response. A human-centered government empowers public workers to meet community needs by focusing on the lived experience of those whose needs must be met, exploring problems and possible solutions collaboratively, and making changes in response to feedback. By iterating through ideas, observing behavior and listening to feedback, designers can guide an organization to work more effectively and humanely. The goal is that employees can focus on what matters because other job tasks are more seamless, government is more customer-friendly and accessible for all

citizens, and policymakers can more easily track data to inform their decision-making.

In other words, technology by itself is not a silver bullet but it can be an effective tool for furthering defined policy goals. The problems governments face — tackling homelessness, the climate crisis, inequality — are infinitely more complex than those faced by the business world, yet many solutions governments rely on were initially created for the private sector. Rather than a one-size-fits-all approach, thoughtful implementation of purpose-built solutions can combine to create a holistic approach centered on the human experience of government workers and constituents. ■



Streamlining Business Licensing to Support an Equitable, Vibrant Economy

Business licensing and permitting is often a complex and politically fraught process. But when that process is streamlined, local governments can make services more accessible and equitable for residents, fostering more vibrant local economies.

Constituents are looking for online options instead of physically waiting in line for service, yet many departments are still fully manual. Adopting new technologies can transform the customer experience for its citizens, as it has in Miami.

People expect to receive the same level of service from local governments as they get from private companies like Amazon, said Maria Cabrera, a business analyst for Miami's Department of Innovation and Technology who is leading efforts to improve the city's business licensing and permitting processes. Cabrera's work springs from the progressive policy initiatives of Mayor Francis X. Suarez, who in his 2019 State of the City address vowed to make it easier for anyone to open a business from the comfort of their mobile device. His goal is to establish a supportive environment for small businesses while growing a diverse and inclusive economy.

In Miami, delays with business license applications were a source of frustration. To address the numerous obstacles facing entrepreneurs, the city reached out to its citizens to see how the process could be improved. The inquiry revealed widespread confusion about where specific businesses could be located. And because of a siloed approach lacking coordination among departments along the path to approval, processing times varied dramatically.

Knowing that technology alone cannot solve government process issues, the city brought

The new "one-stop-shop" approach guides applicants through a user-friendly online process and helps staff process applications more efficiently.

different departments together to identify permitting problems and solutions for the operational bottlenecks. Cabrera led an internal "Innovation Academy," a series of workshops where employees learn problem-solving techniques and are empowered to improve their own processes.

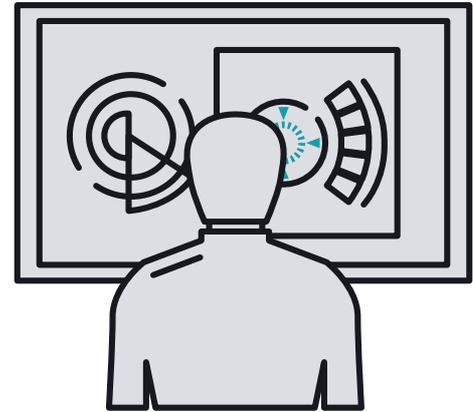
After identifying what needed change, Miami started looking for software to fit those goals, ultimately deciding on OpenCounter for its online business license portal. The new "one-stop-shop" approach guides applicants through a user-friendly online process and helps staff process applications more efficiently.

"One of the biggest complaints we were getting from customers was, 'I don't understand what kind of business I'm allowed to have at the address that I want to have it,'" Cabrera said. OpenCounter is "exceptional" at digesting municipal code, she added. Now, constituents can pull out their phones and quickly determine whether a particular business is compatible with specific zoning requirements in their desired location.

In facilitating this direct link to city services, OpenCounter improves overall access and equity for Miami's citizens. This integrated technology also enhances data-driven analysis that will help support additional efficiencies and results-oriented decision-making to fuel Miami's goal of an inclusive, vibrant economy.

INVESTING THE MONEY STRATEGICALLY

The huge changes that have occurred over the last several years have created circumstances that allow government finance professionals and their elected leaders to make changes that they may have always known were needed but seemed politically, technologically and financially beyond the realm of possibility. In this section of the playbook we lay out how governments can prepare for funding opportunities, key principles of fiscal sustainability, and how this approach is not only possible but required if communities are going to make the most of the moment.

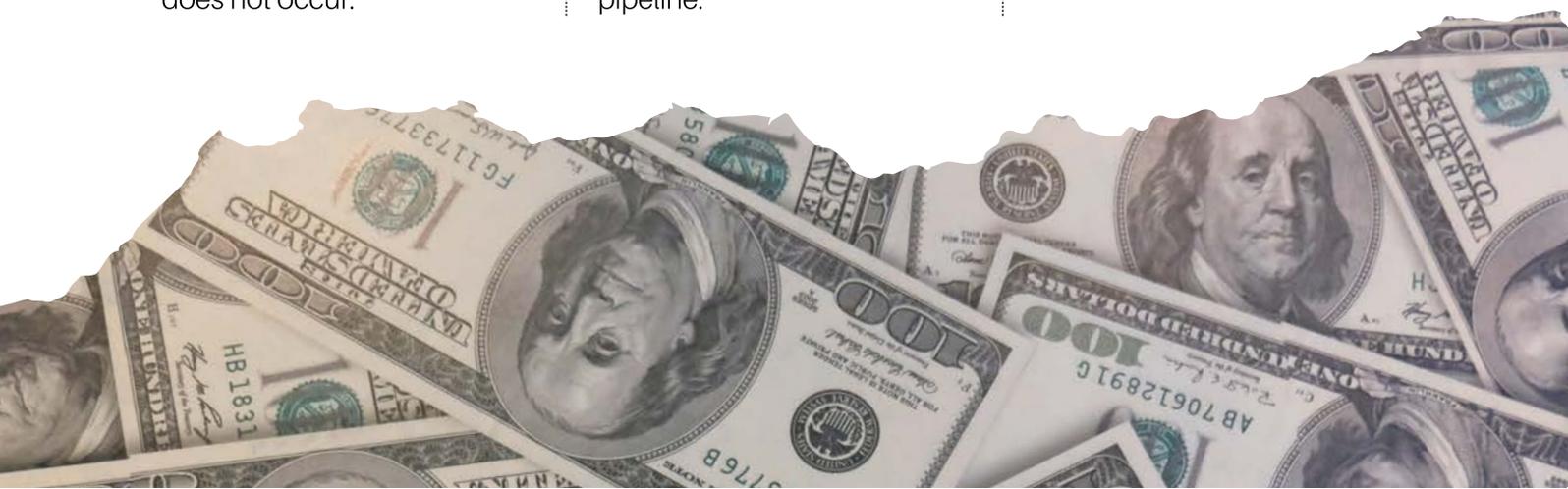


STEPS TO LEVERAGE FUNDING

Government officials today are facing an unusual situation. After more than a decade of austerity, finding federal funding isn't the problem, but managing it is more daunting than ever. Between the ARPA fiscal recovery funds and the potential grant funding from the IIJA, the scale of federal funding is more than most local governments have ever handled. With so many funding streams available to states and localities, it is critical to develop a grant management strategy and plan to ensure that funding is maximized and duplication does not occur.

The White House advises states and localities to prepare for the rollout of IIJA competitive grants by first consulting its [Bipartisan Infrastructure Law Guidebook](#) to identify federal funding streams to target. The administration is also encouraging states to appoint a statewide infrastructure coordinator to manage the flow of funds to their states, and advises localities to start coordinating across their departments, with metropolitan planning organizations and community stakeholders to prioritize capital needs and develop a project pipeline.

In addition, states and localities can leverage a portion of their ARPA fiscal recovery funds to help prepare for the transformative investments included in the IIJA such as training workers or getting a jump start on water, sewer and broadband projects. ARPA funds can also be invested in data analytics solutions and programs that will help with fiscal recovery fund administration and reporting. These solutions can also help governments manage the IIJA grants process and create more compelling, data-driven applications for funding. ■



ARIZONA

Using Tech to Optimize Grant Opportunities and Impact

The influx of federal funding from the American Rescue Plan Act and the Infrastructure Investment and Jobs Act has created significant opportunities for — and put enormous pressure on — state and local governments.

“It’s really an unprecedented time in grants management,” said Matthew Hanson, a former Arizona statewide grants administrator and assistant director for the Arizona Governor’s Office of Strategic Planning & Budgeting who’s now assistant managing director at the Witt O’Brien’s crisis-management consultancy. There’s a “tidal wave” of funding opportunities, he added, but those opportunities are more competitive than ever.

The reality is that grants management is a full-time job but few departments have a dedicated grants manager. When governments don’t have dedicated staff and resources to effectively compete for those opportunities, they risk leaving money on the table, which can amplify inequities. And for the grants governments do have, keeping up with the ever-increasing reporting obligations and performance measurement demands is daunting.

In Arizona’s case, Hanson’s office conducted a review of missed grant opportunities following the Great Recession and found that the state was leaving \$400 to \$600 million a year on the table. So the state changed its approach, engaging the grants management system [eCivis](#). Unlike other systems that simply aggregate grant notices, eCivis consolidates grant information and makes it easier for staff to assess the state and federal grants landscape and respond quickly to new opportunities. “What would have been two hours in reading a Federal Register notice they took care of in two minutes for me,” Hanson said.

The new system also functions as a repository for document management and helps governments handle risk assessment, monitoring and closeout of grants — areas that are a challenge even for well equipped finance departments. “In one environment, in one system, we were able to track the federal grant all the way through to the performance of the sub-recipients, which really gave us a unique perspective of how our grants were operating and, in many cases, not operating well,” Hanson said.

The decision was a fortuitous one for Arizona. When the pandemic hit and the influx of federal funding began flowing, the state was better prepared to not only keep track of funding but comply with the increased requirements around performance reporting. “If we had to run that on multiple systems or we were still stuck on paper like we were in 2013, it would be brutal,” Hanson said.

When governments don’t have dedicated staff and resources to effectively compete for those opportunities, they risk leaving money on the table

At a time when governments are struggling to hire and retain staff, a grants management system can address capacity challenges with an all-in-one solution for planning, management and reporting. This approach can help ensure the funds are being spent in a way that actually meets the needs of residents. As Arizona’s approach illustrates, good stewardship of taxpayer dollars enables governments to invest more equitably, ensuring sustainable development and stronger communities.

ACHIEVING AND SUSTAINING A STRUCTURALLY BALANCED BUDGET

Many state and local governments face a chronic structural budget deficit. They piece together a “balanced” budget every year by tapping one-time funds to fill holes in the operating budget, failing to provide for needed new capital assets, deferring maintenance on existing assets, failing to make actuarially required contributions to their employee pension funds, or not setting aside funds to cover promised retiree health care benefits. The result is a continual erosion of their financial condition, which in turn threatens services to their constituents and the quality of life within their communities.

The government finance professionals in these communities know that a structurally balanced budget is one that uses only revenues that can be expected to be ongoing, such as property taxes, to pay for ongoing expenses. An additional requirement is that the budget should adequately fund timely infrastructure maintenance and repair. They also know that putting off needed maintenance is essentially the same as borrowing money. Still, correcting the situation is extremely difficult because it requires that the elected officials they work for are seemingly faced with a choice of either cutting services or raising taxes and fees, and neither of those choices is popular with the voters.

An alternative to service cuts or tax increases would be improvements in productivity that would allow the same level of services to be provided at a lower cost. The age-old formula for productivity improvement is capital applied to labor, and the classic example is comparing a man digging a ditch with a backhoe machine to one digging with a spade. The backhoe may cost more upfront, but it ultimately saves money by getting the job done faster. The problem for governments is the lack of access to capital to make that start-up investment in equipment and training. A government that already has a structural budget deficit doesn’t have the capacity to make the required investments in equipment or technology.

Savvy government leaders will recognize in the federal money currently available an opportunity to come out from behind the eight ball and make the investments needed to lower costs or increase revenues in the medium and long term.



Consider for example, an aging water treatment plant that requires frequent repairs and has much higher operating costs than a modern plant would. Using federal infrastructure money to replace that plant would have the potential to reduce costs and move the government closer to a structurally balanced budget without having to make either service cuts or tax increases. And as several case studies in this playbook illustrate, the same productivity increases can be realized through investments in technology that has been specifically designed for governments. ■

CONCORD

Combating Pandemic Uncertainty with Budget Forecasting and Modeling

Increasing revenue volatility over the last decade has made budget forecasting more difficult, but the pandemic made it even more so. Large revenue gaps and a lack of clarity around federal aid created a lot of uncertainty, especially as government leaders didn't know how long it would take their communities to bounce back from the pandemic.

In Concord, North Carolina, finance officials combated that uncertainty by modeling different economic scenarios to map the possibilities ahead. The department's budgeting solution, Questica, offers multi-year forecasting and modeling that enables governments to try out different economic scenarios and better prepare for what's around the corner. Scenario modeling, also referred to as "stress-testing," is a practice that, along with recession planning, credit rating agencies have highlighted with favor in recent years. More states have begun regularly stress-testing their budgets, but cities often lack the time or resources to engage in the exercise with any regularity. Concord, however, was able to do so quickly and effectively in early 2020.

"Questica gives you a lot of capabilities to create different scenarios or to implement across-the-board changes very quickly," said Amanda Newton, a senior budget analyst in the city's finance department. For example, she added, the city crafted three different economic scenarios in 2020 to see how the budget might look depending on the severity of the pandemic. "That was tremendously helpful."

Questica's automated features also save staff considerable time, something that is top-of-mind for public finance officers facing capacity challenges. Concord's staff uses Questica's reports generator to quickly answer budget questions from the city administration. Moreover, the multi-year planning helps them take a longer and more proactive view of their budgets.

Lesley Reder, the city's budget and performance manager, said the city has been able to mold the software to meet its particular needs and that the updates Questica provides have only enhanced this process. As governments deal with performance-reporting requirements related to federal funding, these data analytics capabilities can save time and offer peace of mind.

In the years ahead, effective and efficient budget modeling will be increasingly critical for local governments.

While state revenues have largely recovered from the pandemic, recovery at the local level has been varied. Experts caution that local governments are likely to still be feeling the effects of the downturn for years to come, even after COVID-19 has subsided. And in some cases these future pressures will compound budget problems that predated the pandemic.

While federal aid will likely help smooth things over for a time, cities that can take a proactive approach to budget forecasting and long-range planning will be better prepared for whatever the economic future holds.

MANAGING GROWTH

Lots of communities are growing, especially in Sunbelt states like Texas and Florida, and while growth is certainly better than decline, growth brings its own problems and risks. Growth can, for example, create an illusion that the community's financial condition is better than it actually is because the long term costs for creating, maintaining and operating new infrastructure and facilities are often not fully accounted for in the government's financial plans. Unless there is an acknowledgement and accommodation of this long term risk, the finances of the community will suffer when the growth bottoms out.

Norton Bonaparte, city manager of Sanford, Florida, is dealing with just such a growth situation. His community recently added 1,600 homes and now it needs a new fire station. The city has the money and the apparatus for the station — but not the 12 employees to staff it. "New residents deserve both police and fire services. We need to hire additional police officers and firefighters," he said. "We have property tax as our main revenue source and a housing 'correction' would hurt us." He went on to say that the city would have to carefully manage these challenges.

"The reality is that we've been fortunate — the growth in assessed values has increased. COVID caused us to reduce expenditures, and we didn't get the shortfall we thought we would, so we've added \$5 million to our reserves. However, we haven't increased our workforce even as we have ongoing needs. Our new River Walk is great but grass doesn't cut itself."

The answer to the growth challenge is careful stewardship, which requires a robust financial management platform enabling full lifecycle costing and regular scenario planning.

The standard such platform has been a large enterprise resource planning system designed for use by the corporate sector and adapted to government use. Acquiring an ERP system is a large, expensive undertaking fraught with risk and delay, too often resulting in a system that doesn't perform as advertised. The federal money now available will allow governments that don't have the financial management system they need to be able to acquire a sector-specific, purpose-built platform that allows them to do the best job of managing their constituent's resources.



For communities that are losing population and tax base, often in the Midwest or the Northeast, the federal funding offers an opportunity to make the most of available resources. As in the discussion above on structurally balanced budgets, the federal money should be targeted at investments that reduce operating costs. In addition, leaders in these communities should attempt to identify and target the funding toward reducing or eliminating barriers to growth. For example, these cities and towns may have inadequate water and sewer facilities, or their residents may not have access to reliable high-speed internet. Considering the changes in living and working patterns being brought about by the rise in remote work, these communities may have assets like affordable housing that would allow them to be more successful if they are careful and strategic about the way they compete for and deploy the federal grant dollars. ■



FOCUS ON EQUITY & SUSTAINABLE DEVELOPMENT

Looking at the issues of equity and sustainable development through the lens of finance, we see that every financial decision government leaders make has operational implications that impact the community and the conditions within it. Likewise, every operational decision has financial implications. An illustration of this connection is the 2014 Flint, Michigan, water crisis: Decisions made to save money on the water system resulted in toxic levels of lead in the water, spurring a crisis that reverberated throughout the nation. In 2016, for example, the Pittsburgh Water and Sewer Authority was also under threat of financial collapse due to elevated lead levels. As in Flint, financial mismanagement — holding water and sewer rates below the levels required for adequate maintenance and repair and diverting money from the system — were key issues in the crisis. The system has started to turn around, but as [one extensive investigation](#) put it, the city's "water supply is still vulnerable — as much due to politics as old infrastructure."

Because financial management has a direct impact on the lives of residents, those residents are owed a clear and accessible explanation about why certain decisions are being made and what the expected impact is on different areas and segments of the community. While this has always been true, the heightened sense of distrust in many communities has made it even more urgent. And yet, as "Power to the Public" points out, "One of the challenges today's problem solvers face, as a result of our world's increased complexity, is the distance between deciders, lawmakers, public officials, and those whom they serve." At a minimum, the financial policies of the government and the relevant financial documents must be easily accessible on the web. Two cities that are doing that well are Kansas City, which has [sound financial policies](#) to guide its decisions and makes those policies available to the public, and Tigard, Oregon, which posts [its budget and long term financial plan](#) online, along with a short video by the city manager explaining the strategy behind the documents.

Making the connection between community conditions and financial decisions — and explaining those decisions — provides a foundation for equitable and sustainable development. Building on that foundation, governments should examine each of these additional considerations:

Service costs

Review the taxes and fees being charged to determine the extent to which they fairly reflect ability to pay and equitably spread the cost burden of the government. The Government Finance Officers Association's recent Rethinking Revenue initiative is potentially very helpful here.

Service delivery

Are services delivered equitably across geographic areas and demographic groups? This includes not only direct services like trash pickup but also indirect services like police response times and proximity to parks and green space.

Police power

Is the coercive power of the government used fairly? Those powers include not only arrest but also property seizure, eminent domain and various regulatory authorities like granting liquor licenses or building permits.

Access to communication

Do different groups of residents have roughly the same ability to receive and provide information to the government? This should include an opportunity to participate in dialogue with the government through a wide variety of channels and in a wide variety of venues.

INVESTMENT IN COMMUNITY

Sustainable development requires investment in the people, the places and the systems in the community and in its government. Investing in people is typically seen as education or training, such as early childhood education or community college. But investing in people also includes community-building and investing in the mechanisms that connect government with its constituents. At an April 2022 panel discussion at Columbia University, Frances Lucerna, president of the Williamsburg, Brooklyn, advocacy organization El Puente and a longtime community activist, said that “policy means nothing without implementation and implementation requires engagement of the community.” Her statement was immediately followed by that of Michael Nutter, former mayor of Philadelphia and now a faculty member at Columbia: “The people who live in the community know what’s going on, and if you listen to them you can move the needle.”

In addition to people, sustainable economic development requires investment in places. That means building what AARP and others call “livability,” and AARP has developed a “[livability index](#)” which can help governments measure and direct these investments. The results can be powerful. For example, a [recent study](#) by the Brookings Institution found that “community amenities such as recreation opportunities, cultural activities, and excellent services (e.g., good schools, transportation options) are likely bigger contributors to healthy local economies than traditional ‘business-friendly’ measures. Smaller places with a higher quality of life experience both higher employment and population growth than similarly situated communities, including those that rank high by traditional economic competitiveness measures.” ■



OPERATIONALIZING INVESTMENTS

Improvements to government systems and processes can help officials implement their growth and sustainability plans in a way that maximizes reach and impact. Deploying ARPA and IIJA funding strategically and building capacity for implementation must include steps to modernize the public-sector workplace in ways that will boost efficiency, drive performance and aid employee retention as well as recruitment of the next generation of public servants.

To harness the windfall of federal resources and use them in transformational ways, state and local government leaders must focus on several intersecting fronts:

Don't just throw money at problems. Empower problem-solvers.

Federal funding should be invested strategically and with an eye toward generating capacity for self-sustaining impact. This should include investment in modern systems and tools that help simplify the complexities of government bureaucracies to free up public workers' time to problem-solve and reduce the disconnect between agencies and the people they are meant to serve.

Ensure your fiscal house is in order

Leaders should consider what financial sustainability practices, such as those outlined above, need to be implemented to address structural deficits and shift resources to where they can best energize and sustain local growth.

Future-proof the workforce

Connect infrastructure projects with targeted career pathways to broaden, diversify and create an adaptable, homegrown workforce.

Love your local

Economic development initiatives should be designed to tap into the competitive potential of local communities, and procurement and permitting functions can be leveraged to open up opportunities for doing business with and in a city.



THE POWER OF PROCUREMENT

Procurement is one key government function where all those elements come into play. The process of how governments evaluate and purchase products and services and manage vendor contracts and relationships could be a catalyst for the transformational potential of ARPA and IIJA investments.

However, local and state procurement offices often work with outdated, predominantly paper-based systems that make it difficult for agencies to keep up with the scope of purchasing needs, much less with the complexity of reporting requirements attached to grant funding or advancing business enterprise programs targeted at minorities and other disadvantaged groups and supplier diversity.

Moreover, traditional “procurement processes are often biased against new, cross-cutting, or resilient solutions,” write Shalini Vajjhala and Ellory Monks in a [recent Brookings Institution article](#). “If we don’t make major improvements to the procurement tools that government agencies are required to use, agencies at all levels will inevitably replace failing systems with the same old fixes rather than transitioning to better, cheaper, more sustainable systems.”

Improving procurement technology can go hand in hand with positioning procurement as a strategic function within the organization and addressing the staffing challenges. NIGP’s Rick Grimm, said the new generation of government professionals are “very purpose focused” and can be recruited “if they know that the public procurement function is a place you can make a profound impact in the services you give to the community.”

Transitioning from legacy, largely paper-based procurement systems can be a very daunting and expensive undertaking, but it can help governments unlock the game-changing benefits of digital transformation. It goes beyond replacing paper with PDFs: It can empower procurement offices to think about and implement process improvements and move toward more strategic sourcing, starting from the concept to building the solicitation to vendor broadcasting to data tracking and reporting. “Procurement has historically been very reactive,” notes Jennifer Frates, chief procurement officer of Barnstable County, Massachusetts. She explained how being able to save time and automate some services can enable procurement offices to think more proactively when developing the specs and scope for bids and managing vendor performance before projects might start to veer off course. ■

BARNSTABLE COUNTY:

DRIVING COMPETITION, ENHANCING VENDOR DIVERSIFICATION

Procurement plays a vital role in how government functions and delivers services to its citizens. But too many public-sector procurement agencies are still struggling with largely paper-based, inefficient bidding systems, making it difficult to provide quality and affordable services.

While transitioning from legacy procurement systems seems both daunting and expensive, innovative technology specifically curated for governments can make the shift to a digital system more seamless, quickly delivering workflow improvements and cost savings.

Implementing a purpose-built digital solution using Bonfire has helped Jennifer Frates, chief procurement officer of Barnstable County, Massachusetts, make her one-person department more efficient. She handles all of the purchasing and competitive bids for the county and many of the surrounding towns, and those processes were extremely labor-intensive. Digitizing the county's system has allowed her to take a more strategic approach and focus on ensuring that the procurement process is more value-driven, competitive and equitable.

"The most important thing in procurement is to drive competition," Frates said. "Anytime I have a bid opening and I have a sole bidder, I feel like I have failed in some way, so driving competition and identifying as many suppliers as possible" is important. Increased competition also decreases costs and provides multiple channels for goods and services, she said. "Many communities are being charged astronomical prices for commodities and are stuck with only a few vendors. It's important to diversify, especially with the current supply-chain issues."

Digital solutions allow procurement offices to think about and implement process improvements and move toward more strategic sourcing, starting from the concept to building the solicitation to encompass the entire process, from vendor broadcasting to data tracking to reporting.

While fear of change often keeps governments from implementing technological transformations, Frates noted that the efficiencies created with the new system, which covers all the different processes for procurement, have been well worth the effort and the investment.

Switching to a digital procurement platform also removed a lot of Frates' administrative and clerical tasks, enabling her to take a more proactive approach and reach out to potential vendors about different opportunities. "Vendors really do like the new system," Frates said. Now they don't have to worry about a bid getting lost in the mail and not arriving on time. "Everything is transparent."

Using digital solutions also makes it possible to involve other users and stakeholders in the procurement process. This approach has helped create a culture of collaboration throughout Barnstable County, weaving procurement into larger conversations on enhancing vendor diversification and building equitable communities.

"The most important thing in procurement is to drive competition."

NEW TOOLSET - NEW MINDSETS

While the last two years have brought to the fore frustrations around inequity and gaps in government service delivery, the pandemic's impacts also have rendered more acute the need for profound culture change across the public sector.

State and local jurisdictions across the country are suffering the symptoms of a workforce system that has in many ways fallen out of sync with what it takes to serve citizens in the 21st century. We see this in the erosion of trust residents of communities have in government's ability to deliver as well as the difficulties public-sector managers are having in attracting new talent. As mentioned, this capacity drain has been further fueled by the Great Resignation and comes at a critical juncture when human capital is needed to mobilize the transformation that ARPA and IIJA are supposed to fund: It takes people to harness and build on the technological advances set in motion over the last couple of years, people to understand residents' needs and make a positive difference in their lives, and people who ultimately can reinvigorate public service.

As state and local agencies seek to operationalize their use of the new federal dollars, including with investments in purpose-built technologies that previously would not have been possible, one way to ensure transformative and lasting impact is to focus on people and purpose. Put differently, new toolsets must be accompanied by new mindsets. Many of the upgrades to things like payment platforms, permitting systems, or procurement and budget software described in this playbook have been used effectively by local officials to advance that dual imperative. However, as governments shift away from their traditional focus on compliance, rules and procedures to a focus on performance and innovation, they are sure to encounter headwinds. Public-sector staff not typically encouraged to take risks or think outside the box may feel apprehensive about process modernization, just as managers have come to expect that new technologies rarely get deployed on schedule or on budget and often fail to deliver necessary functionalities.



State and local jurisdictions are suffering the symptoms of a workforce system that has in many ways fallen out of sync with what it takes to serve citizens in the 21st century.



PHILADELPHIA

CREATING A ROADMAP TO EFFECTIVE BUDGET MANAGEMENT

Traditionally, management solutions offered to governments were usually designed for the corporate sector and later modified to meet public-sector needs. But this approach can leave gaps, particularly when it comes to the idiosyncrasies of government accounting or creating financial reports designed for the public.

The School District of Philadelphia learned this lesson the hard way back in the early 2000s when it chose a beta finance application offered by its enterprise resource planning provider. System implementation was fraught with challenges, and the district ended up switching to Sherpa, a powerful package of software and consulting services that can handle the most complex and sophisticated government financial-management issues. The Philadelphia school district is the eighth largest in the country, with a budget of over \$4 billion, more than 200,000 students and about 18,000 employees represented by five different bargaining units. Using the new software tools, the district built its budget system from the ground up, and it has served the district well for the past 17 years.

Using a solution built for government rather than for the private sector was the crucial difference. The district's CFO, Uri Monson, said he had very specific ideas for what he wanted the budget and data to look like, and Sherpa helped him realize that vision. The district has been using the software to generate all its budget documents. "Financial folks have one way of looking at the world of data and spreadsheets, and being able to translate that vision for the public and provide that go-between has been really helpful," he added.

There are some key considerations that local governments must keep in mind to ensure a successful transition to a new budget management platform. "Know exactly what you're buying," said Joe D'Alessandro, deputy chief of grant compliance and fiscal services for the school district. "If the vendor can't provide at least three successful implementations willing to cheerlead their product, don't buy it."

Additionally, local governments should avoid building more complexity into systems than necessary and instead take the time to determine their needs and build around them. There's a tendency to want to pour as much functionality into a new system as possible, D'Alessandro said, but the bells and whistles don't always provide a better cost-benefit result. And on the other end, it can make work harder for employees. During implementation "is not the time to find out that many of your core employee task assignments" will need to change to accommodate the system's design, he said.

Budget forecasting has always been difficult, but these days it's even more unpredictable as governments are facing fiscal volatility in the wake of the pandemic and soaring costs amid rising inflation and geopolitical tensions.

The Philadelphia school district's experience can serve as a valuable roadmap for local governments seeking to modernize their budget management processes. Successful implementation of sector-specific approaches can help governments more seamlessly track their funding flows, ease reporting requirements and boost transparency by effectively presenting a government's budget story to the public.

In a [recent webinar](#) exploring how different governments have implemented technology improvements to put people first, speakers shared a series of tips for navigating this culture change, ensuring staff buy-in and avoiding common pitfalls of new technology deployments:

Technology cannot replace process.

María G. Cabrera has been leading process improvement efforts for business licensing and permitting for the city of Miami. She emphasized that before selecting new software or systems, it is key to review processes and identify dependencies and bottlenecks. “Garbage in, garbage out. You can’t solve your process issues with software.” One of the biggest positives that came out of the effort to implement a more customer friendly permitting system was an “Innovation Academy” that Cabrera helped create for the city. It brought together different departments, skillsets and siloed systems and empowered staff to do their part in process improvement. This helped ensure that the solution that was ultimately implemented worked as intended and allowed employees to make clearer connections between operational decisions and the improvement of services for residents.

Know your people.

It is equally important to be attuned to your organizational culture when implementing new systems or enhancements to ensure that they fit with well-established workflows and roles. Before purchasing a new system, managers should understand how flexible and configurable those solutions are and how workflows may need to change to accommodate the new system, as well as the effort required for system administration. After the School District of Philadelphia adopted its new budgeting system, the finance department tried to incorporate budget decision-making into the digital workflow and immediately hit resistance. “The district program staff was having none of it,” said Joseph D’Alessandro, the department’s deputy chief of grant compliance and fiscal services. “It simply wasn’t the organization’s culture to make resource requests and decisions through a technology-driven workflow portal,” and it disrupted the separation of duty practices and functions without contributing value to core functions. “We could have saved a lot of effort and resources had we better understood our organizational culture,” he added. It’s a step that is as obvious as it is often ignored: In D’Alessandro’s words, managers should “have a deep and thorough conversation with existing users before making a purchase decision.”

Government should not be run like a business.

This goes back to the earlier point emphasizing the important shift toward purpose-built technologies that specifically address the needs of the public sector. “Stick with sector-specific vendors,” recommends D’Alessandro. Private-sector approaches can be fundamentally different, and, he said, “while many corporate-focused vendors try to break into the government market touting how their applications are easily customizable ...reconciling them with the government perspective and functionality carries substantial implementation and training costs, and invariably you’ll need to change process and practice to accommodate the corporate system.” D’Alessandro’s advice is to purchase software from vendors focused on the governmental sector to save costs and time and guard against the potential of employee upheaval and implementation failures.

The Biden administration has been prioritizing improvements to the customer experience and service delivery as a way to rebuild trust in the federal government, calling for agencies to work with state, local, tribal and territorial governments and other partners to design experiences “that effectively reduce administrative burdens, simplify both public-facing and internal processes to improve efficiency, and empower the Federal workforce to solve problems.” States, cities and counties can spearhead that effort locally by leading with modern technologies to solve the challenges faced by their communities. Internally, this will help close capacity gaps by enabling a culture of performance, collaboration and proactive problem-solving. It will also drive professional development and make government a more attractive place to work. Externally, it will help deliver on the promise of transformative policy solutions and programs by delivering services that are simple to use, accessible, equitable, transparent and responsive. ■

LOOKING AHEAD: THE RESILIENT, HUMAN-CENTERED GOVERNMENT

In the same way the New Deal lifted up struggling workers in the 1930s and '40s and the federal highway program helped connectivity and commerce in the 1950s, this decade's federal investment has the potential to bring more equality and economic prosperity to all Americans. Both ARPA and the IIJA encourage — and in the case of some infrastructure programs, require — governments to keep equity and data at the center of their federal funds spending. This is not a short-term shift: As mentioned earlier, President Biden's [Justice40 Initiative](#) underpins much of the IIJA, but it is also expected to guide policymaking stemming from the kind of social and climate programs that were integral to the president's Build Back Better initiative.

By targeting the benefits — instead of the dollars — the Justice40 Initiative essentially mandates that governments track program outcomes, which requires incorporating data analytics to at least some degree. Adding to that likelihood is the government workforce shortage and current labor trends: Given the ongoing retirements and the fact that [younger workers tend to switch jobs](#) more often than their predecessors, purpose-built tech solutions are an appealing way to fill the labor gap and offer continuity. The hope from many is that by incentivizing an outcomes- and evidence-based approach to governing, cities and states will adopt more data-centric methods and solutions to both ease the increased reporting requirement burdens and promote accountability.

Such a move would give states and localities the permanent tools to ensure equitable and sustainable investment beyond the timeline of their federally funded projects. A data-driven, human-centered government can also lead to a more resilient, or "[anti-fragile](#)," operational model because governing in this way enables leaders to better respond in real time to the needs of the moment. An anti-fragile government doesn't just bounce back — it is proactive and better able to nimbly respond and grow stronger in response to inevitable disruptions.

Governments have already made huge leaps in mindset over the last two years, pointed out Tina Walha, the director of public digital at U.S. Digital Response. The pandemic, she said, eliminated the old excuse of "this is the way we've always done it" and necessitated a new way of thinking about governments' constituents and employees. Walha's team is optimistic that the new outlook can stick.

"In the last few years, we've seen governments step up, move fast and deliver in ways that have had a really meaningful impact on folks," Walha said. "Whether it was emergency rental assistance or food assistance or unemployment, what we saw in the pandemic is that government can work with partners and make decisions quickly and smartly. It shows that we can work in an agile way, can work at the speed of need, and we can do so with competence."



This playbook was produced by Funkhouser & Associates with support from GTY Technology.

GTY brings leading government technology companies together to offer a comprehensive suite of cloud-based solutions designed to fuel the digital transformation of the public sector. The GTY Technology family of companies offers modular, cloud-based platforms to help organizations transform the way they engage stakeholders and manage their resources. Departments that are traditionally regimented and struggling to deliver citizen engagement, can now leverage specialization for their day-to-day activities through a GTY Technology subsidiary.



 **Bonfire**

 **CITYBASE**

 **eCivis**

 **OpenCounter**

 **Questica**

 **SHERPA**

Funkhouser & Associates is a consulting company that builds impactful and effective relationships between state and local governments and private companies. Policy is aspirational. F&A works across sectors to help connect the dots between policy and process, between population data and improved community outcomes, between technology and more human-centered government. Armed with decades of 360-degree experience in the inner workings of how policy is built, funded, and enacted, we help match public sector needs with private sector solutions.

