CUTBACKS AND PRIORITIES (EXERCISE)


Cutback . . . retrenchment . . . downsizing . . . this technical jargon actually translates into withholding help—someone or something is going to lose help or get less. The challenge is to choose in a way that is (1) ethically principled, (2) legal, (3) politically accountable, (4) publicly and personally defensible, (5) professionally credible and conforming to best practices, and (6) fiscally and managerially prudent. Because budgeting is making choices under conditions of scarcity, budgeting always involves cutting back from the ideal.

**Problem.** An unexpected drop in state revenue dictates taking immediate steps to avoid a deficit. In a strategy session, legislative leadership develops guidelines and asks you, a professional analyst in the nonpartisan office, to use them to rank several programs and recommend cuts.

**Priorities.** (Priorities are adapted from letter of December 4, 1990, from Connecticut Office of Policy and Management's Secretary-designate Wm. J. Cibes, Jr., to agency heads.) These are leadership's priorities for evaluating programs.

A. Essential to preserve life in long or short term
B. Provide for health and safety
C. Avoid significant future harm
D. Prevent most costly services in future
E. Contribute to state's fiscal health or revenues
F. Maintain or enhance quality of life
G. Obsolete, duplicative, ineffective (alternatives are available or better)
Step #1. Evaluate policies using priorities A to G.

Step #2. Rank policies from critical (5) to worthy (3) to good target for cut (1)

A–G 1–5 (Letters and numbers may be used more than once.)

___  ___1. Disaster relief (food, water) for victims' immediate use
___  ___2. Support for water quality inspection teams
___  ___3. Computerized system to speed processing of vendor bills (and avoid charges for late payment)
___  ___4. Funding ambulance and rescue services at subsidized charge to user
___  ___5. Scheduled pay increases for government employees
___  ___6. Computer security to protect confidentiality of personal records (client, employee)
___  ___7. Making payments on borrowed money (debt)
___  ___8. Upkeep of parks and recreational areas

1. Assume funding is zero or 100 percent. Select two programs to be cut (from among the programs you ranked "1" or "2").

   #___                       #___

   Reason for choice:____________________   Reason for choice:____________________

2. Are you willing to defend these choices publicly?

3. Is something important missing? What else should we think about?

The Problem

In one form or another, the problem described in the exercise is probably familiar to most people in public service. In this example, the task is to recommend immediate steps to counter an impending budget shortfall, and targeting programs to eliminate amounts or to withdrawing or
denying help. Although individuals opposing certain steps mistakenly or cynically may confuse not helping with purposefully doing harm, it is in fact a very different matter. Avoiding doing harm is the customary minimum ethical duty. But it is also true that someone or something is going to lose help or get less of it. The first option illustrates how moral responsibility often is seen as especially forceful and urgent in matters of life and death or acute, immediate need. Disaster relief therefore may be assigned an "A" or "B" and ranked a "5," meaning that many decision makers will not tolerate this option.

Budgetary measures and fiscal policies through which scarce resources are allocated and costs distributed carry significant moral content. They pronounce the moral judgments that are very much a part of the answer to the classic question posed by V. O. Key, Jr. (1940): "On what basis shall it be decided to allocate X dollars to Activity A instead of activity B?" While Key opted for efficiency as the answer, decision makers working through this exercise may find themselves thinking about the people who would be affected, and how. Can they survive the cut? Are we breaking a law or a promise?

**Analysis of Options**

The options laid out here speak to ethical issues and claims. The third option of the computer system illustrates how economy so often crowds out efficiency when moral imperatives come into play. Similar reasoning may affect the eighth item, which also carries a substantial future price tag. The third and eighth options, not involving urgent human harm, were routinely the preferred options in numerous programs conducted by the authors with several thousand practitioners in federal, state, and local government and nonprofit organizations.

The eighth and second options raise questions of stewardship—for who is the decision maker a fiduciary? Should anyone speak for the voiceless, future stakeholders? Yet, doesn't this stance
dilute immediate democratic responsiveness and accountability? If someone should act as steward, then who? The eighth option also stands for the familiar choice of deferred maintenance, perhaps made tolerable by the questionable assumption that current damage can be undone and the harm is temporary.

The fifth option illustrates two main lines of ethical thought—one based on duty and principles, the other grounded in results or consequences. Because denying the salary increase is not itself life-threatening, it may be preferred by decision makers who value consequences; others, more influenced by principles, may reject the fifth option because of the implied broken promise. (The breaking of a promise suggests why choices such as the fifth option may trigger a sense of betrayal and even moral outrage.)

The seventh choice evokes another promise—to comply with the law when exercising public authority. Debt, such as bonds, is a legally binding commitment but also prompts consideration of fairness to future taxpayers and higher future costs.

The sixth option points to the concern with information integrity and confidentiality. Considerations of privacy and confidentiality are especially productive sources of ethical dilemmas (and prohibitions) today because of accelerating technological capacity, but also and more fundamentally because they stand as a first line of defense against using people as objects, or instrumentally. This is why many municipal, state, and professional associations’ ethics standards specifically address the issue of confidential information.

**For Discussion**

1. Because budgeting is about scarcity, is all budgeting cutback management? Do you agree or not, and why? (See chapter 5.)
2. The first paragraph lists six criteria for making budget choices. Is something missing? What else would you add? For example, should we consider political responsiveness to political demands? What about public opinion?

3. Should we consider public needs? Does this consideration fit any of the six criteria?

4. What arguments and evidence support or contradict the proposition that there is an ethical core to public budgeting?

References