


○ ○ ○ | **Fiscal First Aid**

Picking the Right Retrenchment Tactics


1



○ ○ ○ | **Different Techniques for the Situation**


- Over-the-Counter
  - Immediate relief
  - Used early in the recovery process
- Emergency Room
  - Far more serious
  - Diagnosis required
- Cosmetic Surgery
  - “Cure” is skin deep

2



○ ○ ○ | **Over the Counter**


- Treatment Examples
  - Freeze vacant positions or salaries
  - Small across the board cuts
  - Defer/delay capital projects
  - Sharpen revenue billing/collections
  - Cost allocation transfers
- Considerations
  - Only a short-term “fix” to relieve pain
  - Safe to apply with minimal diagnosis
  - Know long-term impacts & plan to remediate




3

○ ○ ○ | **Emergency Room**

- Treatment Examples
  - Large across the board budget cut
  - Furloughs / hours reductions
  - Reduction in work force
  - Spend reserves
  - Early retirement incentives
- Considerations
  - Don't apply without diagnosis
  - This treatments are risky & can go wrong
  - Only to “Stop the Bleeding” – not permanent solutions



4




○○○ | **Cosmetic Surgery**


*Not a Solution*

- Accounting Gimmicks
- Shifting Operational Costs to Capital Budgets
- Deferring Compensations
- Under fund Accrued Liabilities

See GFOA website if you need help convincing others of this.  
[www.gfoa.org/fiscalfirstaid](http://www.gfoa.org/fiscalfirstaid)




5



○○○ | **Choosing Tactics**

- There are many, many first aid techniques to pick from
- Use these criteria to judge which ones fit best
  - Net Benefit (short term and continuous)
  - Time-to-Benefit
  - Equity
  - Side Effects
  - Political feasibility


6



○○○ | **A few key ones to understand...**


- Make managers manage
  - Accountability is crucial
  - Enlist others in solving the problem
- Centralization
  - Not a permanent solution, but may have temporary uses
- Technology automation
  - If you can assign accountabilities to get results
- Across-the-board cuts
  - Fine line between useful and destructive

7



○○○ | **Fiscal First Aid Exercise: The Shopping Cart**

- Form same small groups
- Using information presented, determine pathway to balancing
  - No one pathway
  - Pathways may be constrained for those with collective bargaining
- Groups to provide feedback



8