


## **New Jersey Municipalities BEST PRACTICES INITIATIVE – POLICY PAPER**

Even when two municipalities are similar in size or geography, we know that the history of the jurisdiction, and the collection of people and firms that compose the town will distinguish the way it will operate. Nevertheless, as a practical aspect of management, we look for similarities, and explore the options for smoothing the unevenness of financial resources and operational efficiencies between them. Sharing ideas for operational efficiencies is one goal of best practices. In New Jersey, both state and local officials strive to glean opportunities to improve cost structures by looking across jurisdictions for best practices in effectiveness.



A Best Practices Initiative (BPI) was one of the “Tool Kit” proposals Governor Christie presented the Legislature with in 2009, for the purpose of limiting property tax increases, and managing within the new 2 percent cap law. The “Tool Kit” and the Best Practices Initiative (BPI) as one of those tools, was approved with bipartisan legislative support.<sup>1</sup> The BPI provides measures and incentives designed to review the practices and procedures of local governments.

The initial introduction of a Best Practices initiative (BPI) by the NJ Division of Local Government Services (DLGS) in 2010 took the form of a checklist. The checklist was intended to improve transparency and strengthen accountability in government. The goal with Best Practices was to “provide standards by which towns can assess their effectiveness in budgeting, management and cost control.”<sup>2</sup> The state sought to create a set of measurements that might be used to compare municipalities for the purpose of more quickly sharing successes and experiences. The BPI checklist directs what will be measured and identifies a framework for what the state believes to be the most important operational levers for the 565 service delivery units in the state, the municipalities.

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<sup>1</sup> Lori Grifa, Commissioner, NJDCA, Letter to Mayors, August 25, 2010.

<sup>2</sup> NJ Governor’s Office, 2010. Christie Administration Further Commitment for More Transparent Local Government with Best Practices Results, December 2, 2010.

### **Feedback Three Years after the Introduction of the BPI Checklist**

On January 21, 2014, Rutgers University – Center for Government Services in partnership with the Government Finance Officers' Association of New Jersey (GFOANJ) and the New Jersey Municipal Management Association (NJMMA), held a forum to discuss what we have learned to date in the three years since the BPI was implemented. Thomas Neff, from the New Jersey Division of Local Government Services joined a panel moderated by Alan Zalkind of Rutgers' Center for Government Services to discuss their thoughts and opinions on this statutorily required initiative. The list of panelists below shared their experiences with the checklist over the past three years.

*Joseph Monzo, CFO/Deputy Manager Township of South Brunswick*  
*Theresa Casagrande, Administrator Borough of Fair Haven*  
*Cynthia Lindsay, CFO/QPA Township of Hamilton (Atlantic Co.)*  
*Christopher Raths, Manager Township of Roxbury*

While the genesis of the idea for best practices emanated indisputably from the state, the Division of Local Government Services (DLGS) sought input from some local government officials. Members of GFOANJ confirmed they were consulted about the program, and the questions reflected some level of collaboration. The lack of additional responses to requests for input from DLGS is a curious outcome given the level of energy local governments must expend each year in completing the survey; but not inconsistent with the behavior of the participants at the Forum where few concrete suggestions were offered other than those provided by the panelists. It is unfortunate that local government officials do not take advantage of the opportunity provided by DLGS to modify and improve the program.

The forum panelists from NJMMA and GFOANJ made the following observations about the BPI and the process during the session in January:

1. The BPI is here and will not disappear; it is important for local officials to see its values and utilize them.
2. Managers with operational expertise should continue to review the checklist to ensure it is representative of current best practices.
3. Engaging clerks, managers, and others in the preparation and approval of the in process of completing the checklist with the CFOs improves the process.
4. The documents should be memorialized at a meeting of the governing body in public; providing transparency.
5. The state should provide an annual summary of results.
6. More publicity for the initiative will raise awareness and support.

### **Opportunities to Improve the Checklist and BPI Process**

Given the difficulty DLGS has experienced in soliciting managers' refinements to the BPI, it seems useful to consider an expansion of the opportunities and methods used to solicit manager's insights as to the best practices: those who have the experience managing organizations can most often provide insight as to which practices are worth replicating.

The current checklist would also benefit from the addition of criteria that describe performance. Best Practices are most commonly known as an attractive mechanism for governmental bodies to share ideas. They are valuable because they work through horizontal modeling rather than hierarchical direction, allowing a form of voluntary copying by one organization of another organization's best practices. Horizontal sharing allows managers to account for differences in past practices, population demographics, and appropriateness to individual situations.<sup>3</sup> The panel suggested improvements for consideration, including:

- The questions can be framed to acknowledge the different forms of government used by municipalities.
- The state can provide advance notice of the questions to be asked, to support preparation, collaboration and planning.
- The addition of goals for service delivery in more efficient and effective ways should be encouraged to reinforce the original intent of the process.
- The consideration of optional, extra credit questions to share what one town may be doing as its own best practices, but has not yet made it onto the state BPI.

### **Keep Innovating**

The consensus of the panel of professional managers and DLGS was that the nature of the Legislation implies the checklist will be a long-term reality, and the BPI remains a requirement for local governments that receive state aid.

When the program was first announced there was an overt link to the potential loss of state aid for those jurisdictions that did not behave with the BPI dicta. Conversely there were no special incentives for compliance other than the full receipt of state aid. Stated differently, compliance obviated penalties. Historically, however, the penalties for non-compliance have been minimal so that the threat of penalties became virtually non-existent. The notion of penalties associated with a "Best Practices" initiative may be considered counterintuitive to the concept of desirable behavior and probably should have been omitted from the program at the outset.

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<sup>3</sup> Zaring, D. (2006). Best practices. *New York University Law Review*, 81(1), 294-350.  
doi:<http://www.nyulawreview.org/issues/volume-81-number-1/best-practices>

To aid the state in its evaluation of the list, we note general design concepts to improve the use of the checklist as a tool:

- Consider different questions for different sizes or configurations of jurisdictions. Some might be universal and others specific.
- Consider altering the questions every three years and omit those that have been answered in the affirmative in the past (e.g. ethics training, pay-for-play legislation.)
- Publish the results as part of a “Best Practices” narrative so that towns can learn from each other.
- Examine what other states are doing with respect to Best Practices, provide information to municipalities, and consider adopting those that can support New Jersey’s BPI.

Management literature also suggests that performance not be *limited* by best practices; municipalities can be encouraged to look for “next practices” in order to adapt new methods of effective service delivery.<sup>4</sup> The idea of best practices in government agencies is attractive when they are voluntary, and not reviewed by the courts or used for regulatory purposes. There is a logic implied in the use of best practices that requires a standard, and a fit for organizational appropriateness.<sup>5</sup>

The state continues to seek input from municipal governments on what questions should be asked. Given the depth of professional experience GFOANJ and NJMMA managers have in optimizing municipal effectiveness, it will continue to be useful to examine and assess procedures and policies and established as part of the BPI, which should continue to reflect the myriad of differences as well as standard commonalities in New Jersey municipalities.

Acknowledgements: CGS thanks Thomas Kenny, and Angie McGuire, PhD of Rutgers for editing this paper for publication.

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<sup>4</sup> Prahalad, C. K. (2010). Best practices get you only so far. *Harvard Business Review*, 88(4), 32-32.

<sup>5</sup> Frederickson, H. G. (2006). *Reconsidering best practices* American Society for Public Administration.