

# ***The Municipal Financial Crisis: A Framework for Understanding and Fixing Government Budgeting***

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Moses, M. (2022). *The municipal financial crisis: A framework for understanding and fixing government budgeting*. Palgrave Macmillan, 184 pp., \$49.99 (paperback), ISBN: 978-3-030-87835-1.

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Mark Moses, the author and a veteran local government finance professional with experience in several California jurisdictions, proposes a transformative, systematic solution to the fiscal crises and paralysis facing towns, cities, and counties across the country in his retrospective manifesto, *The Municipal Financial Crisis: A Framework for Understanding and Fixing Government Budgeting*. Drawing primarily upon his observations and challenges as a public finance executive, Moses dwells into common exasperations felt by many in our field of practice. He uses them to frame a solution rooted not in improvements to process but rather in a seismic decision-making shift rooted in the embrace of traditional Libertarian philosophies to the role of government.

The first six chapters of the reader link the structural challenges of financing today's local governments (the "crisis") with examples the author witnessed during his career. Examining the multiple efforts made in the recent past to improve budgeting processes to deviate away from a path to insolvency and unaffordable service costs for citizens (I.e., zero-based budgeting, program-based budgeting, and outcome-based budgeting), Moses finds and outlines his inherent problems with all of these. He argues the problem is not with the process because the process, as he sees it, will always be flawed if local government leaders are not aware and focused solely on what their jurisdictions should and should not be doing.

What should local governments be doing or not doing? From here, Moses asserts an approach grounded in a fundamentalist Libertarian philosophy comprising most of the mainstream-available books in this genre. After concluding, based on his ideology that government can only function using group force (coercion), he states this approach must be limited to the other option he presents for decision-making: individual freedom.

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Moses ties these together as a means to an end for local government. He devises a model of “Budgeting for Scope.” Existing and future functions of municipalities and counties are assigned to one of five categories of diminishing relationship to protect individual freedom (governmental and legislative enforcement, governmental regulation, municipal monopoly, commercial services, and noncommercial activities) and subsequently right-sized (to fundamental responsibilities only), privatized, or eliminated.

This framework may have started as a slide deck where he was confident about the solution. However, for every page he offers and explains his prescription for correction, Moses spends two pages describing and rationalizing his contempt for our current situation and the processes enabling it.

Mark Moses is on to something if the title of this book was “The Municipal Crisis in California.” Those less familiar or untied to the challenges created by The Golden State’s adherence to home rule, referendums, and public sector unions may find his background unrelatable. Many of us, including me, are not saddled with these vehicles that have led to a significant increase in the scale and size of governments and, more importantly, their financial demands for California and a few other notable states. The resulting tax burdens these jurisdictions now require meeting with their legally binding responsibilities, including generous pension and post-employment benefits, likely contributed partly to their recent population exodus and subsequent inward migration to other states, especially to the Sunbelt.

Moses applies a geographically limited personal survey of local financial challenges and the political, policy, and management failures facilitating them. While there are a few moments where he ties in challenges and failures elsewhere, this autobiographical approach to describing the reasons for his discontent with traditional local government budgeting lacks relevance for many. This is further exacerbated by his limited, almost nonexistent use of references to provide salient backup or confirm his conclusions and diagnoses. The author does not establish objectivity throughout the first two-thirds of the book. As a result, Moses’ rationale for the “cure” he presents in the final chapters and pages reads more like an unstructured rant (perhaps justified) that is familiar to budget and finance professionals.

For a book on a topic like this to be salient and credible, the author (practitioner or academic) must commit to validating their perspective with the work of others and present awareness of conflicting viewpoints. In Moses’ first six chapters, where he attempts to identify the problems with current budgeting processes and traditional financial reporting and analysis, he provides a small number of footnotes. He only incorporates less than ten actual research articles or presentations. If not for the work of GFOA, he would not have much.

Instead, Moses “goes to the well,” already established by many intelligent, well-read policy advisors and commentators with no real public sector experience to speak of. Namely, Moses’ solutions apply approaches devoid of actual consideration of how government responsibilities and their unique “consent of the governed” relationship with residents and citizens are far from the limited nature advocated by fundamental Libertarianism.

As I mentioned before, I was interested in reading this book before it was assigned. Very rarely, if ever, have experienced local practitioners (who are not elected) shared their experiences and perspectives. Moses has over 30 years of experience in local budgeting and finance and 25 years as a direct finance officer/CFO.

Moses also possessed the opportunities and resources to build a work tying his field-level insight to the world of academic public budgeting and finance study. As a student and graduate of the University of California at Berkeley during the heyday of faculty member and prominent

public administration researcher Aaron Wildavsky (1930-1993), Moses could've offered a reevaluation of Wildavsky's critical work of the relationship between policy, politics, budgeting, and administration. Moses could have built on forecasts Wildavsky would have likely stated, consistent with his analysis of case studies from the 1960s to the 1980s, and brought forth means of improvement, incorporating the 30 years of books and journal articles written since Wildavsky's death building on his essential, pivotal body of work.

Wildavsky, unfortunately, is not referenced in Moses' book. Perhaps being an industrial engineering major, Moses was unaware of Wildavsky as a student. Despite spending his entire career in California, Moses does not appear to be aware of one of the most significant resources, Wildavsky's work in the field, and how it applies directly to Moses' challenges.

Instead, Moses applies an insular approach, devolving into a repetitive vent on all the problems he ran into during his public budgeting and finance career and how he could not do anything to solve them because of the people, processes, and mentality around him. He needs to acknowledge the competing interests of elected officials, the legacies of past policies creating disparities within local populations, and the inability of private markets (for-profit and nonprofit) to adequately meet needs in delivering services even when local governments are forbidden.

On multiple occasions, Moses references telecommunications, which we now associate with the infrastructure and delivery of high-speed broadband. Moses believes this service, like almost all public utilities, should be privatized and out of the hands of local governments. Unfortunately, just as many localities established electric, natural gas, water, and sewer utilities a century or more ago because private investors were not willing to enter their markets, many parts of the country have struggled to see private investment in broadband fiber optic infrastructure despite restrictions and even prohibitions on their potential participation. Given how the lack of this service hampers the delivery of education, medical treatment, and other essential services to individuals (especially during the COVID pandemic), one could argue that the lack of local government participation in this area hampers and diminishes the ability of citizens to maximize individual freedom in today's world unless they choose and can move elsewhere.

I doubt Moses read any of Wildavsky's essential works on budgeting, policy, and politics. If he had, he would have at least tried to rationalize his solution to accommodate these serious, notable issues. Instead, the author sticks to what is best described as what President John F. Kennedy (1963) would have said, "seemingly swift and simple solutions," particularly this: "A clear standard of purpose - i.e., to protect individual decision-making - addresses the needs of residents and delimits the organization's scope." Moses' solutions may sound ideal to some, including myself, but they are void of any acceptance of reality or reason. Nor is his statement that his approach is the only way: "The Budgeting for Scope framework must not just be another *tool in the toolbox*... This framework must *govern* the toolbox" (p. 153).

This book may make its rounds with Councilmembers and Commissioners at the local level. Moses has found an audience amongst some Libertarians and traditional Conservatives, so it is entirely plausible a public finance and budgeting professional may encounter an elected official referencing Moses' work as "the solution" to what ails the municipality or county. Some practitioners, like me, may even find some substance and solace within Moses' questioning of the broadening base of local government activities and the one statement he drives home where I agree, "[a]ctivities drive costs" (p. 136).

Now focused on writing and consulting, Moses can take this opportunity to build upon his wealth of experience, draw from the works of others, and present a precise, multi-faceted examination of the challenges we are facing at the local level with limited resources and

increasing demands. Perhaps in the next edition or another book, he can work on constructively applying his ideological precepts to developing solutions and models where serious, meaningful improvements (including direct reductions) in the scope of municipal services were obtainable in today's polarizing, challenging political environment.

### **Disclosure Statement**

The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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