RETHINKING BUDGETING

Negotiation and Persuasion

In a time of polarization, learning to navigate differences in perspective can lead to positive change for communities.

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As finance officers work with senior administrators and elected officials to make public finance decision-making fairer, they will need to influence how government functions. Improving the way government functions depends on changing the perspectives of those involved. To achieve improvements in a budgeting process, enhance public opinion/participation, or similar goals, individuals involved will need to adapt their position on certain issues or understand new perspectives. This involves persuasion and/or negotiation. In this article, we will show you how to persuade people of the merits of making a process fairer or of the need for fairer outcomes. When the finance officer works to make financial decision-making processes feel fairer to participants and ensure people feel fairly treated, the finance officer is honoring democratic values and their professional ethics.* How resources are distributed is ultimately a matter for politics to decide, but the finance officer can set up systems to help decision-makers consider the fairness of their decisions.†

One way to change minds is understanding humans' need for consistency.[1,2] People do not want to be viewed as inconsistent, hypocritical, or worst of all—having been on the wrong side of an issue. They fear that this reduces their credibility. They will even disguise changes in their thinking to protect their image, which can obscure progress that has been made. Also, we usually don't see rapid or complete changes in people's attitudes often because people hold a network of interrelated beliefs and attitudes. These attitudes and beliefs support each other, so efforts to change one belief may be partially counteracted by this preexisting network. This is not to say that persuasion is impossible. Rather, we need to think of persuasion less like an on/off switch (you are persuaded or not) and more like a dimmer switch (there is a spectrum of persuasion that can occur).

Now bring this example into the workplace. Perhaps you are advocating for new policies and processes that you believe will lead to greater fairness and justice. However, a challenge with any change to how decisions are made is that

* We are referring to "procedural" and "interactive" justice.

† How resources are distributed is called "distributive" justice.

it may imply that the decision-makers and their decisions have been flawed in some way. If decision-makers perceive that the finance officer is criticizing their past decisions, the finance officer will likely find themselves short of support for new policies or processes! To avoid this problem, and knowing about the need for consistency, you can highlight how the world has changed or the emerging evidence that now necessitates these changes. With this frame, decision-makers can take comfort that the old ways made sense at that time, and they now have the opportunity to adapt to a changing world.

A less effective presentation might look like this: "The budgeting process needs to change. It does not allow for enough consideration of outcomes the community wants and relies heavily on momentum from past budgets." Better would be: "Our community demographics and needs have changed a lot in recent years, but our budget approach has stayed the same. Our budgeting approach should be improved to support the integration of updated best practices for effectively reallocating resources."

For greatest effectiveness, the idea should be presented without demanding immediate acceptance or a change in attitude. Remember to address the "network" of attitudes that surrounds the change. If outcome-based budgeting is proposed, connected attitudes might be about momentum/tradition, agreement on what the outcomes should be, threats to sacrosanct budget items (such as fire or education), and who pays versus who benefits. Getting agreement on the new budget approach may require moving the needle on some of these as well.

Coalition building can support negotiation. If a coalition can be built around some shared goal or vision, then it will be easier to negotiate the specifics of a strategy to get to the goal. This refers to negotiation between members of the coalition or with others. Moral reframing can also be useful to demonstrate the shared values or goals on which coalitions can be formed. Moral reframing involves reframing issues so that they are not defined in terms of the implementation strategy but rather the underlying morality that supports them. For example, liberals and conservatives

may agree that it is important to help and care for the poor (the underlying morality), but liberals might support direct financial help, while conservatives may prefer making it easier for the poor to find jobs (perhaps by supporting small business growth in poor neighborhoods). Another strategy for coalition building that GFOA has observed to be successful for local governments is "appreciative inquiry." People first reflect on what they like about the community and then will often find that they like many of the same things. A coalition can be built around maintaining and enhancing the things people agree are good. Coalitions built on the bases we described above will be more meaningful (and hopefully productive) than those built on shared geography, demographics, etc.

Identifying causes of conflict or disagreement moves negotiations forward.[3] Robert Briggs, Gwendolyn Kolfschoten, and Gert-Jan de Vreede described in "Toward a Theoretical Model of Consensus Building" various sources of disagreement:

- **Differences of meaning:** People associate different concepts with words and symbols or use different words with the same meaning, leading to confusion and conflict. A good example is "defund the police." Some people using this term only wanted police reform, while others advocated abolishing police. Similarly, homelessness is a personal problem (mental illness, drug/alcohol addiction) to some, and to others a societal/structural problem (housing, economy, resources).

- **Difference of mental model:** Existing associations in the mind differ between people, such as their understanding of how economies function, leading to conflict on appropriate actions. For example, some people see the private economy as central to creating broad-based improvements in wealth and well-being for everyone, whereas others see the private economy as exploitative.

- **Conflicting information:** Differences in information (facts, strategies, history) leads to conflict even if people are otherwise like-minded. Many government transparency strategies attempt to rectify this by providing more information. It is worth noting that conflicting information is just one source of disagreement, which speaks to the limitations of transparency.

- **Mutually exclusive individual goals:** Conflict can arise when an individual has goals that directly contradict other goals such that succeeding in one goal means the other goal must fail. An example is people who want a greater police presence in their neighborhood versus those who want less.

We usually don't see rapid or complete changes in people's attitudes often because people hold a **network of interrelated beliefs**.

- **Differences of taste:** These are preferences for one outcome versus another that are strictly individual choices that can't be judged objectively. When a new public park is planned, there may be disagreement about whether a baseball or soccer field should be included, which may be simply a matter of preference.

Once it is clear where there is common ground and where there is conflict, negotiations are more fruitful because they are less limited by misunderstandings or incorrect assumptions.

The same processes apply to public opinion/engagement. Let's think of policing. Those supporting the police for their entire lives will resist criticism and change regarding the police, such as changes in funding, hiring, or training practices, even if they are aware of the problems with traditional policing. Those who spent months advocating for "defund the police" will resist acknowledging the role of police in crime prevention, even in the face of rising violent crime. Once again, both sides will come to the negotiating table more willingly if their feeling of consistency is addressed by providing valid reasons for change.

A technique called "polarity management" can help here. Continuing with our police budget example, the debate may seem to be one of increasing or decreasing the police budget. However, we know that a simple compromise between these two positions may be an ineffective solution, if it is even possible.

Polarity management is a process of acknowledging and leveraging different and seemingly incompatible viewpoints.[4] *Leveraging a polarity involves understanding the limits of "either/or" thinking. Polarity thinking involves embracing "both/and" thinking because, over time, both poles (or solutions) are needed. Polarity thinking provides a vehicle that allows a team to articulate and record multiple viewpoints of its members and then strategize to maximize the benefits and minimize the negative facets of both constructs.*

For example, some people in the community might be primarily concerned with deterring crime, so they want a large law enforcement presence. Other people might be primarily concerned with engaging the community in public safety, including exploring alternatives to traditional policing. These might seem to be incompatible positions, but polarity management can be used to see how both perspectives can contribute to the larger goal of a community that is safe and feels safe. Exhibit 1 shows a sample polarity map—a tool that can be used for polarity management. The common goal of a safe community is at the top. The positive and negative implications of each polarity—law enforcement versus community engagement—are then explored on the left and right sides, respectively. The map also is used to find action steps that

Polarity management can be used to see how both perspectives can **contribute to the larger goal of a community.**

can promote the positive implications of each polarity, and also to identify warning signs that the community may be overemphasizing one polarity or the other. Developing a map like this can help the advocates of each polarity see how they can work together with the other side toward a common goal.

EXHIBIT 1 | SAMPLE POLARITY MAP

Greater Purpose Statement (GPS) – Why leverage this polarity?

A community that is safe and feels safe

ACTION STEPS

How will we gain or maintain the positive results from focusing on this left pole? What? Who? By When? Measures?

A. Ensure police transparency to increase trust

B. Police proactively build relationships with key community leaders

C. Review existing laws and policies to ensure they are just and fair

EARLY WARNINGS

Measurable indicators (things you can count) that will let you know that you are getting into the downside of this left pole.

A. Decreased trust and increased fear in the community

B. Increasing complaints of police abuse of power

Values = positive results of focus on the left pole

- Reduction of crime and victimization
- Increased sense of safety
- Community pride and positive reputation

Law Enforcement

AND

- Individual rights are compromised, police state
- Polarized community between those with power and those without power
- Law enforcement is remedial and not preventative

Fears = negative results of over-focus on the left pole <u>to the neglect</u> of the right pole

Values = positive results of focus on the right pole

- Reduced conflict between police and community members
- Increased respect
- Police and citizens partner in creating a safe community

Community Engagement

- Lose the big picture of community/police safety
- Lack of accountability for individuals and lack of justice for victims
- Police lack support and resources to keep community safe

Fears = negative results of over-focus on the right pole <u>to the neglect</u> of the left pole

ACTION STEPS

How will we gain or maintain the positive results from focusing on this right pole? What? Who? By When? Measures?

A. Invest in high quality community engagement

B. Explore alternatives to traditional policing methods

C. Build partnerships across disciplines and sectors focused on community safety

EARLY WARNINGS

Measurable indicators (things you can count) that will let you know that you are getting into the downside of this right pole.

A. Police feel unable to do their jobs — reflected in police turnover, absenteeism...

B. Increase in crime rate

Rampant crime and distrust and fear of police

Deeper Fear – Loss of GPS

Actions to take

- **Take care to avoid making people defensive.** Don't make them feel that a proposed change implies that what they've done in the past is flawed. Frame key changes in terms of new circumstances that make it easier for people to change their positions.

- **Try to avoid "either/or" polarities,** and explore how both outcomes could be achieved. Seek input on generating new solutions, not picking a side on an issue.

- **Aim to create coalitions and shared goals** by exploring opinions, seeking common ground, and framing common benefits. Seek agreement on decision-making principles before you aim to move the group to a decision.

- **Engage in discussion** to identify precisely where you disagree with one another and what values drive the disagreement. Then focus on this disagreement, share your values, and speak to their values in an attempt to find meaningful solutions.

- **Accept incremental improvements.** In a democratic society it takes time to effect change. Don't establish expectations of a quick, full resolution to issues. Failure to meet high expectations may lead people to conclude that the new process is at fault, leading them to drop it altogether. Celebrate the modest improvements. 🅶

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What's Your Take?

GFOA is soliciting big, visionary ideas on how governments should rethink the way that they budget. Visit **gfoa.org/rethinking-budgeting** to provide your feedback on what you think needs to change and how governments can improve this essential function.