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## A Vote for Appointed Offices

By *Josh Goodman* | April 2010

*Should public officials be elected or appointed into their roles?*

For years, California cities have debated whether their city treasurers should be elected or appointed officials. Now a new paper provides empirical evidence as to which choice is right.

The relative advantages of elected and appointed officeholders is a classic, if largely theoretical, debate. Which is better: the public accountability of elected offices or the professionalization that comes with appointed ones?

For Alexander Whalley, an economist at the University of California, Merced, California's city treasurers provided a good test of that question. That's because treasurers' performance can be measured empirically: One of their jobs is to keep borrowing costs as low as possible.

California traditionally has had elected city treasurers, but under state law, cities can vote to make the office appointive. Many cities have held these votes in recent years, which was convenient for Whalley. When comparing borrowing costs, he looked at cities where the votes had been close, with the theory that cities that narrowly approved the switch to an appointed office weren't much different than ones that rejected the change--that 49 percent isn't much different than 51 percent. After the votes, the only relevant difference between the cities would be whether they had an elected or appointed treasurer. In this way, he was able to conduct "quasi-experimental" research in the real world.

Using this approach, Whalley, whose work was published by the National Bureau of Economic Research in January, found that borrowing costs were 13 to 23 percent lower for cities with appointed treasurers. In particular, appointed treasurers were more successful at refinancing their debt to secure lower interest rates. "Debt management policy is pretty technical. Not a lot of people understand it," Whalley says. "For very complicated policy tasks, appointed officials do better."

Brock Arner, city manager in San Pablo, agrees. And his city of 31,000 people in Northern California's Contra Costa County will be the next to put the treasurer question to the test. The San Pablo City Council voted unanimously to ask voters in November whether they

want to move from an elected treasurer to an appointed one. "The trend has been more and more to appointed city treasurers," Arner says, "so that you can pick someone who possesses the requisite skills and abilities."

Arner adds a couple of additional reasons for the change: Elected officials must reside in the city they serve. Appointed officials don't, allowing for a wider range of candidates. Plus, San Pablo's chief financial officer could simply assume the dual roles of CFO and treasurer. That move, Arner says, would save the city \$18,000.

Still, the message from Whalley's work isn't that appointed officials are always better than elected ones. It isn't necessarily even that, in every case, appointed treasurers are better than elected ones. The cities he looked at were all quite small. Bigger cities generally have larger, more professionalized staffs--staffs capable of assisting with tasks like refinancing even if the treasurer lacks expertise.

Instead, the lesson is that people inside and outside of government must keep thinking hard about which offices should be elected and which shouldn't. "The bottom line is that government structure matters," Whalley says. "We should pay more attention to that."