

An aerial photograph of a city, likely Los Angeles, with a dense urban landscape and a prominent mountain range in the background under a clear sky.

Government Budgeting Methods, Myths and Madness

Association of Government Accountants

May 19, 2015

Based Upon What?

- Observation
- Experience
- Experimentation
- Over time

Executive Method

- Department
- Gov's Office of Mgt & Budget
- Governor
- House and Senate

Executive Method - Why

- Meet department needs
- Follow political agenda
- Support re-election
- Reward key supporters
- Reasonable or sustainable

Legislative Method

- Appropriations subcommittees
- Executive Appropriations
- House and Senate
- Governor

Legislative Method - Why

- Meet state needs
- Legislative agenda
- Support re-election
- Political pressures
- Pet projects (bacon)
- Local priorities

Comparing Methods

- Dept
- Gov Mgt Bud
- Governor
- House/Senate
- Appr subcomm
- Exec Approps
- House/Senate
- Governor

Budget Package

- Ongoing base
- Changes
- New requests
- Base budgets

Budget Projections

- General revenues
- Expected expenses
- Fees
- Grants

Decision Drivers

- Budget principles
- Public and Media
- Lobbyists & Special Interests
- Personal prejudices

Decision Drivers – Actual

- Lobbyists & Special Interests
- Personal prejudices
- Public and Media
- Budget principles

Budget Principles

- Spend less than earn
- Avoid debt (get out of debt)
- Have reserves for future
- Flexibility of spending
- Sustainable uses

Public and Media

- Popular
- Easily understood
- Sound reasonable
- Visible to most of the public

Lobbyists & Special Interests

- Access
- Information
- Represent large groups
- Can rally public and media

Personal Prejudices

- Political philosophy
- Personal value system
- Background and training
- Life experiences

Myths?

- Campaign funding buys access
- Decisions made on information
- Pilot programs are just pilots
- Transparency is best
- Legislators understand what they are voting on with each bill

Myths?

- Decisions are fair and unbiased
- Moving prison is cost justified
- Corporate incentives justified
- Actual versus perceived issues
- Legislators review all funding
- Zero based budgeting would help

Madness

- Spending never ends
- All available money will be spent
- Political pressure is real
- Good information is scarce
- Trust and sincerity are overused

Madness

- Self interest is paramount
- Even good things can and will be criticized and sometimes hated
- Ethics depends on the individual
- Elected officials seek re-election, higher office or have an agenda

Madness

- Always winners and losers
- Delayed implementation
- Earmarks
- Forgoing future revenues
- Media and public pressure
- Balanced approach criticized

Madness

- Conflicts of interest
- Little verification
- Less evaluation of effectiveness
- Low public interest
- Bonds, contracts both legal and implied

Criteria for Funding

- Health
- Safety
- Risk
- Agency priority
- Governor
- Service impact
- Individual impact
- Public desire
- Cost effectiveness
- Federal regulation

Looking to the Future

- Reduce debt
- Identify and implement efficiencies
- Limit “entitlement” growth
- Put revenue in flexible programs
- Set aside money

Moderate growth is more stable

Final Comments

- Government budgeting entertaining or boring?
- Microcosm of life
- Keep your eyes open
- Hold them accountable

