

Balancing Your Budget in Tough Times

Facilitator

Group

Date



UNC
SCHOOL OF GOVERNMENT

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The creation of Budgetopolis
was made possible in part with
support from Prudential Financial
and the School of Government



Agenda

1. Introductions
2. Budgeting 101
3. Roles
4. The “New Normal”
5. Budgetopolis



Budgeting 101



Budgeting 101

1. Legal/fiduciary
2. Planning
3. Policy
4. Performance



What the law requires

- Pass budget ordinance by Fiscal Year
- Balanced
- Decisions made in open meetings
- Adopted by simple majority vote

As a financial plan



Implements strategic plan



- Link to strategic plan
- Tie with mission and vision
- Relate to community values
- Meet goals and objectives

As a policy tool

1. Financial

- Reserves
- Debt / pay go capital

2. Service

- What to do
- How much
- Who to serve

Measures performance

1. Financial

- Audited financial statements

2. Service

- Links to strategic plan

Actors in the budget process

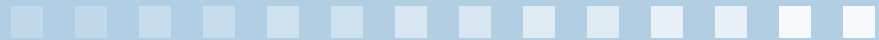
1. Elected board
2. City manager
3. Finance / budget director
4. Human resources director
5. Department heads
6. Advisory boards
7. Citizens
8. News media

Elected officials' roles

- Uphold legal responsibilities
- Think strategically and long term
- Set priorities
- Involve others
- Ensure accountability



The “New” Normal



“New Normal”

- Structural, not cyclical economic changes
- Impact on local budgets and services
- Here to stay
- Public reaction
- Role of the media

In the past

1. Cyclical fluctuations in the economy
2. Growth rates slow
3. Consumer spending kept up
4. Housing values increased
5. Manage the ups and downs



“Low hanging fruit”



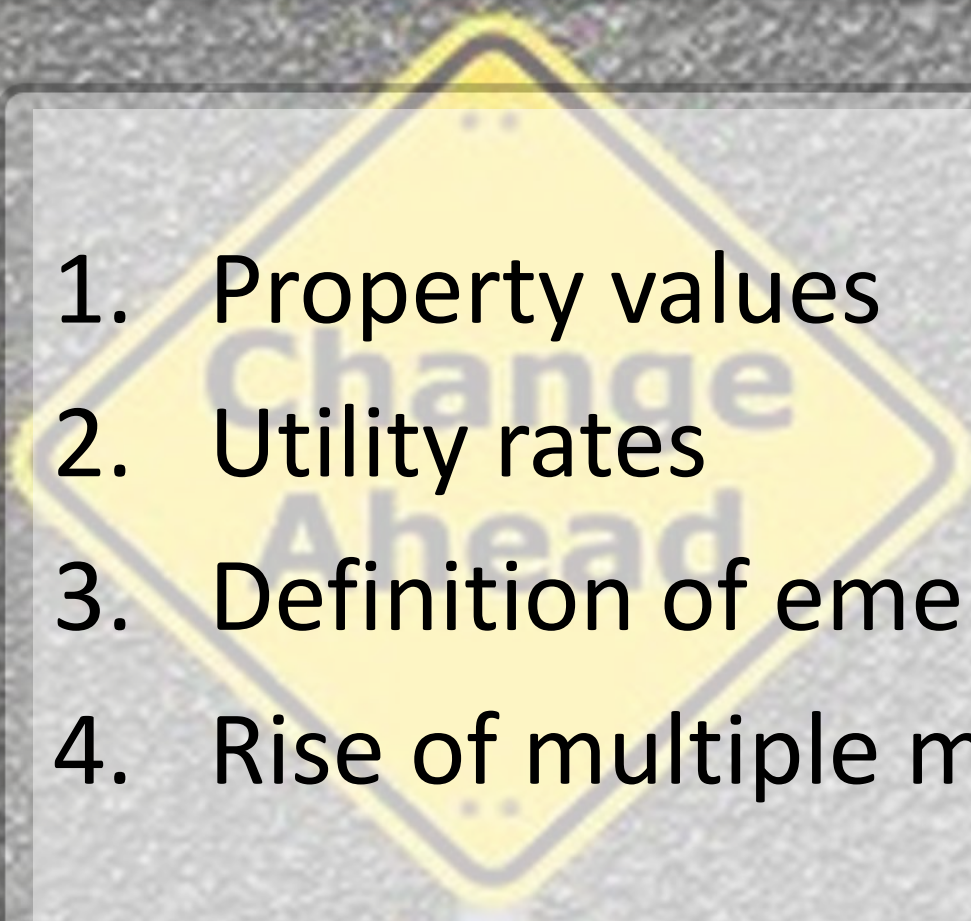
Incremental approach to cuts

1. Smaller increases
2. Reduce spending
 - Smaller pay and merit increases
 - Building
3. No new programs
4. Small revenue increases
5. End in sight

Big picture

1. Old economy is gone
 - Housing
 - Credit
 - Aging population
 - Global economy
2. States are in crisis
3. Long term local impacts

What's different locally?

- 
1. Property values
 2. Utility rates
 3. Definition of emergency
 4. Rise of multiple media outlets

It's Personal

- Structural unemployment
- Citizen's impacted financially
- Service cuts are painful
- No tolerance to pay more

Communication characterized by

1. Instant and direct
 - Blogs and Tweets
2. Media business pressures
3. Polarization