

A FRAMEWORK FOR IMPROVED STATE AND LOCAL GOVERNMENT BUDGETING

38 □ RECOMMENDED BUDGET PRACTICES

8.1 Develop a Budget Calendar

Principle: Develop Budget Consistent with Approaches to Achieve Goals

Element: Develop a Process for Preparing and Adopting a Budget

Practice: A government should publish a comprehensive budget calendar that specifies when budget tasks are to be completed and that identifies timelines for those tasks.

Rationale: Stakeholders need to be aware of when key budget tasks, events, and decisions will occur so they have an opportunity to plan and to participate in the process. The preparation of a calendar helps ensure that all aspects of the budget process have been considered and that adequate time has been provided.

Outputs: Multiple calendars will usually need to be produced, each with different levels of detail and emphasis to meet the needs of the different types of stakeholders. Calendars should list the dates of key events and deadlines. At least one calendar should describe the overall budget and planning process and identify roles, responsibilities, and assignments. To ensure the greatest impact, calendars should identify when and how stakeholders can participate in the process.

Notes: Budget calendars are a tool to keep participants in the process on track. Statutory deadlines should be highlighted. The calendar should make clear the relationships between various processes and should be developed to coordinate these processes. For example, a calendar may illustrate the relationship of the operating and capital budget processes, or the processes of revenue forecast revision and budget reconciliation. The development of a budget calendar is typically guided by statutory deadlines. Calendar development should also take into account other key organizational dates that affect participants in the budgetary process. The practice entitled *Develop Mechanisms for Coordinating Budget Preparation and Review* addresses the role of the calendar in providing overall coordination.

8.2 Develop Budget Guidelines and Instructions

Principle: Develop Budget Consistent with Approaches to Achieve Goals

Element: Develop a Process for Preparing and Adopting a Budget

Practice: A government should prepare general policy guidelines and budget preparation instructions for each budget cycle.

Rationale: Budget guidelines and instructions help ensure that the budget is prepared in a manner consistent with government policies and the desires of management and the legislative body. Instructions are necessary so that all participants know what is expected, thereby minimizing misunderstanding and extra work.

Outputs: Budget guidelines are specific to the particular budget under development and should incorporate relevant aspects of the government's financial policies. They may set forth financial constraints and key assumptions that will be used to guide development of the budget, as well as policy direction. Instructions often include sample forms to be completed by operating departments or program heads. Guidelines and instructions should be prepared in a written format but may also be presented in an electronic format or

through training and/or an oral presentation. Involving stakeholders in guideline development, where possible, helps promote buy-in.

Notes: In developing budget guidelines and instructions, a government should consider the role played by the various stakeholders such as departments within the government or other agencies that are involved in budget preparation. Involving stakeholders may be accomplished by holding meetings in which administrative staff and selected internal and external stakeholders help develop the processes and general directions provided to budget preparers. Given time and resource constraints, full stakeholder input may not be practical. This practice is related to other practices (e.g., *Prepare Revenue Projections*) that serve as inputs into the development of general policy guidelines.

8.3 Develop Mechanisms for Coordinating Budget Preparation and Review

Principle: Develop a Budget Consistent with Approaches to Achieve Goals

Element: Develop a Process for Preparing and Adopting a Budget

Practice: A government should develop mechanisms and assign responsibilities to provide for overall coordination of the preparation and review of the budget.

Rationale: The complete budget process involves many levels, departments, and individuals in a government, as well as a number of distinct processes and disparate groups of stakeholders. Coordination is needed to ensure that processes move forward as planned, to prevent confusion and misinformation, and to ensure appropriate stakeholders are involved.

Outputs: A single point of coordination is often appropriate in local governments, although individual components of the process may be coordinated by different individuals or departments. For state governments, coordination of the executive and legislative processes may be provided separately. The coordination process involves a number of tasks: developing a calendar, identifying responsibilities for completing various tasks, ensuring that various parts of the budget process are properly integrated, keeping the process on schedule, producing reports, identifying issues and problems, and ensuring that other requirements are met and quality standards are maintained. The person(s) assigned responsibility for coordinating the budget process should respond to stakeholder issues and concerns that arise in the context of the budget process

Notes: The assignment of coordination responsibility does not necessarily imply overall decision-making authority. However, at a minimum, the coordinating person(s) should have immediate access to decision makers, as many issues typically come before the coordinator for resolution. Coordination mechanisms may be established for inter-governmental interaction and legislative/executive branch interaction.

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8.4 Develop Procedures to Facilitate Budget Review, Discussion, Modification, and Adoption

Principle: Develop a Budget Consistent with Approaches to Achieve Goals Make Choices Necessary to Adopt a Budget

Element: Make Choices Necessary to Adopt a Budget

Practice: A government should develop and implement a set of procedures that facilitate the review, discussion, modification, and adoption of a proposed budget.

Rationale: Appropriate procedures are needed to resolve conflicts, to promote acceptance of the proposed budget by stakeholders, and to assist in timely adoption of the budget.

Outputs: A series of processes should be developed that permit stakeholders to satisfy themselves as to the appropriateness of the budget proposal and to allow the legislative body to achieve consensus and adopt a budget. These processes should be summarized in budget materials. Some examples include: small group meetings, hearings, workshops, independent analysis, specific decision-making techniques and procedures, conflict resolution processes, and methods for presenting portions of the budget.

Notes: Discussion will inevitably be needed regarding the tradeoffs and choices that need to be made. Issues can be more satisfactorily addressed to the extent that there are clear and accepted processes for considering options and reaching the compromise position that most budgets inevitably represent. Consistency over time in the budget review and adoption process is important, but it is also essential to recognize that as the makeup of the administration and legislative body changes, the process may need to be adjusted.