QUESTION 1
BUDGET METHODS IN USE BY GFOA MEMBERS

- 83.6% line item budgeting
- 44.6% incremental
- 14.5% budgeting by programs
- 9.2% priority budgeting
- 10.3% target based budgeting
- 16.1% ZBB
- 11.9% performance budgeting
TRAVERSE CITY AREA PUBLIC SCHOOLS

Declining Revenue

Declining Enrollment

Aging Facilities

DIFFICULT DECISIONS
• Education priorities should drive the budget
• You can’t be all things to all people
• Get the most bang for our buck
We have new needs...
- to launch new programs to tackle emerging challenges
- to expand current programs that need additional resources

Increased investment in service level increases and new programs

- $11.5 million

12%

Sourcing
5% freed up

$5.3 million

Efficiencies
6% freed up

$6.1 million

Service Levels
2% freed up

$1.9 million

Fees, Charges
-1% from new revenue

$7.5 million

In-sourcing
8% new revenue

$9.4 million

Grant Funding

-9% tax revenue

Taxes, Rates

13% from resource re-allocation
QUESTION 2
THE TRAGEDY OF THE COMMONS
FINANCIAL FOUNDATIONS FRAMEWORK

Pillar 1
ESTABLISH LONG-TERM VISION
Give people a reason to cooperate.

Pillar 2
BUILD TRUST AND OPEN COMMUNICATION
Create the conditions for cooperation.

Pillar 3
USE COLLECTIVE DECISION MAKING
Develop forums for participation.

Pillar 4
CREATE CLEAR RULES
Reinforce constructive behavior.

Pillar 5
TREAT EVERYONE FAIRLY
Promote and protect mutual trust and respect.
Diagram from FSG.org
SAN BERNARDINO COUNTY

- Largest County in USA
- Very diverse geographies
- Diverse stakeholders
In 2009, $80M deficit rolled into next year (10% of total budget), even while salary and benefit increase approved.
COUNTY VISION & STRATEGIC PLAN

• Where does the County and the community want be in 20 years?
  — Highlights everyone’s shared interest
  — Defines why County should be financially sustainable

• Led to shared vision for water resources across agencies
Show us your Fort Collins! #MYFOCO
FORT COLLINS VS CABLE TV
SA2020
#strongertogether
SA2020 SURPRISING FACTS

- Maintained through 3 different mayors
- 7th largest city in US: heterogeneous
- 70% of 61 indicators are doing better today than in 2010
- Attracting philanthropic support
SA2020 BUILT TO LAST

• True communitywide vision
• Engaged public, private, and non-profit organizations
• SA2020 spun-off as separate non-profit
QUESTION 3
NEW TAXES THAT WORK
HOW LOCAL GOVERNMENTS CAN RAISE NEW REVENUES

BY SHAYNE C. KAVANAGH
ASSOCIATE THE TAX WITH A CONCRETE PURPOSE THAT CITIZENS VALUE

LIMITING THE DURATION OF THE TAX

ENGAGE CITIZENS TO HELP DEFINE THE NEED FOR NEW REVENUES

BUILD A NETWORK OF SUPPORTERS FOR NEW REVENUE MEASURES

DEMONSTRATE THAT THE TAX PRODUCES VALUE FOR THE PUBLIC

NO ONE TYPE OF TAX STANDS OUT AS MOST POPULAR
OTHER KEY FINDINGS

- Define a service baseline
- Do program inventory
- Explore special service areas or similar tax devices
- Explore value capture
- Define a user fee policy
QUESTION 4
FINANCIAL FOUNDATIONS FRAMEWORK

Pillar 1
ESTABLISH LONG-TERM VISION
Give people a reason to cooperate.

Pillar 2
BUILD TRUST AND OPEN COMMUNICATION
Create the conditions for cooperation.

Pillar 3
USE COLLECTIVE DECISION MAKING
Develop forums for participation.

Pillar 4
CREATE CLEAR RULES
Reinforce constructive behavior.

Pillar 5
TREAT EVERYONE FAIRLY
Promote and protect mutual trust and respect.
KEY FINDINGS ON FUNDING LIABILITIES

- Long-term vision
  - Establish funding liabilities as worth undertaking
  - Identify realistic funding goals
  - Show steady progress
- Trust and open communication
  - Pay off bad debts
  - Opportunity costs
  - Consistent message
- Collective decision making
  - Set a clear policy, including goals
- Clear rules
  - Have a long-term repayment schedule, like debt
- Treat everyone fairly
  - Intergenerational equity