

GUIDING PRINCIPLES FOR BUDGET DEVELOPMENT

Guiding Principles for Budget Development

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Local government is facing greater challenges than ever before and virtually every local government manager is striving to meet increased demand with fewer resources and searching for the most effective strategies for addressing the fiscal crisis. Below are some guidelines for department heads and line managers who have the responsibility to build a budget that meets the needs of and is responsible to their local community.

- **Build the budget from data. Data trumps opinion.**
Too often anecdotes are the basis for budget proposals and not solid, validated need indicators. Comments suggesting that there is a need when it cannot be verified or validated lead only to skepticism and accusations of bias or lack of objectivity.
- **Focus on priorities within the Strategic Plan.**
A well run local government will have a strategic plan and follow it, amend it as needed and regularly consult it before making budget decisions. Department managers will not go wrong following the priorities identified within that plan. Drifting from the priorities only leads to chaos and sloppy budgeting, if not sloppy programming.
- **Ask only for what is needed.**
Over the years, we have seen need become want and want become entitlement. This isn't something restricted to the social welfare arena, but is shared by almost all interest groups who rely on government for their sustenance. The challenge is to define need as the basis for government budgeting and make that consistent with the priorities identified within the strategic plan.
- **Know your business and its budget impacts.**
Successful government managers know their business well and understand how their programs affect the local community. The details of government operations can be daunting and sometimes difficult to understand. Good public administrators understand the depth of their work and how it affects the people whom they serve. They can convey the important issues to their two most critical audiences, the elected decision makers and the residents of their community who pay for those decisions.
- **Avoid claims of dire consequence unless there will be dire consequences.**
Alarmist rhetoric gets old very quickly when trying to balance budget priorities. Sound and effective public budgets require a calm and balanced approach to addressing identified priorities. Community advocates may be forgiven for exaggerating budget impacts, but it is never an option for government managers. A clear statement of outcomes is what decision makers need to hear from public managers.
- **Offer impact statements, both positive and negative.**
What does it mean to fund or not fund a program? What will happen if we fund it or not? These are the questions decision makers have to answer each time a program is brought forward. There are always at least two sides to the question and managers need to be able to articulate a clear understanding of the impacts on both sides of the equation.
- **Tell the story - Use vignettes to fill in the picture.**
While data has a most important place in the process of determining a budget, personal

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stories of what that data means in real life terms can be of enormous value in bringing the meaning of the data to the discussion. Good examples of outcomes, impacts and results can be excellent aids in building an understanding of why a program is important or, even, why it should be eliminated.

Remember: there is no single right answer. While the budget process is inherently subjective, this approach brings to it a degree of discipline that enables appointed and elected officials to get to a workable level very quickly, if only as a starting point.

Remember: “Government can’t do it all and can’t do it all the time.”