

LOCAL BUDGETS AND THE FORCES THAT SHAPE THEM: IMPLICATIONS FOR EQUITY

Hannah Miller & Jared Knowles
CIVILYTICS CONSULTING Watertown, MA

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Civilytics Consulting

 *Measuring the pulse of civic life.*

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Civilytics Consulting is an independent data science company that provides social science research and analysis, software solutions, and training in the higher education, K-12 education, criminal justice, and public finance sectors. We work with researchers, journalists, grassroots organizations, and government agencies at all levels.

The work to reinvigorate our democracy must begin at the local level where the public has the greatest control and barriers to collective action are the lowest. Civilytics is building the tools communities need to understand and deliberate about the performance of their local governments in delivering services.

Contact us

For questions or further information about this report or the work of Civilytics, contact us today:

www.civilytics.com
jared@civilytics.com

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Overview of Government Budgeting Approaches

A. How Governments Budget

Governments have adopted a wide variety of practices to develop and control their budgets. These practices shape both the process of making the budget and the final product—the budget document shared with the public. To understand budget features that can support transparency and equity, we must first understand the different approaches that governments take when setting and maintaining their budgets.

The budget process adopted by the government is a critical site for evaluating equity in public resources because, as *The Politics of Public Budgeting*¹ explains, “[b]udgeting links citizen preferences and governmental outcomes” (p. 2), connecting tasks to be performed with the resources (people and money) needed to accomplish those tasks and “mediat[ing] among groups and individuals who want different things from government” (p. 1). The budget process shapes *which* citizen preferences are strongly linked to outcomes, and *who* among mediating groups will see their preferences prevail.

There is growing consensus that local budgets are important and that in many cases the current budget process is not well suited to modern American life. In a 2022 publication, [Why Do We Need to Rethink Budgeting?](#), the Government Finance Officers Association (GFOA) and International City/County Management Association (ICMA) asserted:

Local governments have developed their budgets in essentially the same way for decades. The essence of the traditional approach is, first, that the budget is incremental. This means that last year’s budget becomes next year’s budget with changes at the margin. Second, the budget is built around line items—categories of spending like personnel, commodities, and contractual services, which are then grouped into departments and funds. People have criticized this approach for almost as long as it has been in use with local governments (p. 1).

As the GFOA identifies above, key features of traditional government budgeting include a focus on line items and inputs (e.g., equipment, supplies, staffing) and how these change from year to year. The approach has many advantages related to simplicity, the required level of effort, and standardization. It is easy to understand whether line items have been over- or under-spent; requires less effort to consider only the changes from the prior budget rather than the entire budget itself; and uses somewhat standardized categories like “personnel spending” and “supplies” which may have different nuances across jurisdictions but are readily understood in general. Rubin also notes that line-item budgets reduce competition because the budget does not directly compare programs.

¹ Rubin, Irene, S. (2019). *The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing*. 9th Edition, Sage.

In short, this budgeting process is useful for administrating an established program and evaluating incremental changes. However, as the GFOA and ICMA note, there are also many limitations of this approach including the tendency to determine how much to spend on different activities primarily based on historical precedent rather than based on identified needs. Additionally, the focus is almost entirely on inputs with little attention to what services are achieved through these inputs. And, as Rubin writes, “[t]he line-item budget forces attention to changes in accounting categories” which are often technical questions “of limited policy interest” and which cannot really be evaluated in terms of whether or not they reflect sound management (p. 87).

For these reasons, alternative budget approaches have been considered and incorporated to some extent into local governments’ approaches. It is somewhat difficult to separate alternative approaches cleanly in part because many actual budgets combine formats (Rubin 2019). However, alternatives include:

- **Zero-base budgeting (ZBB)**, which “asks managers to build a budget from the ground up, starting from zero” but is very labor intensive because it asks officials to justify the whole budget each year, not just incremental changes, and to clearly differentiate service level options or packages that officials can choose among (e.g., a minimum level of service, current service, or enhanced services).² Rubin explains that because zero-base budgeting creates a formal mechanism for reallocating funds from one department to another, “[t]he potential for generating competition and conflict is so great...that [ZBB] is seldom used” (p. 87).
- **Target-based budgeting**, which gives each department a target spending amount lower than the total that is affordable (e.g., 90% of what was spent last year), then requires departments to submit decision-packages to request funding for activities they cannot fit within the target spending in order to evaluate what additional services to fund. Rubin labels target-based budgeting a “less-extreme version” of zero-base budgeting because it puts only a certain percentage of departments’ budget on the table for reallocation.
- Three related approaches, the distinctions among which are somewhat unclear:
 - **Priority budgeting**, also called “budgeting for outcomes,” in which the government identifies its most important priorities and allocates resources to priorities rather than directly to departments, then ranks programs according to how well they align with the priorities.
 - **Program budgeting**, described by Rubin as “divid[ing] expenditures by activities.... Sometimes program budgets are formally linked to a planning process, whereby public goals are stated and expenditures allocated to reach those goals. [...] Program budgets have the most potential for allowing legislators to review the policy implications of spending decisions” (p. 86-87).

² [“Zero-Base Budgeting: Modern Experiences and Current Perspectives”](#), an undated report from the GFAO and City of Calgary

- **Performance budgeting**, described by Rubin as “list[ing] what each administrative unit is trying to accomplish, how much it is planning to do, and with what resources. [...] A performance budget emphasizes getting the most service of a given quality for the dollar” (p. 86).

Orange County, California, takes an approach that seems similar to **target-based budgeting**. They publish “[augmentation requests](#)” as a separate document, defining augmentations as shown in the interior box. Even though the augmentation requests are published at the same time as the regular budget, only “technical” and “reduce” augmentations are incorporated into the recommended budget; the “restore” and “expand” augmentations are shown in a separate document. These “restore and expand” augmentations are those that go beyond or add to last year’s budget. While clearly establishing a “base” budget and then separating out new additions, this requires the public to add numbers from different documents to understand the full amount recommended for different departments each year.

AUGMENTATIONS - "Modifications to budget requests submitted separately by departments for consideration by the CEO or the Board of Supervisors. The four primary augmentation types are:

- (1) **Technical** – modifications to a base budget request primarily to reconcile to budget reports or other mid-year budget adjustments;
- (2) **Reduce** – modifications to reduce a base budget request to comply with established Net County Cost limits;
- (3) **Restore** – modifications requested to restore budget reductions; and
- (4) **Expand** – requests for resources above and beyond current funding and staffing levels which may involve new mandates related to existing services, increasing workloads in existing programs or proposals for new services."

The GFOA conducted a survey³ of participants in its [Distinguished Budget Presentation Award program](#),⁴ inquiring about the different budgeting approaches they used before and after the 2008 recession. According to the survey, about three-quarters of respondents used line-item budgeting and about half reported using last year’s budget as the starting point for this year’s (incremental budgeting). Only one-third reported using performance measures in budget discussions.

³ The survey and these results are discussed in the undated “[Zero-Base Budgeting: Modern Experiences and Current Perspectives](#)” report from the GFAO and City of Calgary. The report says that the GFOA received 413 responses but does not provide the year the survey was fielded. It seems to have been around 2010.

⁴ The GFOA describes having established this award in 1984 to encourage and assist state and local governments to prepare high-quality budget documents that reflect the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting. For the award, budgets are rated by “practitioner volunteers” on [criteria](#) that are fairly basic but clear; local governments pay an annual sliding scale fee based on population to be considered.

Which budget system or systems were they using before the 2008 recession, and today?*	Before	Today
Line-item budget (budgeting is done primarily by spending or revenue line items like personnel, materials, personal services, etc.)	81.6%	74.5%
Budgeting by programs (programs are the main unit of analysis, rather than departments or divisions)	27.9%	36.6%
Performance budgeting (performance measures are included for each budgetary unit of analysis and used in budget discussions)	24.2%	34.0%
Incremental budgeting (last year's budget or actual is the starting point for the next year's budget discussion)	56.8%	46.0%
Zero-base budgeting (departments or programs must completely re-justify their spending, starting from zero)	13.7%	20.8%
Target-based budgeting (departments or divisions are given a spending target, set at some percentage of last year's spending (e.g., 85%) and must submit decision-packages and justifications for spending above the target)	24.7%	33.4%
Business plans (departments or divisions are required to produce detailed operating plans for the next one to three years and budgets are then derived from these plans)	13.7%	17.1%
Budgeting for outcomes (the budgeting method described in the book, <i>The Price of Government</i>)	4.5%	7.9%
Other priority-driven budgeting system (budgeting other than budgeting for outcomes that allocates resources according to how well a given program accomplishes organization objectives and not based on what was spent on that program in the past)	6.6%	13.2%

* Respondents were allowed to pick more than one, recognizing that many governments use hybrid systems.

We thought it might be useful to look in-depth at how one local government describes its budgeting approach (excerpted below). Madison, WI, has received silver certification from [What Works Cities](#), a program from Bloomberg Philanthropies and Results for America setting a “standard of excellence for data-driven, well-managed local government.” In a [profile](#) of Madison, What Works Cities extensively discussed how the city was moving toward a “results-focused budget process.” However, two years after the city was awarded silver certification, the [budget](#) appears to incorporate this results-focused budget approach for two departments, the library and streets, but not for many others. Its example points to how difficult budget process reform can be—in this case, the city government is receiving awards and has achieved continuity in key leadership positions, but budget process reform is still a work-in-progress over multiple years.

Excerpted from Madison, WI budget:

Guidelines for Agency Operating Budgets

Base Budget: Agency operating budgets start with a “cost to continue” projection, which is the cost to provide the same level of services in the upcoming year. This projection accounts for factors such as planned salary adjustments (step and longevity increases), changes to interdepartmental billings and cost allocations, updated insurance and workers’ compensation expenses, and other agency specific adjustments. From this base budget, agencies were allowed to reallocate funding across services so long as the overall amount was consistent with the budget target.

Reduction Scenarios: As part of the budget request process, General and Library Fund agencies (with the exception of Public Health), were asked to develop 1% reduction scenarios to identify permanent cost savings. The 2023 Adopted Budget includes reductions in general fund expenses by adjusting agency revenues and shifting costs to the capital budget (\$1.1 million) and reducing the general fund subsidy for Metro Transit (\$7.7 million) to leverage federal funding. These adjustments are detailed in the agency overview pages for each impacted agency.

Supplemental Requests: Agencies were permitted to submit up to one supplemental request for additional funding to address key priorities and service needs. Agencies were instructed to 1) consider reallocating funds within their base budget before requesting additional funding and 2) include ways to phase in or scale up programs over time, and 3) describe the implications for ongoing increases in the next five years. As with reduction scenarios, supplemental proposals were carefully considered for impact. Proposed supplemental requests are described in the summaries for each impacted agency, and additional details are available in the Executive Summary.

B. Constraints on Budgeting

How a government sets its budget is a response to the variety of constraints it faces. These constraints also set boundaries on the speed and reach of budget reforms, as we saw above in the Madison example. In this section we organize constraints into categories (legal, fiscal, capacity, and social constraints) and give specific examples of how these constraints operate on local governments.

Legal Constraints

Local government budgeting is a mix of legal requirements, administrative rules and procedures, and informal norms. Each of these pose different types of constraints on how the budget is set and the scope of changes to be considered through the budget process. Due to their position within the federalist system, city and county governments are subject to legal constraints from their own level (e.g., from city and county ordinances), but also from

state and federal laws. The specific legal environment can vary greatly depending on the state, policy area, and even size of the locality involved—with many states putting different requirements on cities and counties based on their size.

Local Rules and Ordinances

First, local governments may impose legal constraints on themselves through their own ordinances, charters, and budget rules and regulations. Such rules often set the timeline for the budget, but can also prescribe the process for amending, vetoing, or approving the budget as well. These rules can vary greatly from place to place with some places granting extensive veto powers to the local executive while others give council the power to offer extensive amendments during the budget process.

In addition, some localities set rules about service levels that have significant budgetary implications. Because of our focus, we are most familiar with minimum staffing levels set for policing, including debates over whether these are enforceable. For example, some [Boston police unions](#) sued over minimum staffing levels as set by ordinance in 2022, and a [Minneapolis judge](#) ruled on a similar suit there the same year. In 2020, [San Francisco](#) voted to remove police minimum staffing levels from their city charter but, this year, some supervisors introduced a ballot measure to reinstate staffing minimums. (At the time of the 2020 vote, the city reported that, even though the ordinance was in place, there had been years when they did not comply with it.)

In terms of legal constraints, those created by local rules and ordinances are easiest to overcome because the process for revising ordinances or the government charter is similar to the process for passing the budget itself and because there does not seem to be a lot of precedent for legally enforcing these requirements.

State Regulations

Local ordinances and rules may be in place to ensure compliance with state law. The power to create and regulate local governments is left to states in the U.S. system. This gives state governments the final say on rules regarding how local governments set and approve their budgets. It also gives states an implicit veto over decisions made by local governments through a power known as preemption.⁵ This state authority shapes many aspects of local governments including the format and timeline for local government budget publication, staffing levels, and purchasing guidelines for contracting for services (Rubin, 23-25). Preemption hangs over many budget deliberations because any policy decision taken by a local government can be overridden by a sufficiently motivated state legislature.

One of the most common regulations set by state governments is constraining the revenue available to local governments by capping local property taxes or restricting revenue sharing from sales taxes. As a result, local budgets are often created with one eye looking toward

⁵ A 2019 report by New America discusses preemption at length: <https://www.newamerica.org/political-reform/reports/punching-down/>

the state budget and any policy and revenue changes there that may impact local conditions. These fiscal constraints will be discussed in more detail below.

Another common constraint occurs when the state government provides funding to local governments to deliver a specific program or service. This is sometimes called “devolution” and entails the state government paying local governments to provide a service while setting requirements about the quality and conditions of that service. This occurs in several policy areas like juvenile justice, court proceedings, and K-12 education. Here funding comes with detailed rules about how it is to be used.



Federal Rules and Regulations

While the federal government may not have much formal authority over how local governments operate, by setting terms and conditions on the receipt of federal aid, it is able to significantly regulate financial reporting, program implementation, and more. One of the most common federal revenue sources in municipal budgets is housing assistance from the Department of Housing and Urban Development (HUD). HUD aid, and the rules and regulations attached to it, is often the primary or even sole housing assistance spending in a city government. Although rules and regulations for this aid may not be acknowledged or identified in the budget itself, and the specific details may be known only to the program administrators, these rules and regulations do shape the budget implicitly or explicitly. For this reason, grants from other governments may not be budgeted in the same way as local

(“own source”) revenue: “Grant revenue from the federal government or from the state may be incorporated into the budget, or it may be budgeted separately” (Rubin, p. 105).⁶

Creditors and Non-governmental Rules and Restrictions

Local governments carry over \$2.1 trillion in outstanding debt compared to their \$2.4 trillion in annual revenue.⁷ This debt—and the contracts signed to acquire it—creates legal (and fiscal) constraints. As a result, one primary purpose of the budget document is to make information available to creditors and communicate the continued credit-worthiness of the locality. This means the budget document and procedures may be adapted to conform to the preferences of the locality’s creditors or the wider municipal bond market. As with federal rules and regulations above, these rules or preferences usually are not explicitly identified in the budget document or process itself but are well known to financial experts or relevant staff within the local government.

The decision to borrow, despite its impact on the annual operating budget, is made through capital budgets, often approved on a five-year cycle. These budgets set a limit for borrowing and impose carrying costs on the annual budget through future debt service payments. As a result, they shape the presentation and form of the budget with many pages often devoted to financial details relevant to lending agencies. For example, it is initially striking that the New Haven, CT, budget leads with this information and touts the credit-rating of the municipality. These credit obligations not only shape budget presentation, but also impose fiscal constraints as localities decide to meet debt obligations first, in order to secure a high credit rating. We’ll discuss this constraint in more detail below.⁸

“Both state and local governments budget separately for capital and operating expenses, which the federal government does not. The process for formulating and approving the capital budget is often distinct from the process for formulating the operating budget. Capital budgets have a different time frame from the operating budget, as the projects they fund often drag out over several years. While the operating budget may look the same (or nearly so) from year to year, the capital budget does not. Items in the capital budget come and go as projects are completed.”

~ Irene Rubin, p. 104-105

Fiscal Constraints

The discussion of state revenue limits and capital borrowing leads directly to the fiscal constraints that localities face in preparing and controlling their budgets. Unlike the federal government, state and local governments must balance their budgets annually. Local

⁶ For instance, Oklahoma City budgets grant funds as “non-operating funds because the activities supported by grants would typically not be provided without the grant funding.” Other municipalities budget all state and federal grants together as “intergovernmental funding” with no further explanation.

⁷ U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances.

⁸ From Rubin: “Budget rules often determine the order in which requests will be considered, giving money first to items such as debt repayment or entitlements...” (p. 83)

governments face an array of constraints that limit options to balance their budgets. These include:

- Fiscal uncertainty
- Structural limitations on dollars
- Ongoing fiscal obligations
- Labor agreements

Fiscal Uncertainty

Budget officials in local governments rightfully perceive a number of constraints on their fiscal decisions because balancing their budget is required by law and borrowing and total debt accumulation are limited by credit markets and financial controls. Additionally, local governments are subject to fluctuations in revenue from federal, state, and local economic conditions, as well as changes in the cost of credit to fund capital projects and ongoing debt obligations. The combination of greater fluctuation in revenue streams and fewer options to address changes in revenue results in budget documents and public budget messages emphasizing fiscal constraint. This mindset toward caution is as important to the budget process as the objective fiscal conditions because this mindset shapes how budgeting is approached each year. Perception is key because it influences the initial budget proposal and that initial proposal is critical in setting the terms of the debate about resource allocation for the year.

It is also important to note that, with few exceptions, local governments almost always present internal comparisons to their *own fiscal condition over time*, and rarely, if ever, compare their fiscal condition to other communities. While other communities and their responses to fiscal conditions or provision of services may be part of *policy* discussions, they are rarely mentioned or discussed in the budget itself.⁹ This inward focus and self-comparison reinforce the incrementalism inherent to the budget process.

Structural Limitations on Dollars

Money is fungible, but not all dollars are exchangeable in a local budget. The revenue sources that fund programs within the local government may be subject to specific fiscal regulations and rules that further divide the total budget into sub-budgets. The most important of these is the division between the general fund and all other funds.

Fund Type	Description	Example
General Fund	The pool of general purpose dollars that can be allocated to any activity.	General tax dollars.
Special Revenue Fund	A pool of revenue allocated for a specific activity and/or raised through a specific revenue stream.	A county may set aside a percentage of sales tax revenue to

⁹ Two important exceptions are that municipal budgets often compare their property tax rates to neighbors' rates in the budget and also compare department heads' salaries, frequently using these comparisons to justify changes to their own rates or salaries.

		fund operating and maintaining a community recreation program.
Enterprise Fund	Funded by user fees on utilities operated by the government. Funds can only be used to operate and maintain the utility service and have strict financial controls.	A city water department is often funded largely by revenue raised by user fees charged on water bills, revenue that cannot be used elsewhere.

Dollars may not necessarily be substituted across funds, which creates complicated rules and sub-budgets that often are not fully described in budget discussions and presentations (Rubin 2019). These rules can pre-determine which departments compete for funding. For example, a group of funds designated for public safety will be up for grabs among a few departments like police, fire, and emergency services while other departments cannot compete for those funds because of the definition of the fund and the classification of their department. To become eligible for a public safety funding stream one of those two elements would first need to change. “At the other end of the continuum, some programs may be given their own source of revenue, with no other programs allowed to compete for those funds” (Rubin, p. 83).

Additionally, funds may have different sources like state and federal aid or fees for services provided to other governments. This means that, for some programs, it is possible to expand services without raising local revenue or cutting other local programs. The downside is that when these external revenue sources end or diminish, it is easier to end a program due to lack of funding. As Rubin notes: “Intergovernmental grants may make some expenditures relatively cheap and some cutbacks relatively expensive and, hence, frame choices for state and local budget officials” (p. 34).

The rules and procedures for shifting funds across these budgetary boundaries are part of the “art” of budgeting. Although specific rules set parameters, “fiscal experts” are often able to articulate creative solutions to moving money within the budget when this is desired. In contrast, when the public demands shifting funds across the same boundaries, this may be met with an authoritative-seeming statement that local officials are unable to act in the face of such structural constraints.

Past Debt, Future Savings, and Deferred Maintenance

Budgets operate on an annual cycle, but budget decisions have impacts far beyond the next fiscal year. The biggest example is debt obligations from capital expenditures financed through issuing bonds. As noted above, bond decisions are made outside of the annual operating budget process despite their large impact on that process since payments to creditors reduce the balance available to fund the annual operating budget.

Even after paying creditors, local officials may find themselves constrained by budgetary moves made by a previous administration or in prior budgets when fiscal conditions were different. One decision that local governments have to make is whether to deposit money in or to withdraw money from their fiscal reserve account, often called the “rainy day” or

budget stabilization fund. According to an analysis by Pew Charitable Trusts, in FY 2022, many states made significant contributions to their fiscal stabilization funds and many of these funds reached record levels in terms of the number of days of government spending they could fund.¹⁰

On the other side, the decision to defer maintenance or construction of a needed new facility in order to contribute to the budget stabilization fund creates a different type of obligation on future budgets by putting needed work off to the future when maintenance and construction costs will likely be higher. A decision to build a new facility now is also a reduction in maintenance and construction costs in future budgets.

At the margins there are also many opportunities to shift expenditures on either side of the fiscal year boundary to balance the budget. Contracts may be structured to pay out ahead of a fiscal year end date, a large purchase may be deferred until the next fiscal year, or supplies may be purchased and stockpiled for the next year using this year's surplus. All of these decisions can lead to constraints on the programs and spending priorities of the elected officials overseeing the next annual budget. The end result is that an annual budget process creates opportunities for short-term strategies to shift spending to influence the next budget cycle but can constrain long-term thinking about resource allocation.

Staff Cost Obligations Defined in Labor Agreements with Employees

By far the biggest decision that a local government makes is the compensation plan it offers its employees. Labor costs always constitute the majority of spending by the local government. However, these costs very often are negotiated with minimal if any input from the public. Decisions made at the bargaining table, sometimes in closed session, can significantly limit options in the city's or county's operating budget. The public may find that

“For many local governments, workforce costs represent more than two-thirds of their operating budget. In many regions of the country, most of these compensation costs are negotiated or collectively bargained, at least in part, with public employee unions. Despite the tremendous fiscal implications of these negotiations, those involved do not always incorporate resource planning information from the finance office. Although it is not always possible for finance officers to be at the bargaining table as labor contracts are negotiated, governments need to work closely with the finance department to address the short-and long-term implications of any proposal.”

~ The [GFOA discusses the importance of finance officers in collective bargaining with public employees.](#)

¹⁰ Theal, Justin and Alexandre Fall. March 16, 2023. “Record State Budget Reserves Buffer Against Mounting Fiscal Threats.” *Pew Charitable Trusts: State Fiscal Health*. Accessed online: <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/03/16/record-state-budget-reserves-buffer-against-mounting-fiscal-threats>

the budget foundation has already been set to accommodate provisions in already negotiated labor agreements.

Labor agreements do not just directly impact the budget through pay scales, but also often dictate staffing levels, equipment and supply costs, and insurance coverage and plans. For example, police contracts often specify that any court pay is in addition to regular pay and is a certain minimum number of hours even if the officer only drops off papers (e.g., a minimum of 3 hours in [Cambridge](#) and a minimum of 4 hours in [Boston](#)). They also often specify that officers receive additional pay for being assigned to a different unit or station than their regular assignment and can specify whether patrol cars have one or two police officers. They can set minimum overtime requirements as well: a recent [Boston Globe editorial](#) argued that the way to cut police overtime spending is through contract negotiations, not through the budget.

Another example of how labor agreements dictate costs beyond specific staff salaries occurs in public works and transportation where local government contracts often dictate that the government pay union-scale wages even to non-union workers. These provisions and more have outsized impacts on both the resources available in the budget and the price the government needs to pay to start a new program or expand services. Budgets do sometimes acknowledge these agreements directly, but just as often a budget may obscure some of these spending provisions or obliquely mention increased staffing costs without ever indicating to the public that these staffing costs were approved by elected officials in negotiations separate from the budget process.



Figure: Public sector labor disputes erupt in Wisconsin, 2011¹¹

Capacity Constraints

Governments, even well-resourced ones, cannot do everything well all the time and must make choices in how to deploy their resources. There are real constraints on capacity imposed by both the staffing decisions made by the government and by the realities of the budget timeline.

Staffing and Elected Officials

Local governments are multi-million to multi-billion dollar organizations subject to an array of rules, regulations, and obligations to the public that funds their operation. Spending money on necessary administrative tasks like fiscal reporting and financial controls can sometimes be seen as taking money away from providing public services. This tension means that local governments are often looking for the most efficient way to prepare and execute the budget while meeting all requirements and obligations.

Many local governments have limited staff available to monitor the budget and evaluate alternative policies and spending decisions. Local governments often operate without the equivalent to a state legislative analyst's office (LAO) or legislative budget board (LBB), resources which provide independent fiscal and policy analysis to elected officials at the state level. This makes it more difficult for local elected officials to analyze budget proposals independently from the information presented by the chief financial officer or mayor. Local elected officials also are often part-time, volunteer, or professionalized but with few dedicated staff. They often lack direct experience or training in public budgeting or public

¹¹ <https://www.nytimes.com/2011/02/17/us/17wisconsin.html>

administration and, as a result, may find it difficult to absorb and analyze the volume of information generated during the annual budget process.

Los Angeles County has 5 full-time elected officials (County Supervisors) who are responsible for reviewing, amending, voting on, and monitoring a budget of \$42 billion on behalf of nearly 10 million residents (2 million residents per supervisor). Compare this to the state of Iowa, which has a budget of about \$44 billion but is the responsibility of 150 state representatives and senators who each represent about 30,000 to 60,000 people, respectively.

State governments like Iowa invest heavily in both budget and fiscal analysts within the executive branch, but also in legislative service agencies that provide nonpartisan fiscal and policy research to elected officials to use in shaping budget and legislative decisions. At its scale Los Angeles County is able to make some similar investments but still faces the challenge that only five people are responsible for administering that oversight across all the policy and issue areas the county and its budget address.

At the local level, then, there is often limited capacity for evaluating budget decisions and issuing recommendations for changes; the budget as proposed by the mayor or chief financial officer often becomes the budget as adopted. In the process, the format of the budget becomes vitally important because of its ability to frame decisions, provide certain data to decisionmakers, and foreclose answering other questions without additional analysis. Simply through format, too, the budget presentation can also help guide which departments or programs compete most directly with others for money.

It is critical that both the public and elected officials have access to information not just on what their city or county proposed to spend but what it *actually* spent on different services. In typical budget formats, actual spending is shown on a two-year lag (e.g., for the fiscal year 2023 budget, 2021 actuals are shown – see the example from Milwaukee County below). This lag not only hinders residents from understanding how their money is actually spent, but also hinders local officials from making decisions about next year’s budget.

BUDGET SUMMARY					
Category	2020 Actual	2021 Actual	2022 Budget	2023 Budget	2023/2022 Variance
Expenditures					
Personnel Costs	\$49,730,211	\$50,773,892	\$51,215,998	\$52,959,390	\$1,743,392
Operation Costs	\$4,705,268	\$4,836,754	\$7,593,954	\$7,316,308	(\$277,646)
Debt & Depreciation	\$0	\$645	\$0	\$0	\$0
Capital Outlay	\$70,895	\$76,425	\$79,000	\$93,000	\$14,000
Interdepartmental. Charges	(\$21,024,377)	(\$9,266,065)	(\$10,137,499)	(\$10,133,734)	\$3,765
Total Expenditures	\$33,481,997	\$46,421,651	\$48,751,453	\$50,234,964	\$1,483,511

Another way local governments reduce workload is by limiting the amount of information published about the ongoing status of the budget. Even in large local governments, budget

updates during the year are often left as agenda items or committee reports rather than being compiled and published in a consistent format and posted with other budget information where the public may know to look for it. Although there are notable exceptions discussed later, the result is that the public's best opportunity to find out if the budget has been exceeded or funds misused is after the final financial numbers are included in a future budget, often two years later.

As a whole, lack of staffing resources perpetuates an incrementalism in local governments that requires sustained effort and education on the part of elected officials or the general public to overcome.

Experimentation and Innovation

Most of the services provided by government are responses to difficult-to-solve problems and competing interests. Elected officials and the public demand results for their investments when asked to deviate from the status quo. In addition, the inward focus of local budgeting and the hesitancy to make regional or national comparisons means that officials and the public often want assurances that new programs will yield results when applied locally.

Modern policymaking tools are not quite up to this challenge. Efforts to demonstrate program effectiveness are perhaps more advanced than in the past, but modeling the implementation risks for specific localities is still not a common practice. Policymakers do have access to a variety of "evidence clearinghouses" that provide evaluations of the impact of programs demonstrated to work across a variety of policy areas like education, home-visiting for new parents, support services to strengthen families and prevent the need for foster care, and labor market reforms,¹² but it is not clear how widely these are used by local officials and advocates to consider new programs.

There are initiatives to boost the specific capacities of local governments to innovate in smart ways, like What Works Cities, Results for America, and Code for America, the latter two of which attempt to boost the capacity of local governments by placing trained policy analysts and software developers in partnership with local governments to solve challenging problems. The existence of these programs highlights the capacity constraints that can be overcome but also highlights how difficult it is to implement new programs or reforms to meet a community's challenges. In the face of uncertain success and many competing interests, it can be challenging for public officials to make the case for a dramatic change in course to solve local problems. Better research and evaluation capacity could alleviate some of this concern – particularly in the form of staff who are able to translate studies and evaluations into implementation plans and local pilots.

¹² The U.S. Department of Education's [What Works Clearinghouse](#), U.S. Department of Health and Human Services' [HomVEE](#) and [Prevention Services](#) clearinghouses, and the U.S. Department of Labor's [CLEAR](#) respectively.

Social Constraints

Finally, governments operate in a social environment that also constrains their ability to act. The capacity and ability of the public to be involved in giving input and guiding government decisions is limited by larger social pressures. Three that intersect with the budget process most directly are: communication and sharing of information, public knowledge and trust, and the tension between technical expertise and community involvement.

Communication and Sharing of Information

Local government budgets are complicated and parochial – terminology can vary across jurisdictions and, as discussed in the prior memo and in greater detail below, the standards for reporting information vary greatly. Public officials themselves often lament the challenge of deciphering and analyzing hundreds of pages of tables and figures each year. It is difficult to communicate the decisions in the budget accurately and succinctly, let alone to do so in a way that reaches multiple intended audiences. Of course, staffing levels for public communication and public engagement are also often low and deprioritized in constrained budgets in favor of staff delivering direct services. Below, we provide examples of the variety of ways cities and counties have engaged with this problem.

Public Knowledge and Trust

Budget communication, like all public communication, is easier when there is trust and shared knowledge between the public and the local government. Many communities rely on an informal network of very engaged citizens with specific interests to provide public input to the budget process but find it difficult to engage new audiences and voices in the process.

Political knowledge, and as a result, political engagement, at the local level is a less well-studied phenomenon than it is at the federal level (Annenberg Poll 2014, Delli Carpini and Keeter 1996). However, results from a few studies indicate that local political knowledge is likely not appreciably greater than national political knowledge and can be very specialized to specific current issues in the community (Shaker 2012, Wallsten and Park 2015, Binder et al 2016).

Working in favor of local governments is the well-studied phenomenon that the public trusts local governments at a higher level than the federal government and that this trust is less variable along partisan lines (Gallup 2018). However, there is still more room for research about mediators of that trust and whether it varies across issue area – like political knowledge – and how much it varies within communities.

Technical Expertise and Community Engagement

Trust is important because much of what the government does is designed and carried out by technical experts. Technical expertise is necessary for good government – to do things efficiently, safely, and responsibly. However, technical expertise also limits public democratic participation as “... scientists often present their findings – intentionally or unintentionally – in an intimidating language that gives citizens the sense that they can’t

discuss the issues... The end effect is that the process works... to privilege expert knowledge, thus maintaining a barrier to a fuller form of democratization” (Fischer 2009).

Fischer’s use of the term democratization is important because the public is often invited to and given legally protected opportunities to provide public input but not to participate actively. There is little room for democratization and deliberation when the terms of the debate are set by and designed for domain experts – doubly so when that domain expertise is around the intricate web of rules and regulations governing the budget and government financial controls. Thus, public participation is often reduced to legally required comment-giving where public comments are recorded and counted, but public officials do not engage and the public receives no opportunity for deliberation with elected officials, experts, or one another.

“To be sure, the citizen can still express his or her view, but in a world dominated by a centralized state guided in large part by the views of administrative and policy experts, professional advisory committees, think tank specialists, governmental policy staffs, academic consultants, and the like, they have less and less chance of being taken seriously.”

~ Fisher, 2009, p. 55

As a result, community members find themselves at a disadvantage in public decisions about how and where to allocate resources in their communities. They lack the time, network, and means to hire experts of their own to advocate for their community, and they lack the credibility of professionalized experts themselves. For the government’s part, it can be difficult to tap into the local expertise of residents because of a lack of time and resources to thoughtfully engage with residents, build trust and credibility, and balance competing concerns. The culture of professionalized policy evaluation can be seen as an attempt to shortcut this process but often results in the interests of those with the resources to hire experts being privileged. This is how a clear and simple public demand to build more publicly accessible drinking fountains can be met with requests for environmental impact studies, water quality upgrade plans, concerns about long-term sustainable funding for maintenance, and issues with shortfalls in the water infrastructure capital fund. To meet a seemingly simple demand, the public is sometimes expected to anticipate and address all possible issues before the government will take action.

C. Navigating Constraints

The constraints described above profoundly shape local governments’ budgets and budget processes. Governments respond to these constraints by adopting different institutional arrangements and budgetary practices. An overview of these is given here before we review examples from specific budgets and their impact on equity in more detail in the sections below.

Additive Budgeting

The constraints above have a cumulative impact of making it difficult for local governments to significantly reduce spending to specific programs. Reducing or ending a program that exists is difficult because: a) public sector employees usually have labor protections that make firing them difficult, b) departments are an in-built constituency with access to information and resources to advocate effectively for their continued operation, and c) budget stabilization funds and other flexibilities make it possible to meet payroll costs even when revenue declines, alleviating fiscal pressures. Finally, cutting programs is generally less popular than adding new programs. As a result, budgets are largely additive year to year.

As mentioned above, an exception is programs funded by special revenue sources like temporary tax assessments or grants from other governmental agencies. In these cases, the expiration of dedicated funding makes it easy to justify sunseting a program that no longer has its own stream of funds. Thus, the arrangement of funds and access to different funding streams is an important, but sometimes opaque, determinant in assessing the long-term sustainability of a government service or program.

Put simply, slightly adding to the existing budget is preferable because it requires less deliberation, less analysis, fewer choices, and less justification. As revenues trend slightly upward annually, the result is an incrementally additive budget process punctuated by noteworthy and sometimes dramatic exceptions.

Managing Centralization

Centralization describes who shapes and forms the initial budget request. In the budget process the initial proposal is critically important for both anchoring revisions and establishing the terms of the budget debate for the year. In a centralized system the chief executive, in consultation with the chief financial officer, gives department heads detailed instructions on what to submit in their budget request. The executive sets the boundaries for all budget proposals that follow. In a decentralized system, the department heads submit requests with less direction from the chief executive, and perhaps through independent outreach to their own stakeholders and members of the legislative council. In a less centralized process, the initial budget proposal includes input from a wider group of stakeholders, and more people outside of the executive office are involved in setting the boundaries for the initial budget discussions.

In times of abundance it is easier to accommodate and debate many requests and the budget process may become more open. In times of scarcity, the budget process narrows its focus on solvency and preservation. The more centralized the process, the fewer entrypoints there are for genuine public input and new ideas to enter the budget process and the more budgetary and programmatic decisions are insulated from public discussion and scrutiny. Managing the degree of centralization, thus, can be one way to navigate the constraints highlighted above.

Shaping Timeline

The budget for the next fiscal year must be set before a full evaluation of the current year's budget can be completed. And, uncertain economic and political conditions can pose significant challenges in assessing the amount of revenue available for the next year. If the government chooses to delay drafting its initial budget proposal until close to the end of the fiscal year, the result may be a more accurate budget and forecast for the next year but a much shorter time period available to get feedback from the public and deliberate about possible changes. If the government starts the process earlier in order to have extended deliberation and discussion, new financial estimates could greatly impact those discussions.

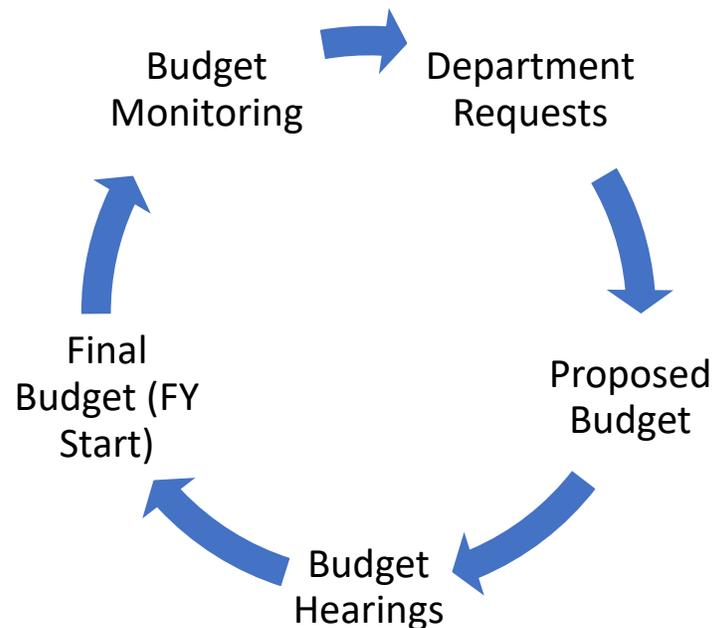


Figure 1: An example of the budget cycle

Budget hearings are usually the focal point of public involvement in budgets, but hearings often come late in the budget cycle and offer limited scope for deliberation or change – either because of formal rules limiting actions that can be taken at this stage or because of the many capacity constraints described above. The initial stage of the budget process, including department requests, may be where many important decisions are made but with little public engagement. As Rubin describes: “Informal discussion with department heads or even telephone calls to the budget office may be the route to influence” (p. 35). “The mayor and council often work out an agreement on the budget in advance, so the...need for a veto is slight. City staff typically monitor council statements throughout the year.... By the time the council gets the budget, the things they wish to see are usually already incorporated” (p. 100). Thus, the timing and openness of different parts of this budget cycle are another way governments navigate the constraints on their budgeting.

Presenting the Budget Document

The information contained in the budget is presented in different ways at different times to different audiences. The budget originates from legally required financial statements and accounting reports so the easiest budget presentation is to simply provide these statements without explanation.¹³ For small governments with fewer administrative resources, this option is low-effort and can be supplemented with a short written statement or presentation to communicate the budget.

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NEXT YEAR / CURRENT YEAR BUDGET ANALYSIS

PROJECTION: 22001 MASTER PROJECTION FY'22 FOR PERIOD 99

ACCOUNTS FOR:	2020	2021	2021	2021	2021	2022	PCT
GENERAL FUND	ACTUAL	ORIG BUD	REVISED BUD	ACTUAL	PROJECTION	ADOPTED	CHANGE
0000 UNDEFINED DEPT							
00000 UNDEFINED DIV_FUNCTION							
55 GENERAL PROPERTY TAX							
001 4111 CURRENT R	-35,312,427.10	-32,560,151.00	-32,560,151.00	-32,725,457.74	-32,560,151.00	-35,612,518.00	9.4%
001 4112 CURRENT P	-16,571,570.32	-15,848,648.00	-15,848,648.00	-15,892,955.04	-15,848,648.00	-16,200,330.00	2.2%
001 4113 DELINQUEN	-588,005.32	-927,952.00	-927,952.00	-791,690.07	-927,952.00	-927,952.00	.0%
001 4114 DELINQUEN	-74,213.41	-218,093.00	-218,093.00	-95,134.66	-218,093.00	-218,093.00	.0%
001 4115 AD VALORE	-7,086,657.65	-6,338,610.00	-6,338,610.00	-7,507,716.05	-6,338,610.00	-7,510,223.00	18.5%
001 4116 MOTOR VEH	-784,544.14	-784,544.00	-784,544.00	-426,193.15	-784,544.00	-784,544.00	.0%
001 4118 INTEREST	-916,444.43	-801,265.00	-801,265.00	-704,079.68	-801,265.00	-801,265.00	.0%
001 4119 DAMAGES O	-660,365.34	-614,406.00	-614,406.00	-693,731.54	-614,406.00	-614,406.00	.0%
001 4120 VEHICLE T	.00	.00	.00	-125.00	.00	.00	.0%
001 4130 HAZARDOUS	-113.26	.00	.00	-79.62	.00	.00	.0%
001 4131 RAIL CAR	-64,472.55	-64,473.00	-64,473.00	-68,957.71	-64,473.00	-64,473.00	.0%
001 4135 TAX FORF L	-109,036.24	-100,000.00	-100,000.00	-98,951.68	-100,000.00	-100,000.00	.0%
001 4140 MISC FEES	-64,392.00	-100,000.00	-100,000.00	-40,111.64	-100,000.00	-100,000.00	.0%
TOTAL GENERAL PROPERTY TAX	-62,232,241.76	-58,358,142.00	-58,358,142.00	-59,045,183.58	-58,358,142.00	-62,933,804.00	7.8%
56 LICENSES AND PERMITS							
001 4210 PRIVILEGE	-171.00	-100.00	-100.00	-236.50	-100.00	-100.00	.0%
001 4211 PRIVILEGE	-266,138.95	-355,000.00	-355,000.00	-264,786.90	-355,000.00	-355,000.00	.0%
001 4215 BUILDING	-752,430.50	-685,309.00	-685,309.00	-608,399.42	-685,309.00	-685,309.00	.0%
001 4216 AIR CONDI	-31,516.00	-43,085.00	-43,085.00	-19,082.54	-43,085.00	-43,085.00	.0%
001 4217 PLUMBING	-35,448.50	-32,000.00	-32,000.00	-35,087.58	-32,000.00	-32,000.00	.0%
001 4218 ELECTRIC	-179,508.00	-156,509.00	-156,509.00	-121,153.76	-156,509.00	-156,509.00	.0%
001 4219 GAS PERMIT	-29,443.00	-32,144.00	-32,144.00	-38,603.32	-32,144.00	-32,144.00	.0%
001 4221 MAINTENAN	-100.00	-3,470.00	-3,470.00	.00	-3,470.00	-3,470.00	.0%
001 4222 LANDSCAPE	-350.00	-350.00	-350.00	.00	-350.00	-350.00	.0%
001 4223 HISTORIC	-1,470.00	-1,390.00	-1,390.00	-2,921.00	-1,390.00	-1,390.00	.0%
001 4224 DANCE HAL	-2,047.50	-2,000.00	-2,000.00	-1,811.50	-2,000.00	-2,000.00	.0%
001 4225 TRANSIT M	-500.00	-1,250.00	-1,250.00	.00	-1,250.00	-1,250.00	.0%
001 4227 AIRCRAFT	-9,108.28	-12,710.00	-12,710.00	-10,179.75	-12,710.00	-12,710.00	.0%
001 4229 ADULT ENT	-3,692.00	-2,000.00	-2,000.00	-6,945.00	-2,000.00	-3,000.00	50.0%
001 4230 SPECIAL E	-2,025.00	-3,000.00	-3,000.00	-2,660.00	-3,000.00	-3,000.00	.0%
001 4240 SIGNS-MIS	-3,465.00	-7,527.00	-7,527.00	-4,050.00	-7,527.00	-7,527.00	.0%
001 4241 SIGN PERM	-28,400.00	-35,850.00	-35,850.00	-25,790.00	-35,850.00	-35,850.00	.0%
001 4242 SIGN REGI	-9,260.00	-9,260.00	-9,260.00	-9,100.00	-9,260.00	-9,260.00	.0%
001 4243 SIGNS TEM	-2,160.00	-2,570.00	-2,570.00	-1,800.00	-2,570.00	-2,570.00	.0%
001 4249 FIRE INSP	-15,425.00	-19,000.00	-19,000.00	-76,015.00	-19,000.00	-30,000.00	57.9%
001 4250 COMMERCIA	-230.00	-401.00	-401.00	-800.00	-401.00	-401.00	.0%

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Figure: The “Munis sheet” from the Jackson, MS, budget

Communicating the “bottom line” from these tables is the purpose of the budget document. All communities must make choices about how much effort they can put forth in this translation from the financial documents to the budget, and what audiences they prioritize. As we will see below, some budgets prioritize plain-language and clear presentation to speak to the general public, while others emphasize financial controls and accounting information that is more relevant to the public sector bond market and creditors.

¹³ These are sometimes referred to as “Munis sheets” referring to the Enterprise Resource Planning (ERP) software suite Munis created by TylerTech, which is one of the most common products on the market to help local governments manage their finance and accounting. Munis is now called “Enterprise ERP.”

The budget presentation is also constrained by the limited time window in which it is prepared and published; extensive format changes may not be possible. In addition, the budget has a set of established users who may not wish to see changes and who would be inconvenienced or negatively impacted by significant changes to the presentation.

Finally, budget changes can impact the information people have about budget trends over time. Reorganizing and recategorizing budget categories to be more informative or better aligned to community needs is a good step for service provision but has the negative (sometimes but not always intended) impact of breaking the historical trend, making comparison with past budgets uninformative or even impossible. This occurs somewhat frequently in budgets we analyze when a department or category is shifted or relabeled, sometimes without explanation in the budget document, and comparisons to past years in the budget are no longer possible.

Foundations for Equity: Budget Transparency

This section of the memo describes various features of budget transparency. We use examples¹⁴ from existing budgets to illustrate the necessary conditions to inform the public. Then, we highlight ways some local governments are beginning to make progress on the broader challenge of empowering the public to participate in budget decisions. Transparency or informing the public is an enabling condition for equity, but equity and democratic budgeting necessitate more – an empowering of people to have a say in budget decisions and the government activities they fund.

In general, the trend in public budgeting reform is summed up by Rubin, who has been updating *The Politics of Public Budgeting* for over three decades:

“In recent years, there has been progress in making budgets more readable, inclusive, and informative. To achieve more transparency, budgeters have tried grouping expenditures by program and establishing performance goals and measurements for each program. At the national level, the Government Performance and Results Act of 1993 (GPRA), updated in 2011..., required that all federal agencies create program plans and performance measures. The goal of performance budgeting at all levels of the government has been to broaden the notion of accountability from a record of where the money was spent to how well the money was spent and to hold public officials accountable for program outcomes and impacts” (p. 21-22).

Moving beyond this vision of performance budgeting toward budgeting for equity will take a similar set of efforts to build on some of the promising practices emerging at the local level. For now, though, we begin with the basics: posting the budget in an easy-to-find location

¹⁴ The cross-reference table we have included lists all locales mentioned by section and page, along with a rough categorization of whether the included example is positive, negative, or neutral.

online and providing a machine-readable budget with an informative table of contents, glossary, summaries, and explanatory text (not just tables).

A. Basics

A bare minimum in terms of budget equity and transparency should be posting the most recent budget on the local government's webpage in an easy to find place and with a descriptive title or surrounding text so that the public can easily identify the relevant document. Most but not all cities and counties in the U.S. meet this minimum.

Most but not all city and county budgets also meet the basic requirement of being machine-readable so that the public can search through them using a computer's search and find (and so they can be read by screen readers). A prominent budget that is not machine-readable is Broward County's; the budget initially appears machine-readable but is saved as a .png file. Another, albeit smaller, local government with a non-machine-readable budget is Montgomery, AL; its budget appears to have been created by taking photos of printed pages.

A second basic feature of budgets that greatly affects transparency is the Table of Contents. A well-organized Table of Contents makes a tremendous difference in quickly finding relevant information. For example, contrast the table of contents for Dallas's city budget on the left with the table of contents for Fulton County's budget on the right; it is much easier to quickly find the relevant information in Dallas's budget. Ideally, a budget's table of contents is "clickable," enabling users to click on a heading to be taken to that page (the GFOA's award criteria specifically call for this electronic linkage). Ideally, the table of contents is also incorporated into the PDF's navigation panel.

TABLE OF CONTENTS	
	PAGE
SUMMARY OF SERVICES	
Summary of Services by Strategic Priority	
Economic Development	
Environment and Sustainability	
Government Performance and Financial Management	
Housing and Homelessness Solutions	
Public Safety	
Quality of Life, Arts, and Culture	
Transportation and Infrastructure	
Workforce, Education, and Equity	
Summary of Services by Department	
General Fund	
Enterprise Funds	
Operating Budget	
Internal Service & Other Funds	
PERFORMANCE MEASURES	
Dallas 365	
Department Performance Measures	
GENERAL FUND	
Budget & Management Services	
Building Services	
City Attorney's Office	
City Auditor's Office	
City Controller's Office	
City Manager's Office	
City Secretary's Office	
Civil Service	
Code Compliance	
Court & Detention Services	
Dallas Animal Services	
Dallas Fire-Rescue	
Dallas Police Department	
Data Analytics & Business Intelligence	
Development Services	
Housing & Neighborhood Revitalization	
Human Resources	
Judiciary	
Library	

Table of Contents	
	Page
Budget Resolution	2
FY2023 Proposed Budget Memo All Funds	3
January 4, 2023	
FY2022 Year End Actuals and Changes to the FY2023 Proposed Budget (Revised FY2023 Proposed Budget)	25
January 30, 2023	
Changes to	
Fund Synopsis	
FY2023 Adopted	
Adopted Budget	
New Position Lis	
Annual Hardwa	
EXPENDITURES/APPROPRIATIONS	
SALARIES & EMPLOYEE BENEFITS \$	4,232,980,162.42
S & EB EXPENDITURE DISTRIBUTION	(1,088,575,019.52)
TOTAL SALARIES & EMPLOYEE BENEFITS	3,144,405,142.90
SERVICES & SUPPLIES	484,161,463.69
S & S EXPENDITURE DISTRIBUTION	(84,882,946.23)
TOTAL SERVICES & SUPPLIES	399,278,517.46
OTHER CHARGES	68,218,492.94
CAPITAL ASSETS - EQUIPMENT	8,883,333.74
OTHER FINANCING USES	
GROSS TOTAL	3,620,785,487.04
INTRAFUND TRANSFERS	(110,229,588.71)
TOTAL EXPENDITURES/ APPROPRIATIONS	\$ 3,510,555,898.33
NET COUNTY COST	\$ 1,865,687,436.73

A third basic feature of budget transparency and usability is a **glossary**. Including a glossary with definitions of budget terms is very helpful. The GFOA calls for including a glossary with any terminology that is not readily understandable to a reasonably informed lay reader. For example, Alameda County’s budget glossary defines terms like “authorized position,” “enterprise fund,” “COLA,” and “general purpose revenue.” In contrast, Los Angeles County’s budget does not have a glossary or equivalent section; as a result, even readers familiar with budget documents may struggle to understand some of the budget terms. For example, in prior work, we have struggled to understand LA County’s “S & EB Expenditure Distribution” (Salary and Employee Benefit Expenditure Distribution) line item, which is shown in the excerpt to the right and elsewhere in the budget but is never explained in words. Some local governments include a glossary in some budget documents but not others, which can hinder readers’ understanding if they do not know to look for the glossary in another document (for example, San Bernardino’s adopted budgets contain a glossary but its recommended budgets do not).

Another budget basic is simply including **totals or summaries** of all positions and all funds. The GFOA award criteria call for providing an “overview of the total resources budgeted by the organization,” specifically stating that “[t]his criterion requires a summary of the revenues and other financing sources and expenditures and other financing uses of all

appropriated funds in one place in the budget document.” However, not all budgets do this. For example, Harris County’s [Houston] budget does not provide a total budget across all funds. This greatly impedes the public’s ability to understand the big picture of what resources their county has and is managing.

A final budget basic is including at least some explanatory text, not simply tables. Although rare, we have seen a few cities and counties simply publish tables of revenue and expenses with no narrative text at all, as shown in the examples from Jackson, MS, and Hays County, TX, that were included in the first memo. Including only tables is not consistent with the GFOA’s recommended practice of “provid[ing] a budget message that articulates priorities and issues for the upcoming year.” The GFOA recommends that the message “describe significant changes in priorities from the current year and explain the factors that led to those changes” and notes this message may take the form of a transmittal level, budget summary section, or something else.

B. Public Materials and Input

Before we dive into a detailed discussion of budget content, we want to discuss transparency aspects of how the budget is presented to the public and what materials and opportunities are available for public engagement. Of course, the content cannot be wholly separated from this as we will show but we will endeavor to focus first on engaging the public in the budget process. Public materials and opportunities for input that are empowering and an authentic part of the process are all too rare, but are vital for improving equity in the budget process and in public spending.

[When and How the Public is Engaged](#)

A government budget is not just a document—it is a legally required *process*. A key aspect of the process is seeking public input since the budget is funded through public dollars and should ostensibly carry out the public’s wishes. The extent to which local governments engage groups in the budget process varies dramatically. Rubin argues that “[b]ecause the budget process is such an important part of governance, if there is public participation in and control over the budget, there is likely to be public control over government more broadly” (p. 82).

The GFOA (and others) point out many challenges with engaging the public in the budget process. The first is that:

...there is no single “public” that government can get feedback from. The “public” that engages in local issues (the people who attend city council meetings, participate online, and email council members and staff) is made up of self-selected individuals who have an interest in that issue. These people are not representative of most citizens. Many citizens may not feel they have a stake in the issue at hand or may be

content with the status quo. Others may not have access to the decision-making process.¹⁵

This means that, in addition to holding public hearings and being responsive to direct feedback from constituents, local officials need to solicit public engagement in many more ways, including through social media, surveys and focus groups, meetings of community interest groups and neighborhoods councils, Citizen Relationship Management systems, and more. For example, consider Boston’s approach last year in which the city launched “a listening tour and multilingual digital survey” that “sought to both educate residents and solicit public feedback, *ahead* of the Mayor submitting the Recommended Budget to the City Council.” The city also produced an introductory document about the budget process and how to engage in 12 languages along with engagement videos – including one on how to testify at a budget hearing – in Spanish and English.

Contrast that with many local governments that only offer a few public hearings near the end of the budget process, after the recommended budget has been prepared and the city council or county board are about to vote on the final budget. The GFOA cautions that “[a] general-purpose public hearing shortly before final decisions are made on the budget is not adequate”¹⁶ and “often amounts to little more than an opportunity for citizens to air their grievances at a microphone.”¹⁷

Consider, for example, San Diego County’s budget process versus Detroit’s, each of which has some strong equity features. San Diego County provides the budget executive summary and news release in nine languages and offers two community budget meetings at different times of day (2-4pm and 5:30-7pm). However, the figure below from the county’s website also clearly indicates that the public’s input is only sought after the recommended budget is proposed at a few meetings over a compressed timescale of about one month.

¹⁵ From the 2022 publication “[Why Do We Need to Rethink Budgeting?](#)” by the GFOA and ICMA, p. 10

¹⁶ From the 1998 [Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting](#), published by the GFOA and National Advisory Council on State and Local Budgeting, p. 42

¹⁷ From “[Why Do We Need to Rethink Budgeting?](#)”, p. 10

2023 Important Dates and Public Meetings				
May 4	May 11	May 16	May 18	
<p>Recommended budget released and eComment begins</p> <p>Budget recommended by the Chief Administrative Officer is released to the public. eComments can be submitted through June 21.</p>	<p>Budget presentations to the Board of Supervisors</p> <p>County business groups provide presentations during public Board of Supervisors meetings.</p> <p>Time: 10 a.m.</p>	<p>Hybrid community budget meeting</p> <ul style="list-style-type: none"> • Learn about the Budget • Share your thoughts • Ask questions • Learn how to stay involved <p>Time: 2-4 p.m.</p> <p>Virtual and at County Operations Center - Chambers 5520 Overland Ave, San Diego, CA 92123</p> <p>Register</p>	<p>Virtual community budget meeting</p> <ul style="list-style-type: none"> • Learn about the Budget • Share your thoughts • Ask questions • Learn how to stay involved <p>Time: 5:30-7 p.m.</p> <p>Virtual Register</p>	
June 12 9 a.m.	June 15 5:30 p.m.	June 21 5 p.m.	June 23	June 27
<p>Public hearing on recommended budget</p> <p>The public can provide comments during a public Board of Supervisors meeting.</p>	<p>Public hearing on recommended budget</p> <p>The public can provide comments during a public Board of Supervisors meeting.</p>	<p>Budget hearings formally end</p> <p>eComments end at 5 p.m.</p>	<p>Revised recommended budget available to the public</p> <p>After the recommended budget is submitted to the Board of Supervisors, a change letter suggests proposed additions.</p>	<p>Budget deliberations and adoption</p> <p>The Board of Supervisors adopts a budget for Fiscal Year 2023 and tentatively approves a budget for Fiscal Year 2024.</p>

In contrast, Detroit seeks public input prior to proposing a budget (as shown in the figure below), holding “budget priorities forums” in each council district plus two overall meetings, with all on Zoom and some streamed via Facebook Live. However, all meetings start at approximately the same time (between 5 and 6:30pm) and no printed materials appear to be available in languages other than English.

In terms of the process itself, we would emphasize that, to support equity, a local government needs to:

- Provide multiple ways for residents to engage

- Solicit feedback at multiple times throughout the year, including prior to preparing the budget not simply after recommending a budget
- Hold public meetings at multiple times of day and in multiple locations
- Advertise meetings to residents through multiple channels and in multiple languages
- Pay attention to language justice and provide interpretation services at meetings along with materials in a variety of languages

Your Budget

It's your home, your neighborhood, your city – and your city government works for you

It's your budget – get involved

Sept	Budget Kickoff
Sept	Sept. Revenue Estimating Conference
Oct	Annual Public Budget Meetings
Oct	District Priorities Forums
Nov – Feb	Budget Preparation
Feb	Feb. Revenue Estimating Conference
Mar	Mayor Proposes Budget
Mar – Apr	City Council Budget Hearings
Apr	City Council Adopts Budget
Jul 1	Fiscal Year Begins

= opportunities for public input

Materials: The Basics for Public Engagement

The first time we saw full budget books in a language other than English was this year. For the first time, Harris County, TX, produced their full annual budget book in Spanish, Vietnamese, and Chinese. This is a huge undertaking that dramatically improves accessibility to different communities, and we hope to see more local governments undertake this work in the future.

We are often struck by which places do and do not include at least some budget materials in other languages. For example, while Orange County publishes its “key budget message” and “recommended budget transmittal letter” in Korean, Simplified Chinese, Traditional Chinese, Spanish, and Vietnamese, we have not seen any city-provided budget materials for the City of Los Angeles in languages other than English. Similarly, while Los Angeles County has a few short videos about the budget available in Spanish, no other budget materials appear to be readily available in Spanish or other languages beyond English. Over 20% of LA County residents over the age of 5 speak a language other than English and report speaking English

“less than very well,”¹⁸ suggesting that – if they were to engage in the budget process – materials in languages other than English would greatly facilitate that engagement.

In contrast, the city of Dallas recently conducted a budget priority survey, which they made available in three languages (English, Spanish, Vietnamese) both [online](#) and in paper copies at public library branches and park and recreation centers. Their budget describes how this is part of Dallas’s “budget for all” approach.

Budget for All

Budget and Management Services strives to ensure that budget publication materials are accessible to all persons. This year we:

- Ensured translation of information in Spanish (Chinese and Vietnamese where available)
- Expanded engagement opportunities, to include American Sign Language, telephonic services, and additional language dictation and support
- Enhanced accessibility, readability features, and alt text for low vision populations
- Increased the advertisement of budget town halls in multicultural publications

Materials: Beyond the Basics

Beyond simply providing information in a language residents can understand, it can be helpful to provide budget guides or summaries aimed specifically at community members rather than elected officials. These are fairly common; examples include Baltimore City’s “Community Guide to the Budget” and Maricopa County’s “Citizens’ Budget Brief,” both shown below.

¹⁸ American Community Survey (ACS) 2021 five-year estimates from [Language Spoken at Home for the Population 5 Years and Over](#).



The City of Baltimore

Community Guide to the Budget – Fiscal 2022

What are we investing in for Fiscal 2022?

The Fiscal 2022 Budget Plan was developed in the context of an uncertain economic environment due to the continuing COVID-19 pandemic. Baltimore's financial position remains under heavy strain due to the continued repercussions of the pandemic, with many key revenue sources that fund the City's operations, such as Hotel Tax and parking-related revenues, reaching historic lows in Fiscal 2022.

While recovery from COVID-19 has begun with vaccination distribution and businesses reopening, the City and its residents continue to deal with the health and economic consequences of the pandemic. The Fiscal 2022 budget was developed to address these ongoing challenges, while maintaining vital City services, and reflects a modest recovery of revenue sources impacted by the pandemic.

Prioritizing Our Youth

- The City will provide more than \$360.3 million in support for City Schools, including Maintenance of Effort payments, the 21st Century School Modernization Fund, teacher pension costs, retiree health benefits, school health, and crossing guard services.
- The budget includes \$22.3 million for the Mayor's Office of Children and Family Success (MOCFS), which oversees the City's Head Start program, the Community Action Partnership (CAP) Centers, and African-American Male Engagement.

Building Public Safety

- The City will invest in Next Generation 911 (NG911) to improve 911 service by increasing the monthly 911 fee by \$0.25. NG911 will support secure call networks, better call routing capabilities, and the integration of call and geo-location data for use by emergency responders.
- The Mayor's Office of Neighborhood Safety and Engagement will leverage a private investment to kick-start the Group Violence Reduction Strategy, an evidence-based approach designed to curtail violent crime, expand opportunities for high-risk populations, and build better relationships between police officers and the communities they serve.

Clean and Healthy Communities

- The Department of Public Works (DPW) will distribute recycling cans for eligible home in Baltimore, a \$8.3 million program made possible by a private grant and an interest-free loan.
- DPW will also continue supporting a 12-month pilot Sewage Onsite Support (SOS) Cleanup Program, which provides professional cleaning, disinfection, and disposal services through 311. The \$2.5 million program is funded by the Wastewater Utility Fund.

Equitable Neighborhood Development

- MOCFS will continue a rental relief and eviction prevention program to assist tenants that have fallen behind on payments during COVID-19. The program is supported by \$31.2 million of aid from a variety of federal, State, and local sources from funds awarded in Fiscal 2021.
- The Mayor's Office of Employment Development aims to serve 30,000 residents and continue refining strategies to help residents get living wage jobs, with \$5.8 million in grant funding.

Responsible Stewardship of City Resources

- The Baltimore City Information and Technology (BCIT) budget includes \$14.5 million for Phase 2 of the Enterprise Resource Planning system. The project will replace and integrate the City's core financial, payroll, and human resources systems to reduce manual data entry and improve access to real-time financial information.
- BCIT will utilize an Innovation Fund loan of \$200,000 to implement an automated online messaging system for 311 service requests to provide real-time assistance to customers on frequently asked questions and reduce call volume pressure on the 311 Call Center.

ix

Budget Overview

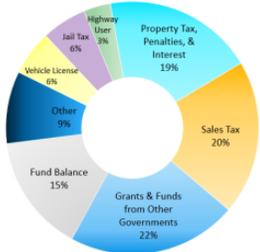


Maricopa County Totals

The graphs below provide a general overview of Maricopa County's revenue, expenditures, and total personnel.

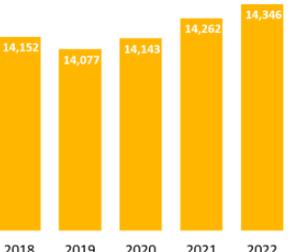
The County's largest revenue sources are property taxes and the state shared sales tax. The largest expenditure by category is Public Safety, which includes the Sheriff, County Attorney, and Courts among others. The largest expenditure by category is services.

Total Revenue by Category



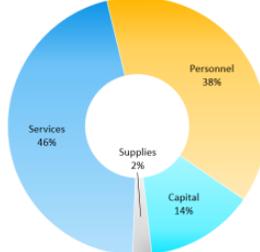
Total County FY 2022 revenue and expenditure appropriation is \$3,419,735,244

Maricopa County Personnel



Other revenues include interest earned, fines, permits, intergovernmental payments, and program fees.

Total Expenditures by Category



Top 5 Largest Departments by Full Time Equivalent Positions

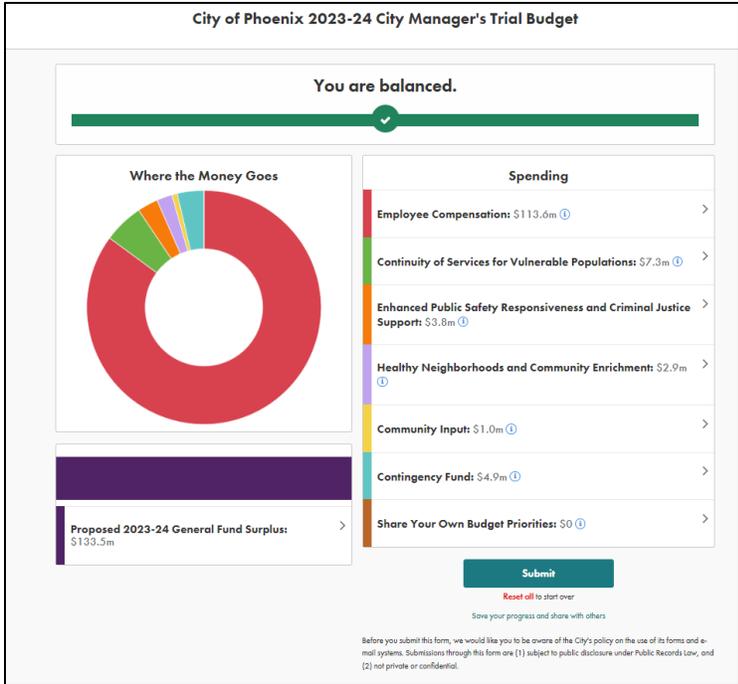
Department	FTEs
Sheriff	3,944.00
Superior Court	1,323.25
Adult Probation	1,167.00
County Attorney	1,055.98
Public Defense System	890.80

C-5

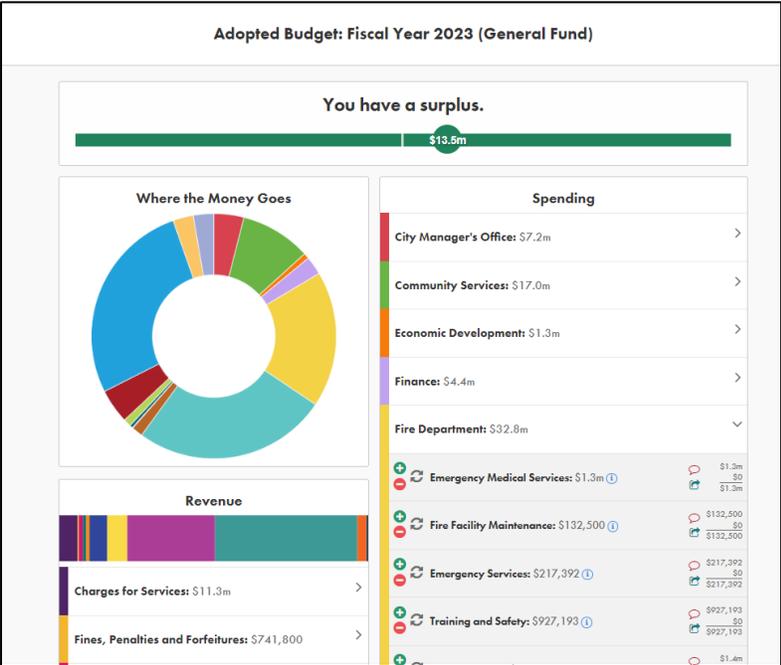
Some local governments have begun creating interactive online budget-related materials, which offer promise for public understanding and engagement but have many pitfalls in execution. Here we quote the GFOA's caution that "superficial or poorly designed [public engagement] efforts may simply waste valuable staff time and financial resources, and at worst can increase public cynicism if the public perceives that its input has not been taken seriously."¹⁹

For an example of a poorly designed public participation effort consider the following web tool, which asks the public how to spend Phoenix's budget surplus. The tool's title implies the public will be asked for input on the city's total budget, which is over \$2 billion in the General Fund alone. However, in the tool, the public can only interact with the General Fund surplus of \$134 million. Then almost all of the proposed spending is allocated to employee compensation with no opportunity to give feedback on compensation for particular departments or types of employees, and quite small amounts of surplus funds devoted to the other categories shown. In actuality then, the level of feedback the public can really share through the tool is quite superficial.

¹⁹ GFOA "[best practices](#)" for public engagement in the budget process



Contrast this to the city of Corona’s version of the same web tool (created by Balancing Act – see textbox for more information). Corona’s version is better designed and seems much less superficial. It displays the budgets for units within each department so that, for instance, a community member could suggest increasing the amount spent on emergency medical services but decreasing the amount spent on fire prevention. However, it still has the issue that the second largest category, shown in teal, is “General Government Responsibility” including shared costs, utilities, and debt service. The public cannot really engage in meaningful feedback regarding this category without further information.

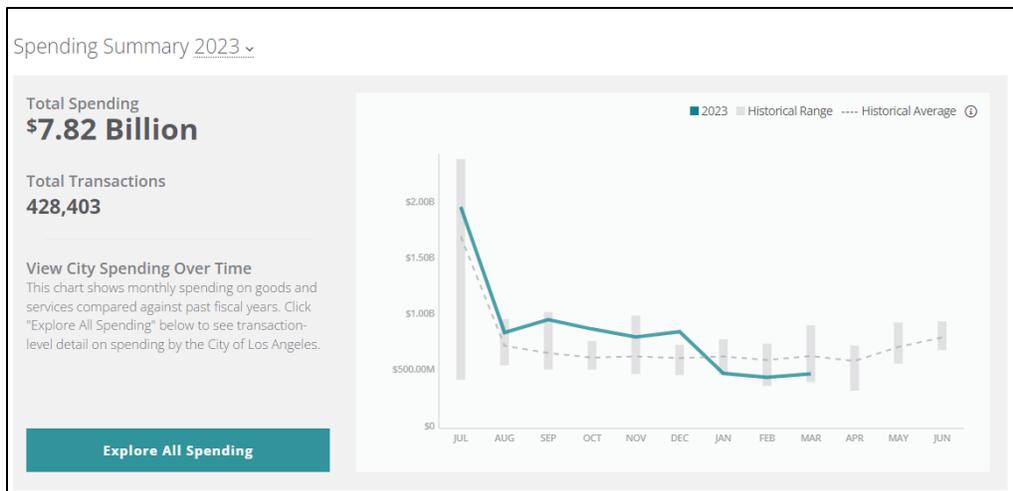


[Balancing Act](#) offers the most frequently used web app we have seen to solicit residents’ feedback on the budget. The app is easy to use and can be a tool for public engagement. The criticism we have most often heard from community groups about its tool is that results are not automatically shared publicly so it is hard to know if your vote is being counted or to trust the results that are shared from the tool. Also, it is not uncommon for the link to different governments’ Balancing Act apps to be broken; we are not sure if this is because of payment, taking information down over time, or something else but, while links to local governments’ budget documents almost always work, links to Balancing Act surveys seem to be broken fairly frequently.

Even when well implemented these tools often fail to give the public any indication of where or how their input is used in the budget making process. Without some understanding of how officials will take the information into account, instead of empowering the public, these tools often instead function like a suggestion box that is never opened up and read.

We also want to highlight interactive, online presentations of the entire budget. These can be very useful for users with at least moderate computer skills and either a high degree of interest in the budget or decent patience to explore information and uncover insights. In that case, online budgets can allow users to drill down for many more details and comparisons than are possible in PDF versions of the budget.

Online budgets or tracking tools are also particularly informative if they contain information on actual spending throughout the year. For example, “Checkbook L.A. [below] gives the public a transparent look at how tax dollars are spent by tracking the goods and services purchased by the City of Los Angeles. Information is updated monthly.” However, as we will show through examples later in this memo, these tools’ usefulness depends in large part on the usefulness of the underlying budget categories and content – that is, decisions made about what content to present and how in the PDF budget is most often carried over into these interactive materials too.



Finally, it may be interesting to note some of the most common platforms for interactive budget tools. From our informal observations, Socrata/Tyler Technologies is the most common, used by many locales including Austin, Baton Rouge, Cambridge, Chattanooga, Colorado Springs, Dallas, Dubuque, Eugene, Kansas City, L.A., Mesa, San Diego County, Seattle, and more. We have also seen a few interactive budgets built using OpenGov (e.g., those of Minneapolis, Oakland, San Diego City) and a few that appear to be custom built such as [Baltimore City's](#) (built in shinyapps) and [Montgomery County, MD's](#) (cannot determine the platform but it is a really well done, informative example).

Rubin writes that, “[e]very budget is selective to some degree about what it will present and how. [...] The amount of secrecy in budgets goes up and down with different administrations and requires constant monitoring” (p. 22). The modern corollary of this is that platforms matter and the budgeting tools localities choose to purchase set constraints on their ability to inform and empower the public around the budget.

C. Content

We next discuss the “meat and potatoes” of the budget – its content – in terms of five common features that can be handled in more or less transparent and useful ways that can then have equity implications. These features are indirect costs, nondepartmental expenses, revenue transparency, performance measures, and within-department (i.e., division, bureau, or office-level) information.

Indirect Costs

Indirect costs are shared expenses for which a department or agency incurs costs that it does not pay directly. These can include employee benefits, liability insurance, information technology services, fuel, maintenance, utilities, and more. How different governments handle indirect expenses can be very simple for the public to understand or can greatly cloud understanding.

The GFOA recommends as a [best practice](#) that governments allocate (or distribute) their indirect costs in order to approximate the full cost of different departments and functions. The city of Los Angeles’s budget (below) illustrates one approach to this. It shows expenses that the department directly pays for in the “total departmental budget.” Then it shows “related and indirect costs” that are not within the department’s budget but are generated on behalf of the department; these include pensions and retirement, other human resources benefits, water and electricity, and more.

Aging				
SUPPORTING DATA				
DISTRIBUTION OF 2023-24 TOTAL COST OF PROGRAMS				
	EG0201	EG0202	EG0203	Total
	Senior Services	Family Caregiver Services	Older Workers Program	
Budget				
Salaries	3,654,961	788,107	682,595	5,125,663
Expense	10,961,961	4,000	485,120	11,451,081
Equipment	-	-	-	-
Special	-	-	-	-
Total Departmental Budget	14,616,922	792,107	1,167,715	16,576,744
Support Program Allocation	-	-	-	-
Related and Indirect Costs				
Pensions and Retirement	1,060,558	257,105	257,105	1,574,768
Human Resources Benefits	601,494	145,816	145,816	893,126
Water and Electricity	460	112	112	684
Building Services	569	138	138	845
Other Department Related Costs	275,502	66,789	66,789	409,080
Capital Finance and Wastewater	-	-	-	-
Bond Interest and Redemption	-	-	-	-
Liability Claims	-	-	-	-
Judgement Obligation Bond Debt Service	-	-	-	-
Other Special Purpose Allocations	-	-	-	-
Non-Department Allocations	6,734,956	1,632,716	1,632,716	10,000,388
Subtotal Related Costs	8,673,539	2,102,676	2,102,676	12,878,891
Cost Allocated to Other Departments	-	-	-	-
Total Cost of Program	23,290,461	2,894,783	3,270,391	29,455,635
Positions	33	8	8	49

Other local governments include employee benefits directly in department budgets. Since personnel costs are usually local governments' largest expense – and employee benefits usually departments' largest indirect cost – how these are displayed in the budget has major implications for transparency. For examples ranging in their degree of transparency, see:

- Detroit, which shows Salaries & Wages separately from Employee Benefits
- Atlanta and Dallas (middle right), which show more detailed information on regular salaries vs. overtime and the cost of specific benefits
- City of Durham (bottom left) and Hennepin County (bottom right), which show only “Personnel” or “Personal Services” with no further breakdown of salaries vs. benefits

We would also highlight that we have occasionally seen budgets (e.g., King County, WA's) that provide no details at all on the amount spent on personnel.

**CITY OF DETROIT
BUDGET DEVELOPMENT
EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS
DEPARTMENT 19 - DEPARTMENT OF PUBLIC WORKS**

Department # - Department Name Summary Category	FY2021 Adopted	FY2022 Adopted	FY2023 Forecast	FY2024 Forecast	FY2025 Forecast
19 - Department of Public Works	145,803,254	149,222,047	151,106,080	153,650,791	156,094,076
Salaries & Wages	17,196,188	23,685,684	23,982,666	24,421,008	24,868,119
Employee Benefits	7,382,019	7,823,183	7,823,183	7,823,183	7,823,183
Professional & Contractual Services	30,230,000	29,630,722	29,630,722	29,630,722	29,630,722
Operating Supplies	15,161,897	14,402,650	14,402,650	14,402,650	14,402,650
Operating Services	20,629,328	25,907,562	25,799,672	25,811,139	25,822,835
Equipment Acquisition	12,815,243	4,656,784	4,379,383	4,577,011	4,656,784
Capital Outlays	26,408,167	27,213,855	9,186,197	11,083,471	12,988,176
Fixed Charges	13,828,912	13,785,557	13,785,557	13,785,557	13,785,557
Other Expenses	2,151,500	2,116,050	22,116,050	22,116,050	22,116,050
Grand Total	145,803,254	149,222,047	151,106,080	153,650,791	156,094,076



**FY22 OPERATING BUDGET
Dept of Parks & Rec**

FY19 ACTUAL EXPENDITURE	FY20 ACTUAL EXPENDITURE	FY21 ADOPTED	FY22 OPERATING BUDGET	EXPENDITURES AND APPROPRIATIONS
\$14,456,826	\$15,957,408	\$14,433,252	\$14,433,252	Salaries, Regular
\$54,997	\$161,836	\$150,000	\$150,000	Salaries, Perm Part-Time
-	\$22,095	-	-	Salaries, Sworn
\$1,230,398	\$2,163,241	\$1,100,000	\$1,100,000	Salaries, Extra Help
-	-	-	-	Salaries, Extra Help-Sworn
\$674,421	\$838,980	\$659,389	\$659,389	Overtime
-	-	-	-	Pen Cont Fire Pen Fd
-	-	-	-	Pen Cont Police Pen Fd
\$2,897,914	\$3,371,692	\$3,034,864	\$3,034,864	Pen Cont Gen Emp Pen Fd
\$372,789	\$395,773	\$415,498	\$415,498	Defined Contribution
\$230,517	\$263,566	\$596,692	\$596,692	Workers' Compensation
\$2,846,985	\$3,150,756	\$3,211,792	\$3,211,792	Other Personnel Costs
\$22,764,847	\$26,325,347	\$23,601,486	\$23,601,486	TOTAL PERSONNEL
\$7,667,135	\$8,198,648	\$8,802,558	\$8,802,558	Purchased / Contracted Services
\$6,243,374	\$5,624,055	\$5,375,415	\$5,375,415	Supplies
\$88,200	\$18,557	\$190,000	\$190,000	Capital Outlays
\$2,866,652	\$2,801,339	\$2,052,686	\$2,052,686	Interfund / Interdepartmental Charges
\$0	\$18,251	\$0	\$0	Other Costs
\$0	\$0	\$0	\$0	Debt Service
-	-	-	-	Conversion / Summary
\$985,480	\$1,098,329	\$1,042,909	\$1,042,909	Other Financing Uses
\$17,850,841	\$17,759,178	\$17,463,568	\$17,463,568	TOTAL OTHER EXPENSES
\$40,615,688	\$44,084,525	\$41,065,054	\$41,065,054	TOTAL PERSONNEL AND OTHER EXPENSES

	FY 2020-21 Budget	FY 2020-21 Forecast	FY 2021-22 Budget	FY 2022-23 Planned
1101 - Salary - Civilian	2,087,854	2,082,953	2,245,152	2,290,429
1104 - Other Wages	0	4,050	20,500	20,500
1113 - One-time Pay - Civilian	20,500	20,500	0	0
1116 - Retroactive Pay - Civilian	0	5,625	0	0
1117 - Vacancy Savings - Salary	0	0	(125,143)	(125,143)
1118 - Vacancy Savings - Pension	0	0	(17,695)	(17,695)
1119 - Vacancy Savings - FICA	0	0	(1,815)	(1,815)
1201 - Overtime - Civilian	0	5,271	0	0
1203 - Service Incentive Pay	1,824	2,352	1,824	1,824
1210 - Vacation Term Pay - Civilian	0	17,094	0	0
1250 - Executive Auto Allowance	8,400	8,400	0	0
1301 - Pension - Civilian	291,132	303,479	309,408	315,637
1303 - Life Insurance	1,304	1,304	827	827
1304 - Health Insurance	125,726	125,726	108,630	112,703
1306 - Fica	29,888	31,121	32,554	33,211
1309 - Wellness Program	460	459	0	0
1314 - Worker's Compensation	7,970	7,970	2,536	2,806
Personnel Services	2,575,058	2,616,304	2,576,778	2,633,284
2110 - Office Supplies	10,772	10,772	5,472	5,472

RESOURCE ALLOCATION

	Actual FY 2019			
Appropriations		Personnel Services	\$3,344,081	\$4,301,808
Personal Services	\$ 4,996,833	Commodities	6,833	11,500
Operating	201,100	Services	721,946	1,163,777
Capital and Other	23,300	Public Aid Assistance	0	0
Total Appropriations	\$ 5,221,000	Capital Outlay	0	0
		Other Charges	43,344	58,272
		Grants	0	0
Full Time Employees		Total Expenditures	\$4,116,204	\$5,535,357
Part Time		Budgeted Positions (Full-Time Equivalents)	28.0	33.0
				52.0

The budgets above all show benefits costs allocated to departments. In contrast, some budgets treat Employee Benefits separately from departments and do not show benefit costs per employee, describe how costs differ for employees in different departments, or provide any information about the indirect expenses generated by departments. Examples of this include Durham County (below) which categorizes employee benefits as “nondepartmental” and shows these as the largest single General Fund expenditure. Another example is Seattle, which includes all healthcare expenses across departments in the budget of Human Resources (HR), making HR the city’s third largest department. Such approaches make it very difficult for the public to understand the true total cost of any one department, especially since healthcare and retirement benefits vary widely by job type and department.

For FY 2021-22, the Benefits Fund will be funded through transfers from other funds to the Benefits Plan Fund to cover the cost of the plan:

- \$30,296,396 will be transferred from the General Fund
- \$451,465 charge for service from the Sewer Utility Enterprise Fund for employees that reside in that fund
- \$93,407 will be transferred from the Risk Management Fund for employees that reside in that fund
- \$62,271 will be transferred from the Reappraisal Reserve Fund for employees that reside in that fund
- \$2,484,574 funding source for employee contributions booked directly to the Benefits Plan Fund

FY2021-22 Benefits Plan Fund Budget

	FY 2020-21	FY2021-22	\$ Change FY to FY	% Change FY to FY
Health Insurance	\$28,859,764	\$29,831,310	\$971,546	3.37%
Dental Insurance	\$2,238,397	\$2,268,309	\$29,912	1.37%
Life Insurance	\$322,903	\$291,146	(\$31,757)	-9.83%
Vision Insurance	\$340,842	\$389,463	\$48,621	14.27%
Wellness Clinic HealthSTAT	\$568,342	\$592,395	\$24,053	4.23%
Plan Administration Fees	\$153,395	\$140,032	(\$13,363)	-8.71%
TOTAL	\$32,483,643	\$33,512,654	\$1,029,011	3.17%

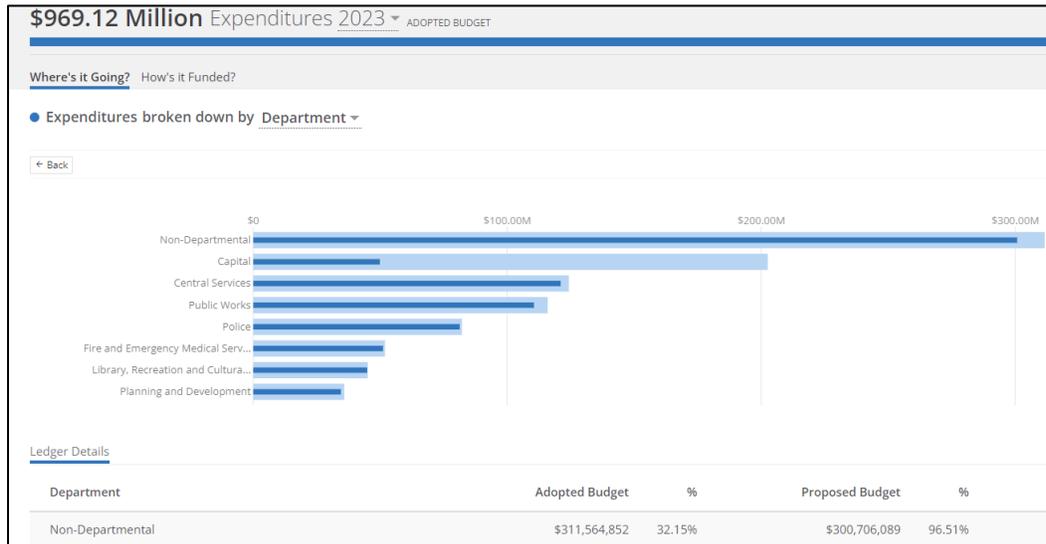
While employee benefits are usually the largest numeric indirect cost, the same issue of clearly accounting for indirect costs applies to others as well including IT, fuel, maintenance, and more.

“Nondepartmental” Costs

Some budgets have a “nondepartmental” section that is treated similarly to a department, although it has no staff or department/agency head (making accountability sometimes unclear).²⁰ A “nondepartmental” section can function in different ways and serve different purposes. For example, we mentioned above that Durham County includes employee benefits in “nondepartmental” expenses; vehicles and equipment are also included here as are a variety of “transfers” to the Reappraisal Reserve Fund, Law Enforcement Officers Special Separation Allowance Fund, and others. Eugene, OR, appears to use its nondepartmental section in a similar way. In its open budget tool (screenshot below), when

²⁰ In other cases, the mayor or city/county head is explicitly identified as responsible.

breaking down expenditures by “department,” almost one-third are “Nondepartmental” and there is no further information on them.



Another way that the “nondepartmental” section is used is to group expenses that have been added over time but never assigned to a department for responsibility. This seems to be how the city of LA uses its nondepartmental/General City Purposes section.

In LA, the “nondepartmental” section has a total budget of over \$7 billion. It includes four pages of specific line items ranging from as little as \$300 to as much as \$250,000,000. While the underlying idea of grouping one-off expenses in one section makes sense, the level of detail provided is much scanted than would be expected for a department and, in this case, can represent very large sums of money.

General City Purposes				
General City Purposes appropriations cover the cost of special services or purposes not chargeable to a specific department of the City. Departments responsible for administering General City Purposes contracts are designated in the Blue Book. Additional details related to specific items are shown in the Nondepartmental Footnotes (see Section 2, Part IV).				
Actual Expenditures 2021-22	Adopted Budget 2022-23	Estimated Expenditures 2022-23		Total Budget 2023-24
EXPENDITURES AND APPROPRIATIONS				
General Fund				
704,590	55,046,502	1,000	Additional Homeless Services	20,000,000
-	192,000	-	- Aging Programs Various	-
46,129	-	-	- Alliance for Community Empowerment - CD 3	-
-	300,000	300,000	Angeleno Connect Program	300,000
886,813	1,113,689	1,319,000	Annual City Audit/Single Audit	1,304,580
200,000	-	-	- Assist Homeless Multidisciplinary Outreach Teams - CD 8	-
100,000	-	-	- Boys and Girls Club of the West Valley - CD 3	-
8,600	12,500	9,000	California Contract Cities	12,500
22,888	-	-	- Center for Interagency Policy and Action on Homelessness	-
19,725	43,000	43,000	Central Avenue Jazz Festival	50,000
1,656,612	8,000,000	8,000,000	CIRCLE: 24/7 Homelessness Crisis Response Pilot	8,000,000
-	-	-	- City and Business Preparedness for the Olympics	2,750,000
-	406,009	-	- City Volunteer Bureau	-
47,000	47,000	47,000	City/County Native American Indian Commission	47,000
-	575,000	-	- Clean and Green Job Program	575,000
-	343,826	344,000	Clean Streets - Related Costs	-
-	100,000	-	- Clinica Romero	100,000
1,160,075	-	-	- Community Based Organization Grants - CD 8	-
-	-	-	- Community Engagement	406,009
1,456,584	-	-	- Community Engagement Proposals Fund - CD 15	-
2,125,000	-	-	- Community Grants Program - CD 9	-
75,000	-	-	- Community Intervention Workers - CD 10	-
-	-	-	- Community Safety	4,800,000
-	813,615	-	- Congregate Meals for Seniors	-
1,330,658	9,352,814	8,328,000	Council Community Projects	15,307,961

Revenue Transparency

The two sections above discuss budget transparency related to expenditures. We also want to discuss transparency in regard to revenue. One of the revenue topics that community members are most interested in is how much revenue different departments receive from non-local sources, like the federal and state government, as well as how much they receive

from fines and fees. Local budgets provide this information to different extents.

It is fairly common for budgets to state only how much revenue departments receive from specific funds like the General Fund, with no information on how much the department receives from the state

or federal government or from fines or fees. Some budgets show department-received revenue in broad categories like “federal grants and contracts” and “state grants and contracts” (see Wayne County example top left), while others group federal, state, and other aid into an “intergovernmental”

Departmental Revenue		
Federal Grants and Contracts		\$ 1,467,276
State Grants and Contracts		1,490,067
Charges, Fees, and Fines		15,119,085
Interest Income		-
Other Revenue		21,126,379
Other Financing		4,694,145
		1,141,130
DETAIL BY REVENUE CLASS AND EXPENDITURE OBJECT	FY 2019-20 ACTUAL	
(1)	(2)	\$ 45,038,082

REVENUE		Budget
BUSINESS LICENSES	\$	
VEHICLE CODE FINES		
OTHER COURT FINES		
FORFEITURES & PENALTIES		
RENTS & CONCESSIONS		
STATE - OFF HIGHWAY MOTOR VEHICLE LICENSE FEES		
STATE - OTHER		
STATE - PROP 172 PUBLIC SAFETY FUNDS		
STATE - CITIZENS' OPTION FOR PUBLIC SAFETY (COPS)		
STATE - 2011 REALIGNMENT PUBLIC SAFETY (AB118)		
STATE - SB 90 MANDATED COSTS		
STATE - COVID-19		
FEDERAL - OTHER		
FEDERAL - COMMUNITY DEVELOPMENT BLOCK GRANT	438,833.00	
FEDERAL - LAW ENFORCEMENT	725,164.04	
FEDERAL - GRANTS	13,490,468.01	
FEDERAL - COVID-19	26,008,044.73	
OTHER GOVERNMENTAL AGENCIES	2,150,436.21	
COMMUNITY DEVELOPMENT COMMISSION	1,405,553.78	
LEGAL SERVICES	171,725.49	
CIVIL PROCESS SERVICES	3,820,177.91	
COURT FEES & COSTS	24,624.72	
LAW ENFORCEMENT SERVICES	496,113,518.99	
RECORDING FEES	1,709,641.96	

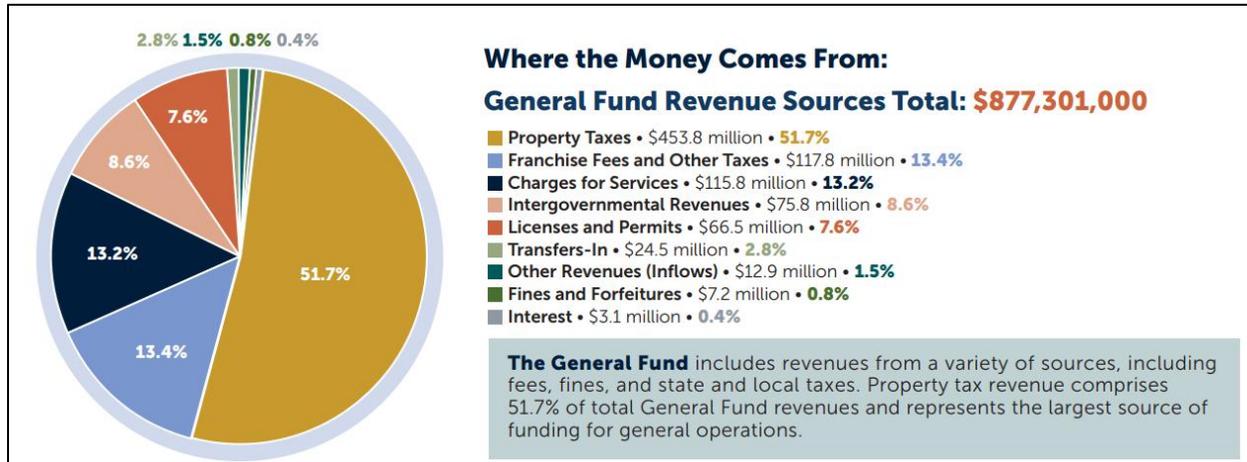
Category	FY 2019-20 Actual
Expenditure	\$39,482,674
Personnel	\$32,300,411
Operating	\$6,181,831
Capital	\$1,000,433
Revenue	\$2,509,923
Licenses and Permits	\$45,055
Intergovernmental	\$1,330,007
Contributions and Donations	\$66,429
Investment Income	\$8
Service Charges	\$857,697
Other Revenues	\$210,727
Net County Cost	\$36,972,751

category (see Durham County example middle right). Still others are much more detailed, listing the specific federal or state funds by name and amount (see LA County example lower left).

As these few examples illustrate, there is a tremendous difference in the level of detail provided and thus in the transparency available to the community about revenue sources for different departments.

In some cases, the concern about revenue transparency applies to the budget overall. For example, the public often wants to know how much of the budget is funded through specific types of tax dollars, like property taxes, sales taxes, etc. Some budgets do a great job of providing this

information clearly, often in a pie chart like in the example from Miami below. Others group all local taxes together or do not provide the total tax amount across all funds, preventing the public from easily understanding how much of the budget comes from important sources like property taxes.²¹



Within-Department Information

Up to this point, we have discussed budget content provided at the department level or above. However, having *within-department* information is critical to the public’s understanding of what their tax dollars actually support. In a recent analysis of 38 city and county budgets, we found that many did not include this *within-department* information. We specifically looked for information at the highest level within departments (e.g., for department divisions but not units within divisions). Depending on how departments are organized, this means that there may be no staffing or spending data provided to the public for divisions, bureaus, or whole offices like:

- The Office of Housing and Community Development within Atlanta’s City Planning Department
- The Juvenile Delinquency Program within Wayne County’s Health, Human, and Veterans Services Department or the Parks Division within the county’s Public Services Department
- The Patrol Bureau within the Minneapolis Police Department.

We found that the following budgets had no information on within-department staffing, spending, or either:

²¹ Rubin claims that the public prefers “less-visible taxes and...taxes earmarked for specific expenditures” (p. 15) and that “over the last generation, taxation at the local level has shifted away from dependence on property taxes and toward sales taxes” (p. 20), which would lead to a proliferation of special revenue funds, as has occurred in localities in California for example.

No information on staffing by division/bureau/office	No information on spending by division/bureau/office	No information on either
Dallas (city)	Bernalillo County	Atlanta
Dallas County	Durham (city)	Birmingham
Hennepin County	Miami	Durham County
Jackson, MS	Oklahoma County	Fulton County
Maricopa County		Jefferson County, AL
Minneapolis		King County
Wayne County		

Beyond simply showing within-department information, there is also the question of whether the divisions or bureaus have meaningful names that a layperson could understand and are organized in a way that provides some information to the public. For example, compare the more detailed within-department organization of the St. Louis (City) Police Department (below right) with that of the Miami-Dade Police Department (below left). In the Miami-Dade Police Department, the largest division in terms of staff and spending is simply “Police Services.” In this case, providing “within-department” details on the number of FTEs and spending actually conveys very little additional information to the public because of how the divisions are organized.

Miami-Dade PD Divisions	St. Louis PD Programs
Police Services	Chief of Police
Investigative Services	Office of the Assistant Chief
Support Services	Bureau of Community Policing
Administration	Bureau of Investigations
	City Marshals
	Park Rangers
	Budget & Finance
	Supply & Uniform
	Internal Affairs
	Force Investigative Unit
	Information Technology
	Patrol
	911 Dispatch
	Prisoner Processing

We also suggest that, to provide sufficient information to the public about within-department activities, the budget should include a brief description of each division/bureau/office within the department.

Departmental staffing decisions have another level of impact on equity as choices about who to hire, how to hire them, and requirements to place on hiring all impact access of the community to high-quality local government employment and representation of the community within the rank and file of government departments. This is an area we’ve seen

receive increased attention by some community groups who want to see government employment more equitably distributed throughout their community. Some examples of ways that departmental staffing decisions are contested and impact equity include:

- The decision to outsource government work to contractors instead of public employees. We've written about how IT contracting drives inequity and distributes local revenue to remote companies instead of to salaries for local residents.²²
- Imposing residency requirements on government employees requiring them to live and reside in the community they serve.
- Investing in training and career pathways for existing employees to promote employee retention and keep institutional knowledge and community ties in the local government.

Lack of Discussion of Within-Locale Geographic Distribution of Resources

Another important set of within-department information regards the department's spending patterns across space and how and where services are delivered. As Rubin points out, "local governments are firmly rooted to a defined geographical area" (p. 7). As a result, within-locale distribution of resources is often what residents care about in terms of equity. Residents often want to see equity in where public library branches are opened (and for what hours and how well staffed); in the quality of streets and other infrastructure in their specific neighborhood; or in where public housing is sited. However, very little budget information is provided at this level. Specifically, neighborhood-level spending is not often tracked, and neighborhood-level provision of services may be tracked internally but is rarely communicated in the budget.

To answer these questions, local governments must have available – and monitor – disaggregated data. We do see some cities and departments taking the lead in examining and sharing information on the within-locale geographic distribution of resources. Some of these exceptions include:

- Information on repairs done by public works departments (for example, a [What Works Cities profile](#) of Athens-Clarke County, Georgia, discussed how they made available up-to-date information on the status of roads, sidewalks, crosswalks, and more)
- Gilbert, AZ, publishes a ["tree library"](#) created as part of their strategic plan for shade and streets
- An issue brief on [Advancing Racial Equity in Public Libraries](#) from the Local and Regional Government Alliance on Race & Equity discussed ways specific communities have examined within-locale equity in library hours, bookmobile locations, and more
- A [blog post](#) from the Urban Institute discussed the importance of considering park location, staffing, and maintenance within locales, noting the importance of trying to

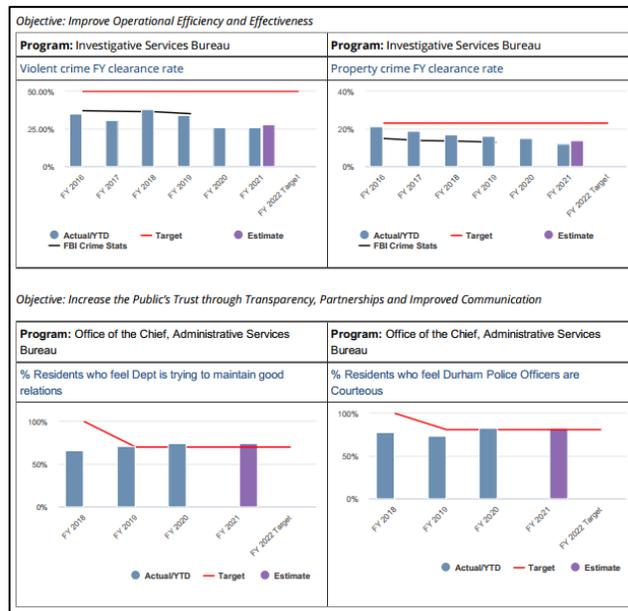
²² Knowles, Jared. July 21, 2022. The Civic Pulse: "The invisible tech monopolies holding back democracy." <https://civilytics.substack.com/p/big-dull-tech>

consider how the legacy of segregation and being excluded formally or informally from public spaces might be mitigated

Performance Measures

As the GFOA has highlighted, most public budgets revolve around line items and inputs while the public likely cares more about outputs and outcomes: what the local government and each department actually accomplish with funds. Performance measures are one way of reporting outputs. In a 1998 report on [Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting](#), the GFOA wrote: “Evaluating and reporting on program performance on a routine, publicized basis keeps stakeholders apprised of actual results compared to expectations. One option is to prepare regular reports of key performance measures, with in-depth evaluations or reviews conducted once every several years.”²³

Most of the local government budgets we have reviewed include at least some metrics that the government calls “performance measures” or “targets.” However, too often these are simply reporting the department’s performance without setting a goal or metric. Among the better performance measures that we have seen are those for the City of Durham (below). These reflect outcomes of importance to the public, such as clearance rates, and include both a target and the achieved performance. We note, however, that Durham’s budget includes no discussion of how these performance targets were set or why the department changed some targets over time.



²³ P. 62. The GFOA also has more recent publications on “best practices” for performance measures with guidance on how to set measures and communicate them internally and externally.

For an even better example, see Maricopa County’s budget below which describes why each performance measure is meaningful and what the county is doing to move its performance on the measure.

Safe Communities

Court Diverted Juvenile Re-Offense Free Rate

By the end of FY 2022, the overall rate of court-diverted juveniles successfully remaining re-offense free will be 85% or more.

About this Measure

One key measure of desired outcomes is the proportion of youth that do not have a subsequent re-arrest or an escalation of behavior by police within one year of completing Diversion.

Why it is Important

Recidivism is one measure that assesses our desired outcomes. Public safety is enhanced when appropriate measures including recidivism are routinely tracked allowing for system feedback and improvements.

What is Being Done

The Department continues to work in partnership with the County Attorney’s Office to focus on the individual needs of each juvenile with a youth development specific orientation. Responses and accountability are more meaningful, effective, and enduring when they are aligned with the developmental capacity of the juvenile. Examples include, Community Justice Panels, Teen Court, Psycho-educational classes, community restitution, apology letters, and Parenting.

No New Referral for Court-Diverted Juveniles

Fiscal Year	% Not Re-Offended	% No New Felony
FY11	87%	92%
FY12	81%	93%
FY13	84%	93%
FY14	84%	93%
FY15	82%	92%
FY16	83%	92%
FY17	82%	92%
FY18	84%	92%
FY19	89%	93%
FY20	90%	95%

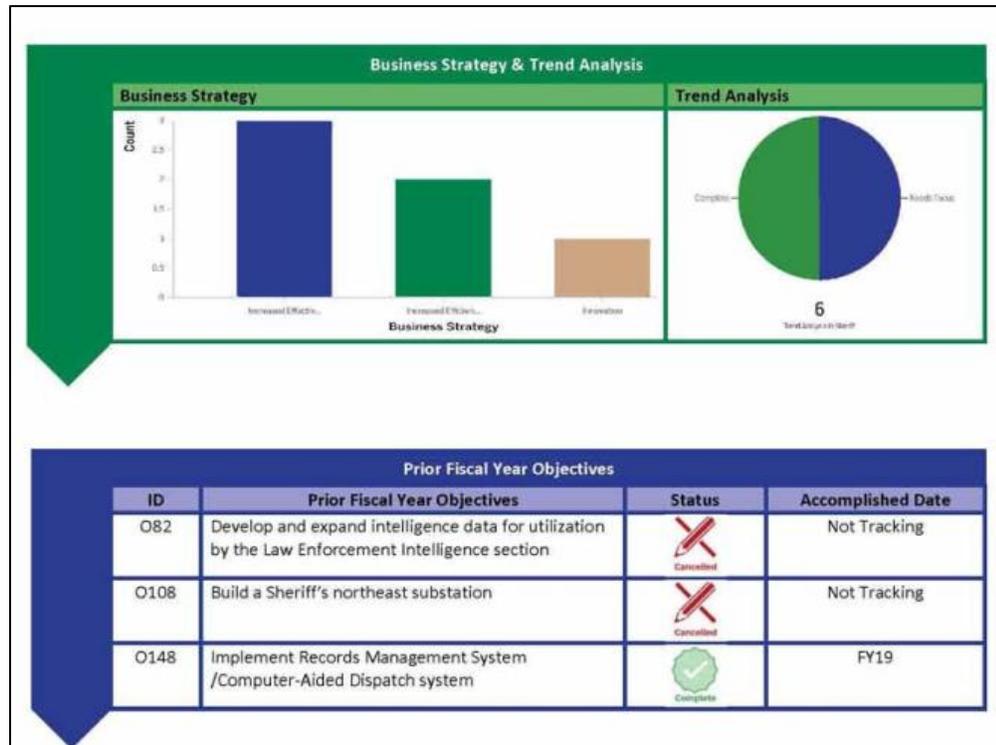
Recidivism is based on youth who completed Diversion in the identified year and did not re-offend within 365 days with a new delinquent offense.

Compare this to, for example, Houston’s performance measures which report some important information like the number of traffic fatalities but do not provide any information about the department’s goals for reducing these. Additionally, Houston’s budget provides other measures, such as “classified attrition,” that would be hard to interpret or of little interest to the general public without more context.

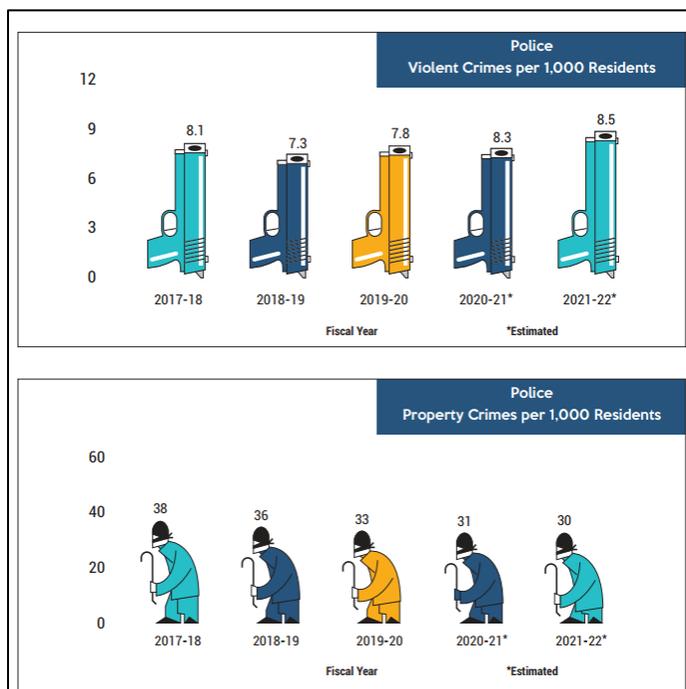
FISCAL YEAR 2022 BUDGET				
Business Area Performance Measures				
Fund Name	: General Fund			
Business Area	: Police Department			
Fund No. /Bus. Area No.	: 1000 / 1000			
Performance Measures	FY2020 Actual	FY2021 Target	FY2021 Estimate	FY2022 Target
Classified Attrition	254	240	300	240
Classified Overtime FTEs	151.1	91.6	167.9	91.6
External Citizen Complaints (2% reduction)	236	225	220	216
NIBRS Group A Crime Rate (5% reduction)	9,794	10,000	9,674	9,190
Priority 1 Average Response Time (minutes)	5.69	4 to 6	5.69	4 to 6
Priority 1 Calls Responded to within 6 Minutes	65.35%	63.44%	64.58%	75.00%
Priority 2 Average Response Time (minutes)	10.42	8 to 12	10.16	8 to 12
Total Dispatched Calls	1,083,549	1,121,553	1,075,809	1,102,893
Traffic Fatalities	246	236	302	286
Expenditures Adopted Budget vs Actual Utilization	100%	98%	99%	98%
Revenues Adopted Budget vs Actual Utilization	98%	100%	101%	100%

42

The performance measures in Bernalillo County’s budget are uninterpretable to the public since the “business strategy and trend analysis” section is too high-level to be meaningful and the second section mainly shows objectives that were canceled.



In contrast, Phoenix’s performance measures below are interpretable but (1) do not include any targets/goals (what violent crime rate is the department aiming for?) and (2) the visual presentation, while eye-grabbing, may detract from the seriousness of the statistics.



Finally, we want to highlight that Jackson’s budget (below) is one of the few we have seen with performance measures for law enforcement related to equity and diversity.

 GOAL: Embrace Inclusion and Diversity				
Performance Measures	FY19	FY20	FY21	FY22
Minority Sworn Patrol Officers	N/A	40%	42%	42%
HBCU Job Fairs	N/A	2	2	2
Increase Advertising	N/A	\$58,200	\$59,300	\$50,000

Moving from Informing to Empowering

A. Accessible Information at the Right Time

The first step here is for local governments to provide the best available information in the time frame when the public can actually drive changes. Some approaches that are helpful in this regard are (1) providing estimates or projections for prior year spending as part of the recommended budget for the current year and (2) providing mid-year, quarterly, or monthly updates of actual spending as the year goes on.

First, when the recommended budget for the year is released and local officials (as well as the public) are considering plans for the following year, it is extremely useful if the budget includes *estimates* or *projections* of what was actually spent in the prior year. The examples below from San Bernardino County (left) and LA County (right) show how estimates or projections are sometimes presented. This type of in-progress spending information is critical for news stories like a recent one in the [Boston Globe](#) on how New Hampshire State Police were on track to spend more than twice as much as planned on overtime for fiscal year 2023.

LAW AND JUSTICE SHERIFF/CORONER/PUBLIC ADMINISTRATOR								
GROUP: LAW AND JUSTICE		BUDGET UNIT: 443 1000						
DEPARTMENT: SHERIFF/CORONER/PUBLIC ADMINISTRATOR		FUNCTION: PUBLIC PROTECTION						
FUND: GENERAL		ACTIVITY: POLICE PROTECTION						
		2021-22	2022-23	2022-23	(A) 2023-24	(B) 2023-24	(A+B) 2023-24	
REQUIREMENTS		Alternate Public Defender Budget Summary						
Staffing Expenses	2							
Operating Expenses								
Capital Expenditures								
Total Exp Authority	37							
Reimbursements	(6)							
Total Appropriation	31							
Operating Transfers Out								
Total Requirements	31							
		CLASSIFICATION	FY 2021-22 ACTUAL	FY 2022-23 ESTIMATED	FY 2022-23 BUDGET	FY 2023-24 REQUESTED	FY 2023-24 RECOMMENDED	CHANGE FROM BUDGET
		REVENUE	\$ 3,518,690.19	\$ 8,207,000	\$ 9,432,000	\$ 6,755,000	\$ 6,755,000	\$ (2,677,000)
		EXPENDITURES/APPROPRIATIONS						
		SALARIES & EMPLOYEE BENEFITS	\$ 72,854,796.16	\$ 82,257,000	\$ 94,414,000	\$ 100,231,000	\$ 94,994,000	\$ 580,000
		SERVICES & SUPPLIES	14,103,561.47	7,536,000	7,536,000	6,179,000	5,513,000	(2,023,000)
		OTHER CHARGES	138,500.12	151,000	151,000	151,000	732,000	581,000
		CAPITAL ASSETS - EQUIPMENT	0.00	44,000	44,000	44,000	44,000	0
		GROSS TOTAL	\$ 87,096,857.75	\$ 89,988,000	\$ 102,145,000	\$ 106,605,000	\$ 101,283,000	\$ (862,000)
		INTRAFUND TRANSFERS	(168,674.05)	(200,000)	(200,000)	(221,000)	(221,000)	(21,000)
		NET TOTAL	\$ 86,928,183.70	\$ 89,788,000	\$ 101,945,000	\$ 106,384,000	\$ 101,062,000	\$ (883,000)
		NET COUNTY COST	\$ 83,409,493.51	\$ 81,581,000	\$ 92,513,000	\$ 99,629,000	\$ 94,307,000	\$ 1,794,000
		BUDGETED POSITIONS	345.0	378.0	378.0	378.0	361.0	(17.0)

Second, providing publicly accessible ongoing reports on actual spending as the year progresses can be extremely valuable to interested members of the public. One of the best examples we have seen comes from Dallas, which has a monthly “[budget accountability report](#)” that remarkably only lags actual spending by about two to three months (screenshots below). It shows year-to-date actual spending as well as year-end forecast by fund and department.

FY 2022-23 Financial Forecast Report

GENERAL FUND EXPENDITURES

Expenditure Category	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	YTD Actual	YE Forecast	Variance
Non-uniform Pay	\$285,227,838	\$288,015,819	\$118,865,713	\$271,178,714	(\$16,837,105)
Non-uniform Overtime	8,144,953	8,154,053	7,678,609	11,939,208	3,785,155
Non-uniform Pension	40,352,092	40,344,739	17,612,108	39,106,547	(1,238,192)
Uniform Pay	527,979,958	527,979,959	242,912,621	500,359,178	(27,620,781)
Uniform Overtime	39,791,958	54,236,690	44,984,049	87,060,147	25,012,082
Uniform Pension	182,727,572	182,727,571	84,187,626	182,261,942	(465,629)
Health Benefits	79,837,068	79,834,065	41,567,141	79,834,065	0
Workers Comp	11,152,531	11,152,531	11,152,531	11,152,531	0
Other Services					
1 Total					
2 Supplies					
3 Contract					
4 Capital					
5 Reimburse					
Total					

FY 2022-23 Financial Forecast Report

GENERAL FUND EXPENDITURES

#	Expenditure by Department	FY 2022-23 Adopted Budget	FY 2022-23 Amended Budget	YTD Actual	YE Forecast	Variance
1	Budget & Management Services	\$4,277,919	\$4,289,014	\$1,951,965	\$4,173,639	(\$115,375)
2	Building Services	30,390,891	33,797,107	15,463,687	33,634,929	(162,178)
3	City Attorney's Office	20,971,242	21,033,650	9,869,119	21,019,994	(13,656)
4	City Auditor's Office	3,163,255	3,167,416	1,277,571	2,974,658	(192,758)
5	City Controller's Office	8,567,559	8,594,256	4,486,728	8,594,256	0
6	Independent Audit	755,000	755,000	0	755,000	0
7	City Manager's Office	3,205,072	3,114,911	1,462,430	3,114,911	0
8	City Secretary's Office	3,141,520	3,258,784	1,514,300	3,243,520	(15,264)
9	Elections	2,022,829	2,201,129	939,463	2,201,129	0
10	Civil Service	3,064,698	3,076,486	1,195,170	2,808,978	(267,508)
11	Code Compliance	41,342,433	41,565,021	19,691,267	40,995,392	(569,629)
12	Court & Detention Services	26,923,902	27,033,462	12,597,802	26,421,330	(612,132)

Dallas’s monthly “budget accountability report” also provides updates on the status of both single-year and multi-year budget initiatives, such as the initiative below to install wi-fi at park facilities.

27 **Wi-Fi at Park Facilities** 

INITIATIVE Install Wi-Fi at 63 park facilities. (PKR)

STATUS The cabling installation of the 14 high priority sites was completed in December 2022. PKR is waiting for the vendor's master agreement extension, then cabling and port installation can continue. The estimated delivery time for the network equipment for the remaining 49 Wi-Fi sites is summer 2023.

As shown above with the example of the LA Checkbook, online tools *can* facilitate the public's access to more up-to-date spending information. Lower-tech options can be perfectly sufficient too, though. For example, here is a simple but clear [mid-year report](#) from Newburyport, MA.

One more way we have seen the budget process be opened up to give more information to the public (and elected officials) in a timely way is through “trial budgets.” These are used by Phoenix and San Antonio to give the city council and public an early look at revenue expectations and potential expenditures for the upcoming year. Released before the normal “proposed budget,” these give elected officials and the public more time to make sense of prior year spending along with expectations for the coming year and weigh in on how to proceed. This is an example of *budget monitoring* we will discuss in more detail below.

B. Participatory Budgeting

Another more direct way that many communities are empowering residents in the budget process is through participatory budgeting. “[Participatory budgeting](#) (PB) is a democratic process in which community members decide how to spend part of a public budget.” The Participatory Budgeting Project, a nonprofit supporting participatory budgeting efforts in the U.S. and Canada, advertises that they have “empowered more than 400,000 people to directly decide how to spend \$300 million in public funds in 29 cities.” Cities’ participatory budget projects are usually very well advertised, with visually appealing signage and welcoming language that contrast to the drier signage and language often accompanying public budget hearings.²⁴ They also tend to devote more time and energy to explaining various programs and alternatives – that is, to conveying in concrete terms what funds would buy.

While participatory budgeting offers lessons that could be applied to increase public participation in the “main” budget process, it is striking what a small share of governments’ total funds are usually awarded through participatory budgeting when it occurs. For example, New York City’s participatory budget allocates around [\\$30 million in capital project funds](#) out of a capital budget of about [\\$15.6 billion](#), meaning that less than half a percent of the budget is allocated through participatory budgeting. Similarly, [Boston](#) advertises that young people decide how to spend \$1 million of its capital budget through participatory budgeting but this is again less than half a percent of the total capital budget.

The Participatory Budgeting Project recommends that larger municipalities set aside around \$1 million per 100,000 residents (around \$10 per person) to allocate through participatory budgeting. Therefore, while participatory budgeting invites public participation, it limits input to a very small slice of the overall budget pie. Of course, some constraining of the public’s

²⁴ It is often striking to compare what residents choose to fund in participatory budgeting sessions versus what the majority of public budget dollars go to. Participatory budgets often fund community gardens, parks, and centers, programs for kids and families, public bathrooms and free showers, bike lanes, affordable housing resources, etc. Examples of projects communities have chosen to fund through participatory budgeting in [Cambridge](#), [Hayward City](#), and [Redwood City](#) are linked here.

focus is advisable given limits on governments' time and ability to incorporate feedback. In a 2023 publication on [Rethinking Public Engagement](#), the GFOA writes that "...the 'right issue' [for public engagement] may not be the entire budget! Local governments have limited resources for public engagement, so rather than trying to engage the public on the entire budget, it may be better to pick a specific topic that is of interest to the community" (p. 18). However, we would argue that the public should be directly engaged in decisions about a much larger slice of the budget than participatory budgeting usually entails.

One other note is that it seems like participatory budgeting is more often used for part of the capital budget rather than the operating budget. This makes sense for a variety of reasons. First, since "items in the capital budget come and go as projects are completed" (Rubin, p. 104-105), participatory budgeting for the capital budget does not create ongoing commitments for the city or county. Second, participatory budgeting for the capital budget may allow communities to see physical, tangible results more directly, such as new bike lanes installed or a community garden opened.

However, focusing participatory budgeting on the capital budget alone limits residents' power in important ways, not least because operating budgets are much larger than capital budgets in most places: our analysis of the 2021 Annual Survey of State and Local Government Finances indicated that the average ratio of current operation dollars to capital outlay dollars by local governments was 6.15: 1 – **\$6.15 current operations dollars for every capital expenditure dollar.**²⁵

Just as importantly, many of the government activities that the public cares about are not facilities or projects that fall under the capital budget. Food security, housing assistance, and community safety programs are popular programs that require staffing and ongoing funding to operate and so would not be eligible for funding through a participatory budgeting process restricted to capital spending.

C. People's Budgets

The most direct approach we have seen to empower residents is "people's budgets." Unlike participatory budgeting, "people's budgets" often focus on the whole budget pie – including rethinking spending priorities for currently operating departments. Also unlike participatory budgeting, people's budgets – as far as we have seen – are not city- or government-sanctioned efforts. A 2021 [Teen Vogue article](#) highlighted people's budget campaigns in Chicago, Minneapolis, Philadelphia, and St. Louis while also noting that people's budget efforts were active in Jacksonville, Louisville, Nashville, and several other cities. At Civilytics, we have collaborated for several years on people's budgets efforts in Los Angeles and Orange County. What these efforts often have in common is (1) a focus on making budget information more accessible and (2) a focus on shifting more funding to social service

²⁵ U.S. Census Bureau, 2021 Annual Survey of State and Local Government Finances. Localities reported \$1.65 trillion in direct expenditures on current operations and \$285.7 billion on capital outlays including construction and other capital expenditures.

needs, often away from carceral and police systems. Again, it is important to note, however, that we are not aware of any city- or government-sanctioned people's budgets.

Budget-Adjacent Materials to Examine

We also want to discuss three existing types of budget-adjacent materials that are promising for budget transparency and for empowering community members: mid-year budget monitoring, strategic plans, and reports from government oversight offices like auditors, comptrollers/controllers, and inspectors general.

A. Budget Controls and Monitoring

A budget needs to have credibility that the boundaries it sets on government spending and revenue will be upheld after it is approved. This credibility comes from regular monitoring and a process of fiscal controls that ensure departmental expenditures stay within budget. The GFOA distinguishes between budget monitoring and budget controls. "Budget monitoring is an on-going activity that is useful throughout the entire budget cycle... Budget controls are necessary to ensure that a government does not spend more than the amount legally appropriated by its governing body. By establishing clear spending boundaries, budget controls also promote accountability and bolster trust throughout the organization..."²⁶

While budget monitoring is of most importance to the public since budget controls are mostly behind the scenes, too often it is unclear what budget controls are in place or how they are applied across departments – an area where improvement is needed since many localities struggle to constrain departmental spending in the area of law enforcement. The public has a right to understand and hold officials accountable to control spending to the levels agreed upon in the budget process.

Monitoring is essential to this process – it is the way the public can get visibility into how effective budget controls are being applied. According to the GFOA, a good monitoring system should minimize gaming and budgetary tricks like "padding the budget, spending out unspent funds at the end of the year, and exaggerating legal restrictions on funds" by making budget information open and transparent throughout the budget cycle.

One example of this comes from the City of Boston:

"The City monitors spending and all transactions go through a budget-check process prior to procurement. Maintaining tight central expenditure controls allows for critical review of all non-personnel spending as well as the ability to adjust to fiscal changes or trends. Additionally, the Office of Budget Management prepares a monthly

²⁶ "Budget controls are applied to individual financial transactions and can be classified as 'hard' or 'soft.' A hard budget control does not allow a financial transaction.... Conversely, a soft budget control does allow the financial transaction to proceed, but often with an alert to the staff personnel or a request for an additional level of approval" <https://www.gfoa.org/materials/budget-control>

variance report, updating all departments expected year-end position using actual information, and maintains continuous dialogue with departments throughout the year” (p. 127).

Budgets too infrequently give reference and visibility to budget monitoring activities and resources available to the public throughout the year. Connecting these dots would be a small step that localities could take toward empowering the public to participate in the budget process. The passage of the budget is only one step in the budget cycle – monitoring and ensuring the budget is implemented correctly is a year-round effort and needs to be supported by year-round communication to the public.

B. Strategic Plans

In theory, the role of a governmental strategic plan is to serve as a framework for informing budget allocations during the annual and capital budget processes. In practice, the quality of and extent to which local governments use their strategic plan varies widely. A white paper from Balancing Act and other government technology companies claims that “...many local governments don’t even have a strategic plan. For those that do, it often sits dormant in a PDF, or ends up managed ineffectively via a spreadsheet. Even fewer cities and counties align their budgeting process with their strategic plan” (p. 11).²⁷

This may be true, but we do see many budgets point to their strategic financial plans, in particular to note how new initiatives align with these plans. We also have heard anecdotally that local governments can be more receptive to feedback and suggestions at the planning stage than at the budgeting stage and, since planning often precedes changes to the budget, it can be a way for community members to indirectly enter the budget process at the ground level. Planning committees often include members of the public who serve as volunteers and are not elected officials, which may also be a less burdensome way to get involved in public budgeting in an official capacity.

Rubin clarifies that, “When revenues are growing, there may be more emphasis on planning and on linking the budget to future community goals to stimulate public demands for new spending. When there is little new money, planning may seem superfluous” (p. 34). Perhaps this accounts for the difference between our perception that it is not uncommon for local governments to refer to their strategic plan often in the budgeting process versus the perception given by the white paper above that these are the exception to the rule. Either way, to the extent that strategic planning does occur, it can be a powerful opportunity for giving residents a voice in the direction of their community and ultimately in the future budget allocations.

²⁷ [“Rethinking Budgeting: A Roadmap for Real Collaboration in Budgeting”](#), a white paper, from Envisio, Questica, and Balancing Act

This is consistent with how the [GFOA](#) recommends governments engage in strategic planning “to provide a vision for the future that can be used to align budgeting with organizational priorities.” They suggest “interim reviews every one to three years, and more comprehensive strategic planning processes every five to ten years, depending on how quickly conditions change,” providing a great graphic illustrating how this rolling approach to strategic planning can work.



Exhibit from 2022 GFOA publication on [Rethinking Strategic Planning, p. 23](#)

C. Reports from Auditors, Inspector Generals, and Comptrollers

Reports from government auditors, inspector generals, and comptrollers/controllers can empower the public with information that would not otherwise be accessible outside of Freedom of Information Act (FOIA) requests. For example, we have used the inspector general’s reports for LA County to find out how much the LASD spent on overtime each year and a [state auditor’s](#) report on CalOptima in Orange County to understand how much money a publicly operated health insurer was holding onto instead of paying out to claimants and medical providers.

If there are standard differences between auditors, inspectors general, and comptrollers/controllers, we do not know them, although our rudimentary understanding is that auditors usually have a narrower function and may be one function within an inspector general’s or controller/comptroller’s office. However, this also seems to vary by state.²⁸

²⁸ For example, the [California State Association of Counties](#) reports that all California counties have an auditor-controller, while it appears that only a few have an inspector general. In Florida counties, however, offices of inspector generals (OIG) seem to be more common. [Miami-Dade County](#) explains that the OIG has “three distinct yet overlapping functions – audits, investigations and legal/contract oversight” – and [Collier County](#) and [Polk County](#), both in Florida, have similar descriptions of the office’s role. In [Baltimore](#) and [Houston](#), the City Comptroller or Controller oversees multiple divisions that include a division of audits. [Corpus Christi’s](#) website further explains that *external* auditors review the city’s financial statements to determine whether they are an

Denver’s Audit Services Division has a helpful explanation of all the different types of audits they conduct including:

- **Performance audits**, which review the efficiency and effectiveness of agencies’ work, as well as the overall use of Denver tax dollars.
- **Financial audits**, which take a close look at an agency’s records and processes to identify errors in reporting and payments and other risks to the city and its reputation.
- **Contract compliance audits**, which determine whether a third-party vendor — and/or a city agency — is following the terms of a contract.
- **Information technology audits**, which review the controls and operation of the city’s network, software applications, and cybersecurity processes to make sure they are operating correctly.
- **Continuous auditing and audit analytics programs**, which help identify high-risk areas of the city by repeatedly performing updated analyses of transactional data from different city databases.

Auditors are also responsible for producing and verifying the numbers in the Comprehensive Annual Financial Reports (CAFR) mentioned in the first memo, which serve as the official record of the actual spending and revenue for a local government. Public officials respond to and anticipate audits, like they do other public accountability mechanisms, and it can be difficult for audits to be conducted and made public in time for action to be taken. As Rubin details: “Audits measure more than just spending data; they include compliance with laws and some measure performance as well. But if elected officials have made choices that some members of the public disapprove of, those officials may be reluctant to report the details of their decisions.... They may withhold data or, if the data are collected, may be reluctant to make it public” (p. 22).

Existing Approaches to Budgeting and Equity

We thought it would be useful to conclude with a brief overview of some existing approaches to budgeting and equity. Although this is not our area of expertise, we reviewed some approaches to budgeting and equity in the process of preparing this memo and wanted to share.

In a brief on [The Basics of Equity in Budgeting](#), the GFOA states that “[t]he Government Alliance on Race and Equity’s *Racial Equity Toolkit*...is among the most widely used equity frameworks for local governments.” The GFOA describes GARE’s framework as “investigating the distributional impacts of proposals by neighborhoods, the racial demographics of those most impacted in the jurisdiction, potential unintended consequences and how those will be

accurate representation of the city’s financial position and follow generally accepted accounting principles, while *internal* auditors’ work goes beyond just the financial statements and also involve risk management, internal controls, and improvement efforts.

addressed, and whether a proposal would increase or decrease racial equity based on the above research and stakeholder involvement.”

The National League of Cities has a “[repository](#) of city racial equity policies and decisions” with examples from different cities of creating a home for racial equity work in the city (infrastructure), budgeting for equity, collecting disaggregated data, providing staff and elected officials training on racial equity, diversifying city staff, and more. A report on [Charting an Equitable Future](#) from What Works Cities’ City Budgeting for Equity and Recovery Program (CBER)²⁹ also has lessons learned and examples from participating cities’ budgeting for equity and recovery efforts. For example, they note that “In Philadelphia, the official budget forms require each city department to reflect on how their departmental budget impacts racial equity” and that “there are racial equity questions in the forms for existing budgets, new spending, and budget cuts.”

In conducting a cursory survey of local governments’ efforts to budget for equity and the tools available we noted the local government equity assessment tools shown in the box below. We also reviewed a 2023 GFOA report, [Budgeting for Equity: Tensions, Lessons, Steps for Success](#), which proposed a process for budgeting for equity illustrated in the figure below.

Local Government Equity Assessment Tools
Austin
Durham – tool mentions examining Seattle, Grand Rapids, and Minneapolis
Dallas
Milwaukee County
Nashville-Davidson
Portland
San Antonio

²⁹ Along with Results for America, Blue Meridian Partners, and Bloomberg Philanthropies

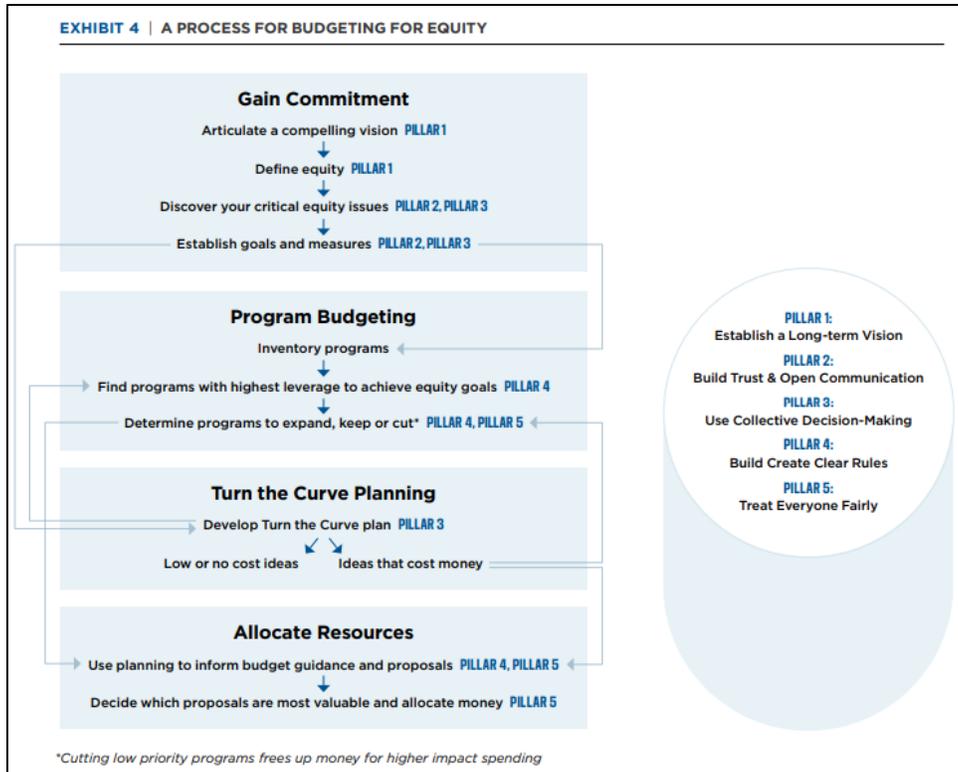


Exhibit from 2023 GFOA report, [Budgeting for Equity: Tensions, Lessons, Steps for Success](#)

Conclusion

Local governments face significant challenges and constraints setting their budget and deploying their resources in response to shifting community needs and priorities. At the same time, local governments offer many more avenues for direct and indirect public input into the budget process than state and federal budgets do. As a result, the promise for a more democratic and equitable approach to public budgeting is strong at the local level.

To realize this promise localities need to continue to open up both their ledger sheets and the budget process to include more public input and oversight. As budget campaigns in cities and counties across the country have shown, people who have been traditionally excluded from or ignored in local fiscal policy are eager to make their voices heard. Localities should strive to harness this energy – their community members are contributing oversight and innovative policy solutions, and are identifying external resources to meet local needs. Instead of seeing this as a political challenge, local officials and community members should see this engagement and energy as a way to overcome capacity and social constraints that hold back local policymaking.

We’ve seen in this memo that localities big and small have contributed promising practices that can be replicated and extended to continue advancing equity in the local budget and budget process. Through these efforts localities can inform and empower the public and, in the process, expand their capacity to promote the flourishing of the public they serve.