



BUDGETING IN DIFFICULT TIMES

A Guide to School of Government Resources for North Carolina Managers

Preparing a balanced budget for FY 2012 is particularly challenging for city and county managers across North Carolina. Stagnant or declining revenues, often combined with growing public service needs, require managers to explore new alternatives and to be innovative. In these difficult times, communicating clearly and effectively with boards, citizens, and staff can also pose unprecedented challenges.

This guide provides links to articles, bulletins, online dashboards, group exercises, videos, webinars, and other materials created by School of Government faculty and staff members that will prove useful to managers dealing with budgeting in this current economy. If you are accessing the PDF version of this guide online, click on the title of the resource to access it. Links are also provided following each entry.

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ALTERNATIVE WAYS TO DELIVER SERVICES

- **ALTERNATIVES IN SERVICE DELIVERY**

WEBINAR ON-DEMAND This 90-minute webinar explores three service delivery alternatives for local governments to consider both during these tough economic times and beyond the current downturn. Information on and examples of contracting out, collaborating, and consolidating are discussed in detail. Visit www.sog.unc.edu/courses/1218/.

- **COLLABORATIVE LEADERSHIP IN SAMPSON COUNTY**

ARTICLE In Sampson County, North Carolina, a core group of county and school system leaders identified critical needs for school facilities. They faced limited resources. Building on a foundation of trust established through regular informal meetings, they collaborated to address the needs creatively, as detailed in this *Popular Government* article by Heather Scarborough.

- **DECIDING TO FUND NONPROFITS: KEY QUESTIONS**

ARTICLE Everyone wants guidance in making tough funding decisions. This *Popular Government* article by School of Government faculty members Margaret Henderson, Lydian Altman-Sauer, and Gordon Whitaker describes six questions that local officials should consider in designing a funding process for nonprofits.

- **WATER SYSTEM PARTNERSHIPS, INTERCONNECTIONS, AND INTERLOCAL AGREEMENTS**

WEBSITE What forms of partnerships exist between water systems in North Carolina? How many water systems are physically interconnected and what are their characteristics? What are the geographically feasible interconnection options for water systems that are currently not connected? What should a utility consider while creating a new interlocal water agreement? The UNC Environmental Finance Center presents tools, documents, and trainings to answer these questions and to assist water system managers in their capacity to partner with their neighboring systems. Visit www.efc.unc.edu/projects/partnerships.htm.

- **THE WAYNE COUNTY DEVELOPMENT ALLIANCE**

VIDEO This video demonstrates the value of public-private partnerships for economic development. Economic development efforts in Wayne County went from being mostly the domain of a county agency to now being a collaborative effort of the county, the two larger municipalities within the county, and private sector partners. This video explains how the partnership was created, some of the benefits realized, and lessons learned in the process. Visit www.lela.unc.edu.

- **WILKESBORO AND NORTH WILKESBORO: CREATING A CULTURE OF COLLABORATION**

VIDEO This video highlights the efforts of neighboring small towns to find creative ways to save money and improve service delivery through working together. Elected officials and town managers share examples of their joint efforts and lessons learned as they overcome a history of competition to create a future of cooperation. Visit www.lela.unc.edu.

COMMUNICATING WITH BOARDS AND CITIZENS

- **CITIZEN PARTICIPATION AND SOCIAL MEDIA**
WEBINAR ON-DEMAND This webinar provides examples from large and small North Carolina jurisdictions using social media. We explore the why and “how tos” for content management and free speech, staff training and responsibilities, and developing appropriate policies to guide social media use. Material includes results of a survey of over 100 North Carolina local government jurisdictions, practical tips, and state and local resources on how social media relates to open and transparent government movements. *Visit www.sog.unc.edu/courses/1825.*
- **CITIZEN PARTICIPATION IN LOCAL GOVERNMENT BUDGETING**
WEBINAR ON-DEMAND This webinar helps public officials plan specific steps for informing citizens about proposed budget cuts, increased fees, or other difficult decisions. Examples from North Carolina and other localities illustrate outreach and citizen involvement in budget decision-making. *Visit www.sog.unc.edu/courses/0951.*
- **COMMUNICATING FINANCIAL CONDITION TO ELECTED OFFICIALS IN LOCAL GOVERNMENT**
ARTICLE In this Popular Government article, School of Government financial accounting experts William C. Rivenbark, Dale J. Roenigk, and Gregory S. Allison collaborate on an approach for administrators to use in analyzing, interpreting, and communicating their local government’s financial condition to elected officials.

ALSO SEE: [ONLINE SUPPLEMENT: APPENDIX A. A DASHBOARD FOR A HYPOTHETICAL CITY](#)
Link to this supplement from the online version of this guide at www.ncmanagers.unc.edu.
- **DELIVERING BAD NEWS: HOW TO HELP CITIZENS UNDERSTAND THE REALITIES OF TOUGH ECONOMIC TIMES**
WEBINAR ON-DEMAND This webinar helps elected officials and public administrators be prepared to communicate about challenges currently facing local governments. Presenter Mark Weaver is a national communications advisor with two decades of communication expertise. He is president of Communications Counsel Inc. and a frequent presenter in the School of Government’s Public Executive Leadership Academy and Local Elected Leaders Academy. *Visit www.sog.unc.edu/courses/1210.*

ECONOMIC FORECASTS AND FISCAL ANALYSIS

- **THE ARC OF ECONOMIC RECOVERY: IS IT FOR REAL?**
WEBINAR ON-DEMAND In this September 2010 webinar, economist Karl Smith shares his insights into what the future holds for North Carolina’s economic recovery. He talks about what happens to our state finances when the stimulus funds run out; the job picture for residents and the potential disparity in recovery for different groups; and how unemployment will affect demand for social services. *Visit www.sog.unc.edu/courses/1219.*
- **RECOVERY: IT’S HAPPENING BUT DIFFICULTIES REMAIN**
BULLETIN North Carolina and the United States are recovering from the worst recession since the Great Depression. This March 2011 bulletin by economist Karl Smith provides a sense of the evolving state of the US economy and where North Carolina’s economy is in relation to other states. *Visit www.sog.unc.edu/bulletins/eb.*

- **COUNTY AND MUNICIPAL FISCAL ANALYSIS DASHBOARD**

WEB-BASED DASHBOARD Because analyzing the financial condition of any organization is relative, this management tool helps provide context by presenting five-year trend data for each financial indicator and permitting comparison against other local governments selected as benchmark peers. The purpose of this interactive management tool is to help users evaluate the financial condition of a selected local government on various dimensions of resource flow and stock for governmental activities, general fund, water and sewer fund, and electric fund.

The web-based dashboard on County and Municipal Fiscal Analysis is the result of a collaborative effort between the Department of State Treasurer and the School of Government at the University of North Carolina at Chapel Hill. Visit www.nctreasurer.com/dsthome/StateAndLocalGov/lgcreport.

- **CUSTOMER ASSISTANCE PROGRAM COSTING TOOL**

WEB-BASED ESTIMATOR This tool was designed to estimate the direct program costs of a utility customer assistance program. Developed by the UNC Environmental Finance Center, the tool was designed on the assumption that customers in need can access a fund a certain number of times per year, to help them pay utility bills when necessary. Users can adjust eligibility criteria and the level of assistance per customer in a given year to determine direct program costs. The tool was built using Census data on communities in North Carolina. Download this tool at www.efc.unc.edu/tools/Customer_Assistance_Program.xls.

- **FINANCIAL FORECASTING FOR NORTH CAROLINA LOCAL GOVERNMENTS**

ARTICLE Local government annual budgeting can benefit from examining longer-term financial trends. In this *Popular Government* article, faculty member William C. Rivenbark describes the value and the uses of financial forecasting.

- **USING CAPITAL RESERVE FUND TO AVOID RATE SHOCK**

WEB-BASED DASHBOARD Establishing capital reserves represents a balance between saving for future capital and spending for current needs. A large capital reserve can be a great tool for mitigating the impact of large capital projects on utility rates, but it is not always clear whether it is better to spend all cash reserves up front thereby reducing the amount of debt principal incurred, or spend only a portion and use it over time to pay debt service. If the ultimate goal is to spread out rate increases over time, the right strategy will depend on the size of the capital project and the terms of debt. A simple tool developed by the UNC Environmental Finance Center can determine which balance works best for your capital project. Users can adjust the amount of debt incurred (whatever is not paid for out of reserves) and adjust rate increases over a five year period to make sure fund balances stay in the black. Link to this dashboard from the online version of this guide at www.ncmanagers.unc.edu.

- **WATER SYSTEM CAPACITY DEVELOPMENT SUPPORT**

WEBSITE The UNC Environmental Finance Center works closely with the [Public Water Supply Section](#) of the [NC Department of Environment and Natural Resources](#) to enhance the financial and managerial capacity of water systems in North Carolina to provide the public with safe drinking water. This website focuses on inter-system partnership and cooperation and financial management. Links of particular interest include financial management of water and wastewater systems, capital planning resources, water and wastewater rates and rate structures, and tap fees and system development charges. Visit www.efc.unc.edu/projects/capacitydevelopment.

HUMAN RESOURCE APPROACHES

- **EMPLOYEE BENEFITS LAW FOR NORTH CAROLINA LOCAL GOVERNMENT EMPLOYERS BOOK** Some public employers are considering changes to employee benefits as they seek to balance the budget. This book explains what federal and state law requires of public employers with respect to employee benefits and what authority North Carolina local government employers have in choosing, structuring, and changing benefits. *Link to this resource from the online version of this guide at www.ncmanagers.unc.edu.*
- **MOTIVATING WITHOUT MONEY WEBINAR ON-DEMAND** Times are tough. Many cities and counties are freezing positions and deferring annual salary and merit increases. What can you do to maintain your staff's morale during these difficult times? This insightful webinar is filled with practical ideas you can use in your organization. You will come away understanding what motivates people, ways to recognize and reward your staff, and strategies to improve morale. *Visit www.sog.unc.edu/courses/1211.*

ALTERNATIVE APPROACHES TO BALANCING BUDGETS

- **BUDGET-BALANCING TACTICS IN LOCAL GOVERNMENT BOOK** City and county government officials searching for strategies to cope with the growing budget crisis in local government will benefit from this book by David N. Ammons and Trevor A. Fleck. The publication draws on news reports from across the country and survey findings in North Carolina to identify a broad array of cost-cutting and revenue-enhancing approaches currently used by local governments. Cost-cutting methods discussed include hiring freezes, delayed facility and infrastructure maintenance, across-the-board cuts in departmental budgets, service cutbacks, purchasing and travel restrictions, equipment cutbacks, employee position reductions, furloughs, retirement incentives, and more. Examples of revenue-enhancing ideas addressed in the bulletin are fee increases, tax increases, asset sales, increased reliance on grants, the leasing of government assets to outside parties, and greater reliance on reserve funds, among others. With the end of budget problems nowhere in sight, local government officials will return to these tactics repeatedly in the years ahead. *Link to this book from the online version of this guide at www.ncmanagers.unc.edu.*
- **BUDGET-BALANCING TACTICS IN LOCAL GOVERNMENT WEBINAR ON-DEMAND** In this webinar, David N. Ammons and Trevor A. Fleck share survey results on how other leaders are handling budget cuts. The information draws on news reports from across the country and survey findings from North Carolina local governments. The webinar describes many cost-cutting strategies including hiring freezes, delayed facility and infrastructure maintenance, across-the-board cuts in departmental budgets, service cutbacks, purchasing and travel restrictions, employee position reductions, furloughs, retirement incentives, and more. *Visit www.sog.unc.edu/courses/1208.*
- **SEARCHING FOR COST-EFFECTIVENESS IN EMERGENCY MEDICAL SERVICES ARTICLE** Financial pressures led three local governments and a county-supported hospital in Lee County, Alabama, to study more cost-effective ways of providing emergency medical services. The results, outlined in this *Popular Government* article by Douglas J. Watson and Floun'say R. Cave, may be of value to counties with similar demographics and circumstances.

- **UTILITY MANAGEMENT IN AN ECONOMIC DOWNTURN**
POWERPOINT Many utilities are facing financial difficulties tied to the economic downturn in two different areas of management. One is customer account management; another is collection of all revenues that are due. In a series of PowerPoint presentations from this 2008 session facilitated by the NC AWWA-WEA's Finance Committee and the UNC Environmental Finance Center, the focus is on ways to improve debt collection and related issues, as well as management practices such as debt, budgeting, and resource sharing. *Link to this resource from the online version of this guide at www.ncmanagers.unc.edu*

REVENUE APPROACHES

- **ATTACHMENT AND GARNISHMENT FOR TAX COLLECTION**
WEBINAR ON-DEMAND Attachment and garnishment is a powerful collection remedy for all taxes and some fees levied by local governments. This webinar presents the what, when, why, and how of attachment and garnishment from the School of Government and experienced tax collection professionals from around the state. *Visit www.sog.unc.edu/courses/1231.*
- **DESIGNING RATE STRUCTURES THAT SUPPORT YOUR OBJECTIVES: GUIDELINES FOR NORTH CAROLINA WATER SYSTEMS**
BULLETIN These guidelines provide step-by-step instructions and necessary information to allow utility managers to make informed policy-driven choices on the rate structure design. These guidelines do *not* provide instruction on how to project revenues and costs and how to calculate rates (dollar amounts) to balance a budget, but they do reference other documents that provide such guidelines. *Link to this resource from the online version of this guide at www.ncmanagers.unc.edu*
- **GRANT PROPOSAL WRITING 101**
WEBINAR ON-DEMAND Designed for public professionals new to grant proposal writing, this webinar explores the federal proposal writing process, including universal terminology and mandatory forms, and addresses best practices in writing grant proposals, with an emphasis on project planning and clearly communicated ideas. Topics include sources of grant funding, federal grant proposals, developing and communicating a clear program plan, and accepting a grant award. *Visit www.sog.unc.edu/courses/1209.*
- **NORTH CAROLINA RATES DASHBOARD**
WEB-BASED DASHBOARD These interactive rates dashboards are designed to help utility managers and local officials analyze residential water and wastewater rates against multiple characteristics, including utility finances, system characteristics, customer base socioeconomic conditions, geography, and history. New financial indicators are included in a separate tab and a new video tutorial is available for the 2010 dashboard. The dashboards were funded by the Public Water Supply Section of NC DENR and the US EPA. *Visit www.efc.unc.edu/RatesDashboards/nc.html.*
- **THE NUTS AND BOLTS OF TAX FORECLOSURES IN NORTH CAROLINA**
WEBINAR ON-DEMAND In this webinar, experts offer their advice on how to solve common problems and avoid potential pitfalls in the tax foreclosure process. The webinar is aimed at both experienced practitioners and newcomers to the world of tax foreclosures. *Visit www.sog.unc.edu/courses/1229.*

- **THE PAINFUL ART OF SETTING WATER AND SEWER RATES**

ARTICLE Water and sewer enterprises need to cover costs of daily operations and to plan for long-term system needs. In this *Popular Government* article, UNC Environmental Finance Center Director Jeff Hughes looks at the fundamental principles behind water and sewer revenues, focusing on high-priority financial decisions faced by water and sewer boards. *Link to this article from the online version of this guide at www.ncmanagers.unc.edu*

SETTING SERVICE PRIORITIES

- **A BALANCED APPROACH TO IMPLEMENTING THE BALANCED SCORECARD**

ARTICLE Organizational barriers have tended to make the balanced scorecard—a management tool that links departmental performance and organizational goals—an option only for large local governments. In this *Popular Government* article, faculty member William C. Rivenbark and Hillsborough Town Manager Eric J. Peterson present a case study of how Hillsborough adopted the balanced scorecard.

- **A NEW WAY TO LOOK AT THE TOUGH BUDGET CHOICES AHEAD: “BUDGETOPOLIS” AND “BOTTOM LINE!”**

GROUP EXERCISE Creating a budget that supports your community’s goals and needs is challenging and complex work, especially in these tough times. The School of Government has created “Budgetopolis” for cities and “Bottom Line!” for counties—facilitated simulations designed as classic board games that approach budgeting as serious business. Using these innovative and engaging tools, participants make strategic long-term budget choices that align with their stated community values. The discussions that follow help officials and citizens understand the complexity of the municipal or county budget process. *Visit www.sog.unc.edu.*

- **CREATING THEIR OWN FUTURES: COMMUNITY VISIONING AND NORTH CAROLINA LOCAL GOVERNMENTS**

ARTICLE Government leaders often want to shape the long-term direction of their communities. How can they do that effectively? This *Popular Government* article by Lydian Altman and Ricardo S. Morse discusses the visioning processes conducted in Roxboro, Wilkes County, and Wilson County and provides lessons on visioning and strategic planning. *Link to this article from the online version of this guide at www.ncmanagers.unc.edu*

- **STRATEGIC PUBLIC LEADERSHIP**

WEBSITE Good strategic leadership is ongoing and relates to many aspects of governing. It will guide your organization to set clear priorities, allocate resources to pursue those priorities, and assess your progress toward carrying out planned activities. This website describes how the School of Government supports strategic planning, resource allocation, performance management, and evaluation through consulting, courses, publications. *Visit www.sog.unc.edu/programs/strategicleadership.*

This guide is also available on the School of Government’s Managing in North Carolina website at www.ncmanagers.unc.edu. For more information, contact Professor Gordon Whitaker at 919.962.0247 or whitaker@sog.unc.edu.