

## Nevada County Budget Improvement Program

**Overview:** This program decentralizes expertise and knowledge from the County Executive Office to those closest budget activities, creating efficiencies and department ownership of their budgets.

**Challenge:** The Nevada County budget process kicks off at the end of January, with departmental budget submissions due to the County Executive Office (CEO) at the end of February for quality review of more than 120 unique budgets before presentation to a Board of Supervisors' Budget Subcommittee, which is responsible for reviewing all budgets and recommending adoption to the full Board.

Each year a bottleneck is created by the timing requirements surrounding the development, review, submission, and adoption of budget documents; and within that process, the detailed review of budgets to ensure high standards for accuracy, reasonableness, and alignment with Board of Supervisors' and departmental strategic priorities.

Budget submissions include a budget story and themes portrayed by narrative summaries of program services, accomplishments and performance measures, and key programmatic charts and graphs, all supported by revenues and expenses for the prior year and projections for the current year and the new budget year. Prior to this project, departmental staff charged with developing budgets had partial and inconsistent guidance to develop meaningful numbers for budgets, and department heads had widely varying ways of connecting their budget story narratives with performance measures and objectives, leaving questions about how the budgets fit into overall county priorities. There were no widely accessible, consistent guidelines and tools for crafting best practice budgets; initial budgets were of substandard quality; a lot of the work of fine-tuning and creating good budgets defaulted to the CEO.

**Solution:** The Budget Improvement Program included developing common best practice tools for budget development and making those available countywide, combined with a training program to put knowledge – and more importantly, ownership of the entire budget submission package – in the hands of departments. The process began with a survey of all levels of staff involved in the budget process to better understand the strengths and weaknesses of the current process and generate ideas for improvement.

The next step was to create a team of core fiscal/budget staff to use the survey results to create a set of common tools and training for all levels of county staff to address identified shortcomings. Tools developed included:

- Standardized modeling tools for revenue and expense projections that resulted in reasonable and meaningful numbers that reflected and supported department priorities

- Fund balance projection reports to reasonably and consistently evaluate available resources for one-time and sustained uses as portrayed in budget narratives and priorities
- A questionnaire document for the description of program highlights and fiscal changes so that any reader would be able to understand the budget story and explain significant changes to the budget
- A standardized review checklist with detailed review criteria for all documents and projections created through the budget development process, leading to high quality results

Finally, survey data was used to develop a training program to consistently communicate best practices, share the new tools, build departmental ownership of their budgets, and ultimately eliminate many of the inefficiencies between budget development, budget review, and finalization. The training was broken into three audience-targeted modules:

- Department Heads and Program Managers – Telling an effective Budget Story
- Fundamentals of Budget Preparation
- Advanced Budgeting - Tools, Reports, and Data Validation

**Innovation:** This project demonstrates creativity, uniqueness and an innovative spirit in improving the budget process and usefulness of budgets by creating new reporting tools and training materials to move county budget development towards a more aligned process and expand budgeting capacity throughout the county enterprise.

**Results:** This project vastly improved initial departmental budget submissions, reduced the follow-up and review required by the CEO, and resulted in alignment of staff to arrive at high quality budgets. Most importantly, the entire budget package is more meaningful and useful to departments, consistently tying together appropriations requests with strategic objectives and departmental priorities in a more clear and consistent manner.

**Replicability:** This program can be replicated by other California Counties by clearly identifying best practice budgeting techniques and desired outcomes, collaborating with department staff at all levels to determining gaps in departmental knowledge and training, and then developing a set of tools and training materials that can be used to bridge the gap, with a process that is embraced countywide. We recommend this as a best practice in creating a more efficient budgeting process, improving alignment between departments and executive level review staff, and expanding capacity and expertise in the area of budgeting throughout the county enterprise.

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