



# WANTED BY THE FBI

BANK ROBBERY

UNLAWFUL FLIGHT TO AVOID CONFINEMENT - ARMED ROBBERY

Photograph taken October 24, 1945

Photograph taken April 3, 1945



**WILLIAM FRANCIS SUTTON**

“Willie, why do you keep robbing banks?”

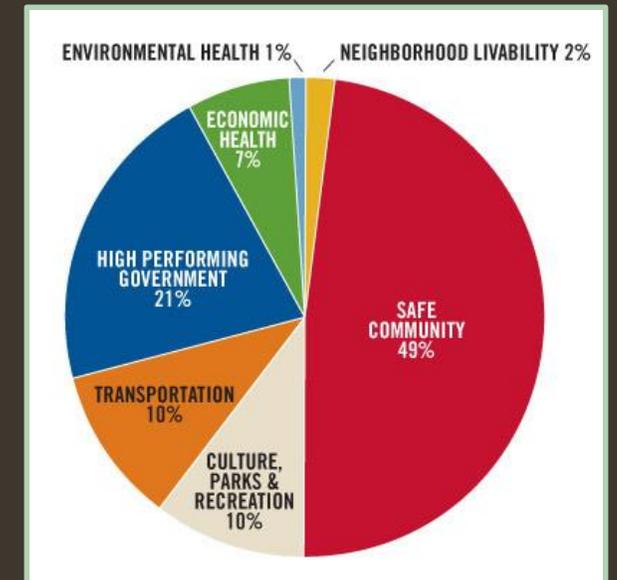
“Because that’s where the money is . . .”

# Money = Power



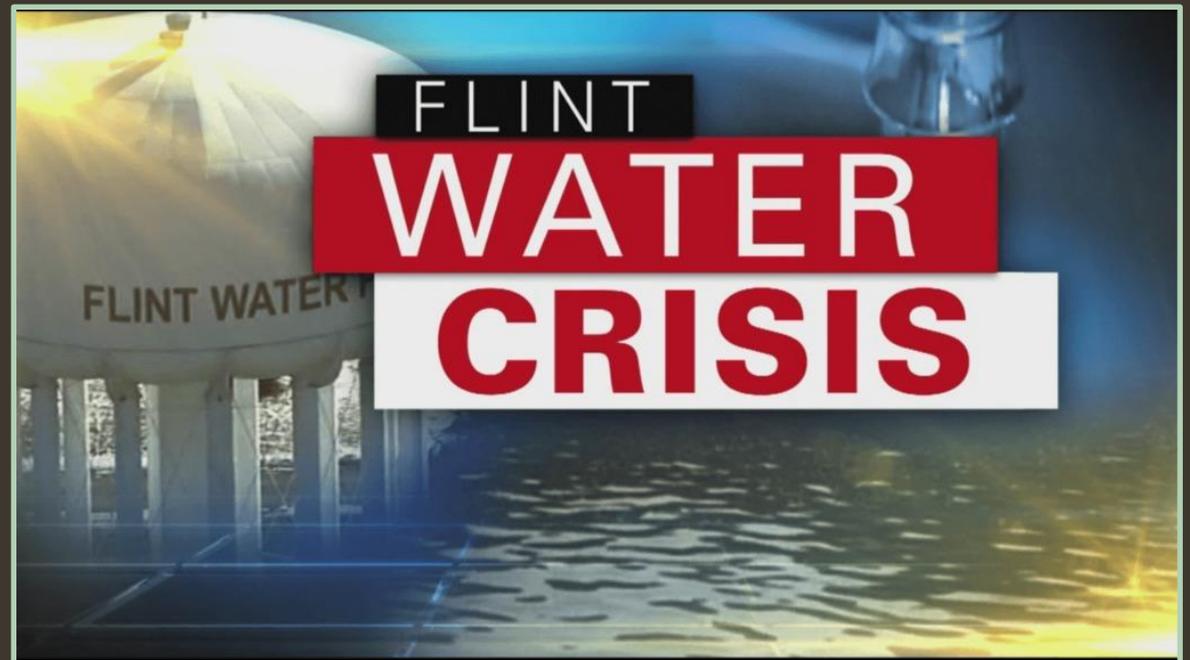
## Jacob Lew, Treasury Secretary 2013-17

*“The budget is not just a collection of numbers, but an expression of our values and aspirations.”*



# The crisis of public finance

- *21<sup>st</sup> Century economy, 20<sup>th</sup> century tax system*
- *Capital maintenance, replacement and expansion*
- *Anti-government sentiment*
- *Pension obligations*
- *Income inequality*



## Stein's Law

*“Things that can't go on forever, don't.”*



# Where do you stand?

- *Fiscal balance sheet*
- *Debt ratio*
- *Long-term liabilities*
- *Structural balance*
- *Long-term projections*
- *Credit rating*



# Poco a poco, se va lejos

- *When you are in a hole, stop digging*
- *No one buys a solution until they own the problem*
- *Take the long view and the high road*



## The Goal: Fiscal Sustainability

*“What’s out there is darkness,  
uncertainty, decline and recession, so  
‘Good luck, baby.’”*



# Budgets: Three baskets

- *Operating budget (recurring cost of providing services)*
- *Capital budget (cost of physical infrastructure and facilities)*
- *Long-term obligations (pensions, retiree medical etc.)*
  
- *Enterprise funds (business operations)*



# Sources of revenue

- *Taxes (Property, sales, business, payroll, utility, parking etc.)*
- *Fees for service*
- *Fines and penalties*
- *Business revenue*
- *Interest income*



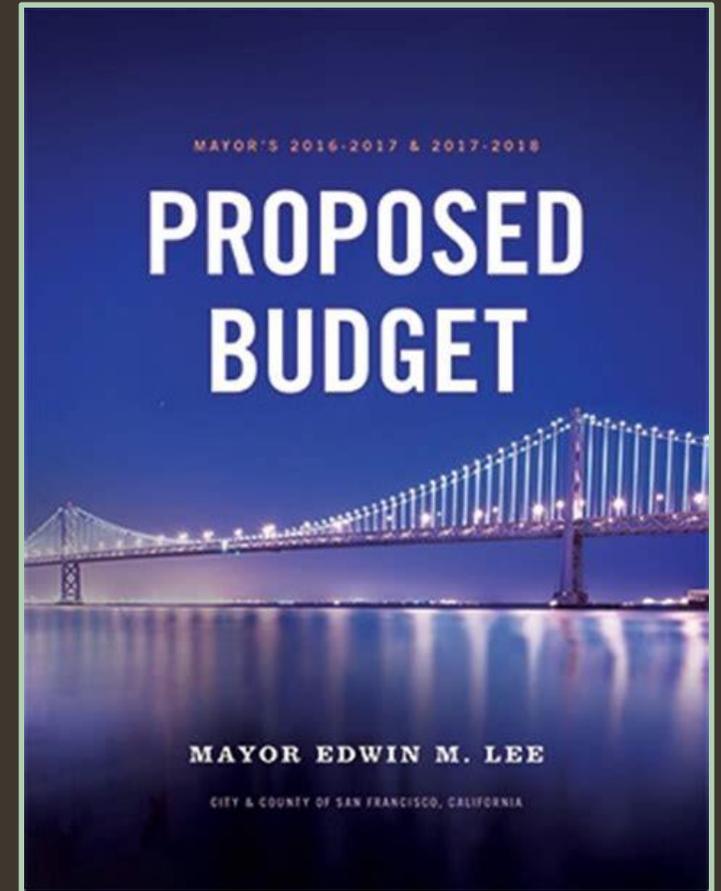
# Squeezing blood from a turnip

- *Taxes*
  - *Can't afford it*
  - *Counter-productive*
  - *Inequity*
  - *Legal constraints*
- *Fees for service; fines and penalties*
  - *Nickle and diming*
  - *Inequity*
- *Interest income*
  - *Low interest rates*



# Cutting costs: conventional approaches

- *Going after waste, fraud and abuse*
- *Across the board cuts*
- *Reducing personnel costs*
- *Reducing services*
- *Postponing capital investment*



# Budget wars

*“We were in such terrible fiscal shape we could only afford to fund core services. What was our definition of a core service? Whatever would fill up Council Chambers up with angry protestors.”*



# The wrong way to reduce expenses

*“The usual way to handle a shortfall is to take last year’s budget and cut. That’s like taking a Lexus and reducing its weight with a blowtorch and shears. But cutting from this Lexus does not make a Camry; it makes a wreck.”*



# Tying budget to outcomes and performance

- *Successful performance budgets in states like Iowa and Washington; counties like Los Angeles County and Multnomah, OR; cities like Baltimore and Ventura*
- *The Los Angeles Police Department has been using metrics to drive operational methods and performance*
- *Boston, Minneapolis and others have developed public dashboards with metrics showing progress (or not) on the “key issues”: public safety, neighborhood conditions, housing/econ development, resident health, environment*

# Budgeting for Results

- *Set your priorities*
- *Fully fund your top priorities*
- *Spend more on what works, eliminate what doesn't*
- *Measure results*

## Implementing budgeting for results

1. *Performance measures and data*
2. *Budget book*
3. *Appropriations process*



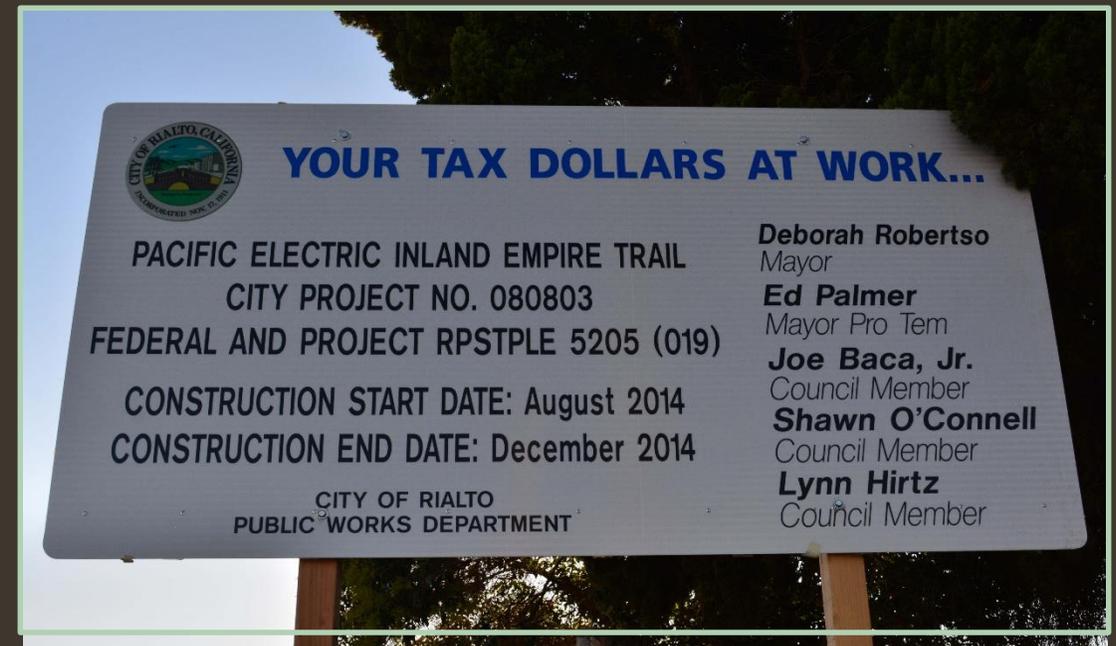
Illinois Budgeting for Results

## The Goal: Fiscal Sustainability

*If we are not budgeting for results, what are we budgeting for?*

# Enhancing revenues

- *Involve the public*
- *Align with your values and your future*
- *No one likes losers*
- *Focus on return on investment*



# Government that works better and costs less

- *Live within your means*
- *Don't focus only on numeric goals – focus on long-term fiscal sustainability and a budget that directs your available resources toward your highest priorities: the results that matter most to your community*



# What does success look like?

- *Balanced operating budget*
- *Capital and long-term obligations are addressed*
- *Budget drives performance*
- *Equitable outcomes*
- *Increased community trust*
- *Long-term legacy*

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## Jerry Brown's Legacy: A \$6.1 Billion Budget Surplus in California

The governor hopes to avoid the fate of predecessors who left office with big deficits

U.S.

By [Alejandro Lazo](#) and [Nour Malas](#)

LOS ANGELES—California Gov. Jerry Brown appears poised to exit office next year with a top political priority in hand: free from the massive budget deficits that had weighed on his predecessors.

Buoyed by tax increases passed under his administration and a strong economy, Mr. Brown said Wednesday that the state is projecting a \$6.1 billion surplus for the next fiscal year, which begins July 1.

The governor proposed socking most of the money away in a rainy-day fund whose creation he pushed for in 2014. Nearly 70% of the state's projected revenue of about \$135 billion next fiscal year is derived from personal income taxes, according to the governor's office.

The state's fiscal health is especially crucial as it faces myriad challenges: record natural disasters, housing shortages and changes to federal tax regulation—all while it ramps up opposition to the Trump administration on several major policy fronts.

As is his custom, the governor warned of an inevitable economic slowdown.

"California has faced 10 recessions since World War II, and we must prepare for the 11th," he said. "Let's not blow it now."

Mr. Brown has been preaching frugality for years—he kicked off one past budget talk with Aesop's fable about the thrifty ant and the lazy grasshopper.

Mr. Brown took office in 2011 with a \$27 billion deficit and drastically slashed spending. In 2012, he staked his governorship on a tax increase that voters approved that year and reauthorized in 2016.

His spending plan for 2018 calls for \$13.7 billion of general fund spending, including special funds and bonds, which are pools of restricted money that can only be



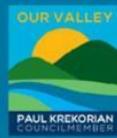
# Knowledge + collaboration = clout

**WANT TO KNOW HOW THE  
CITY SPENDS \$8.5 BILLION?**



**City of Los Angeles Budget Hearings  
April 28 - May 12, 2015**

For complete schedule: <http://bit.ly/1PO118q>



**Step 1 Get informed**



**Step 2 Get involved**



**Step 3 Build alliances**



**Step 4 *Make a difference***

# Don't do this alone: resources

- *NALEO, GFOA and other local government organizations*
- *Local academic resources*
- *Colleagues and role models*
- *City staff, unions, community organizations*
- *Finance professionals in the community*



“Remember, it’s a marathon, not a sprint.”

