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Battling Lazy-based Budgeting

Five Ways to protect your budget

It's that time of year when many of us are wrestling with budgets and it seems that we are always dealing with reduced funding. This has become the norm and it's a wonder that we have any budget left. But many of these reductions can be traced to what I call "lazy-based budgeting." Lazy-based budgeting is the reliance on formulas and across-the-board reductions rather than on actually setting budget priorities.

It's understandable why budget managers do this. There is a desire to simplify the budget process and to give the appearance of fairness in allocating budget cuts. But the results are not equal and can have a severe impact on small organizations such as emergency management offices.

But it's a fair process

The most common example of lazy-based budgeting is the across-the-board reduction. Typically, all departments and agencies in a jurisdiction are directed to identify budget cuts equaling a specific percentage of their budget. On the surface this has the appearance of fairness since all entities are treated equally. There is also the

acknowledgement (with which I agree) that the best person to identify potential savings is the department or agency head.

But while the targeted reductions may be equal, are all departments truly equal? Is a 5% reduction in the police budget equivalent to a 5% reduction in Administrative Services? Does reducing the social services budget equate to a reduction in public works funding? These are not easy questions and the answers depend on the jurisdiction's values. My point is that using across-the-board cuts without looking at the context and impact of those reductions can result in cutting necessary programs rather than reducing costs.

Formulas are not equal

There are more subtle ways of using lazy-based-budgeting. One is through the use of formulas. For several years, I consistently went over budget in personnel costs. I couldn't understand it as I had a staff of 5 which made budgeting simple and the only overtime I ran were fixed on-call costs for my duty officer which did not vary. My first clue was that the overage was always the same amount: 13%. I eventually learned that the budget staff

automatically reduced all personnel budgets by 13% to adjust for vacancies resulting from routine personnel turnover. That worked well in larger departments but not in a small office with virtually no turnover

Hide the money!

Another common technique is hiding funds in other departments' budgets. My budget included an allocation to our public works department for any work I might need done on the EOC. I always thought of that as part of the justification for my budget. One year we had a considerable amount left in that account and I tried to reallocate it to one of our ongoing emergency management projects. That's when I found that those funds were automatically transferred to the public works department at the beginning of the fiscal year and I needed them to reallocate the money back to my office. If you've ever tried to get a department to give up part of its budget, you'll understand the futility of my situation.

But I have a grant for that!

One final example of lazy-based budgeting is the misuse of grant funds. This is where your budget is automatically reduced by the amount of the grant. The grant becomes an integral part of your budget and any future reductions or elimination of grant funds results in a reduction to your budget. This was the situation when FEMA switched from directly funding emergency planner positions in favor of consolidated program grants. That change resulted in the elimination of many local government emergency planner positions.

Battling for your budget

Countering lazy-based budgeting is close to impossible as it is so entrenched in our

budgeting process. However, there are things you can do to increase your chances:

1. *Have an approved strategic plan.* While this is no guarantee of funding, it does put you in the position to argue that your projects enjoy consensus and have been approved by your elected officials.
2. *Understand how your jurisdiction's budgeting process works.* Had I known about the reduction in personnel costs or the allocation of funds to other departments I could have avoided considerable heartburn.
3. *Use zero-based budgeting.* A common mistake is just to tweak the previous budget you inherited from your predecessor. I know that's what I did. But if you don't understand your budget, if you don't know what is a priority and what can be cut if necessary, what makes you think the budget manager will? Build your budget from the ground up so you know it intimately.
4. *Tie grants to specific projects.* Grants are provided for specific purposes. Don't allow them to be subsumed in your budget – it's like mingling your business and personal accounts. Be aware that some grants specifically bar compensating budget reductions.
5. *Build a constituency.* Traditionally, emergency management doesn't have a large political constituency. But it only takes a small group to show up in support at a budget hearing to have an impact on elected officials. Reach out to volunteer and community groups with whom you work and ask for their support.

Lazy-based budgeting is a fact of life. But that doesn't mean you must accept it. 