

## **Two-Year Budgeting**

**By Gordon Burger, Director of Budget and Administrative Services**

On September 29, 2011 the Charlotte County Board of Commissioners passed the county's first two-year budget for fiscal years 2011/12 and 2012/13. What that means in practical terms is that the county has established its priorities and spending plan for the next two years, with the understanding that there will need to be minor adjustments in the second year as revenue projections become firmer.

The adoption of two-year budgets is a growing trend among local governments across the nation. As resources have diminished and it becomes increasingly clear that we will be in this reduced state for a number of years, the need for long-range planning and fiscal stability has become essential. A two-year budget forces us to think longer term and anticipate how actions in the first year will impact later years. Governments have been notorious for making short term decisions at the expense of long term consequences. For example, it is estimated that one in four of the nation's bridges are either structurally deficient or functionally obsolete. Why? Because it was easier to balance budgets by deferring maintenance of these structures than it was to reduce operating expenses or cut programs.

Charlotte County is ahead of the curve compared to many other governments in this area. The leadership of this county had the foresight to deal with the economic downturn early on. While other communities were dipping into reserves, Charlotte County reduced expenditures by over \$80 million and built a budget stabilization reserve to help weather the next several years. The two-year budget is a tool to formalize that fiscally prudent approach and keep us on track.

Another advantage of a two-year budget is that it frees up county staff to do more of what they were hired to do—provide services to the public. The budget process is very important; it is how we establish priorities and align spending with those priorities, but it is also very intensive. Typically, the budget is adopted the end of September and in January, just three months later, we start the process all over again for the next year. This process involves every department in the county and multiple people within each department. By taking a little more time on the front end, forcing ourselves to think longer term and more strategically we have eliminated much of that work in the second year. This is even more beneficial when you consider that county staffing levels have decreased by 40 percent over the last few years (from 1,409 positions to 1,004).

We will also be able to use this next year to do something we have not had the time to do thoroughly in the past, and that is evaluation. We establish priorities, develop programs and fund services—but how effective are they? The truth is we have lots of data to demonstrate one way or the other but no method to bring it all together in a comprehensive way. One of my projects over the next year will be the development of a community scorecard. A community scorecard is a tool that the Board, the organization and you as citizens can view to quickly see how effective we are and how we are measuring that effectiveness. There would be measures for each of the board's focus areas: water resources, public safety, economic development, efficient and effective government, growth management, quality of life, human services and fiscal planning.

The scorecard would be prominently display under the "Government Transparency" section of the county's new website, currently in development. The idea is that anyone at any given time can click on "Efficient & Effective Government" and see how we are doing based on such measures as customer satisfaction, number of employees per 1000 citizens, comparisons with other counties and individual service measures. As citizens you have the right to know not only how your tax dollars are being spent but what is being accomplished.

The shift to a two year budget is a good step forward in maintaining fiscal stability and we are in much better shape to face the next two years than most local governments. We will not need to make the kind of drastic reductions the state and many of our neighboring communities are making. However, we also face significant future fiscal issues: funding major road projects, supporting the redevelopment of the Parkside district, and many others, all while maintaining existing services with static or shrinking revenues. That sounds daunting but I am fully confident that with the leadership of this county government and your support as a community we will find ways to deal with all these issues. After all, we have a great track record so far.