



OREGON CAPITOL WATCH FOUNDATION

How is Government Spending Your Money?

How to Become a Budget Detective

Government accountability begins with
you!

Why become a budget detective?

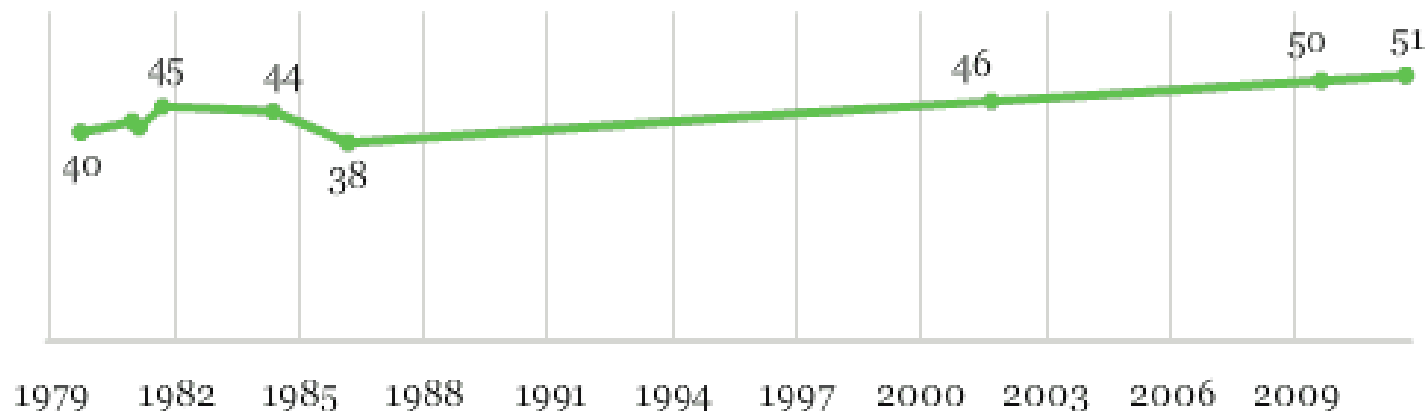
Because every year government wants more of your tax dollars even though most taxpayers think much of their money is being wasted. Exposing the waste and corruption is the only way to stop it!

You're not alone if you believe government wastes your tax dollars.

- Americans estimate that the federal government wastes 51 cents of every dollar it spends, a new high in a Gallup trend question first asked in 1979.

Of every tax dollar that goes to the federal government in Washington, D.C., how many cents of each dollar would you say are wasted?

■ Average number of cents wasted



Only because of analysis and reporting of expenditures did we learn of these outrageous examples of government waste.

- \$16 muffins/\$8 cups of coffee at US DOJ event
- 119 Billion for the Train to Nowhere
- 535 Million Solyndra loan guarantee
- 48 Billion in improper Medicare payments
- 240 Million by Medicare for “Penis Pumps”
- 162 Million for Green Jobs training with 10% of participants holding a job for 6 months

It's not just the Federal Government that wastes your money either!

- Bell California: 5M in illegal spending
- OR State: 773K in free soda pop for prisoners
- OR Treasury: officials double dipping reimbursements
- OR state workers: 3,400 make over 100K
- CRC: 208M in planning: no project budget/no work yet
- OR DMV: 78M for failed computer system
- OR Emergency Radios: 150M over budget/2 yrs late
- OR Data Center: 63M wont pay for itself/not secure
- OR PERS: 837 pensions over 100K per year

How will becoming a budget detective solve this problem?

Because you have the power to change how government spends your money by using IDEA.

What is IDEA?

■ Investigate

- Analyze state/local budgets and expenditures

■ Document

- Obtain official government documentation

■ Expose

- Talk radio, blogs, websites, social networks

■ Act

- Grassroots lobbying/rallies demanding change

Investigate

- Oregon law gives you the right to most public information
- A Citizens Guide to Public Records and Meetings
http://www.doj.state.or.us/public_records/citizens_guide.shtml

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OR www.doj.state.or.us/public_records/citizens_guide.shtml

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Step 1: Review AFP University Training www.ocwf.org (resources tab)



AFP University

Working with and Understanding Budgets

by Richard R. Burke

Budgeting: The Root of It All

"Lobbying" public office holders, or trying to convince them to do something (or NOT), is at the very heart of citizen activism. There are many ways to lobby public office holders, referred to here as "electeds", but this unit will focus on personal meetings. There is no form of citizen lobbying more effective than a personal meeting. This unit will tell you how to lobby an elected and convince he or she to vote things your way on important issues. Following the advice in this unit will not guarantee success, but it will make you an effective citizen lobbyist - You will succeed more than you fail.

Get Involved Early in the Process

Dealing with budgets is like dealing with disease - the earlier you get involved, the more likely you are to be effective. Many who decide to get involved late in a budget process find that most of the important decisions have, essentially, already been made. To change the direction of a budget late in the process, you must have an extraordinarily compelling case. If you really want to have an impact on a budget process, get involved as early as you can.

Get on a Budget Committee

Most government bodies that operate under a budget appoint a budget committee to draft a budget to be approved by that body annually or biennially. Sometimes the work of a budget committee is advisory in nature, while sometimes the governing board of a body is restricted to staying within spending limits established by the budget committee.

Many budget committees have vacant positions. Sometimes, local governing bodies have to practically beg people to serve on them. If you really want to impact local budgets, get down to your county's election office and apply to serve on a budget committee. You do not have to be an expert; if you use the guidelines and resources provided in this document, you will have enough working knowledge to be effective.

Budget committees rarely do exciting and headline-grabbing work, but they are key in setting government limits and a great way to put a leash on big-spending public office holders.

The Budget Process in Oregon

Most county and local governments are subject to the legal requirements, governing their budget processes, as

outlined in Oregon Revised Statutes (ORS) Chapter 294. ORS 294.336 requires that a budget officer be appointed and that a budget committee be formed. Under these rules notices must be published, budgets must be made available for review and public hearings must be held. There are four basic steps involved with Oregon's local budget process:

1 **Requested Budget.** Here, the governing body typically propose a budget outlining their needs. The requested budget has typically undergone management review. This is the BEST time to be involved in the budget process as you can ask good questions and have the best chance of making any changes.

2 **Proposed Budget.** This version of the budget is typically prepared and published by the Budget Officer referred to in ORS 294.336. This budget is presented along with documents outlining the government's financial position. This is often the first version of the budget presented formally to a budget committee and represents another good opportunity to ask good questions and make significant changes.

3 **Approved Budget.** Once a budget is approved by a budget committee, it can only be amended by the government's governing board. There are limits to changes that can be made by the board which can only be exceeded through additional documentation and hearings. At this point, it becomes much more difficult to make changes. You need to be involved before this point in the process to be effective.

4 **Adopted Budget.** In this final phase a financial summary is published, the board holds a hearing, makes final changes, takes testimony, and formally adopts the budget. At this point, in most cases, it is too late to be effectively involved.

If you learn about the budget process, get involved in it early as a concerned citizen or even a budget committee member, and research all of the resources offered to you in this document, you can be an effective grass roots volunteer and have a real impact on budget processes.

VERY HELPFUL RESOURCES

Local Budgeting in Oregon
http://www.oregon.gov/DOR/PTD/docs/local_b_584_408.pdf?ga=1

Oregon Basic Budget Book
http://www.oregon.gov/DOR/PTD/docs/local_b_584_408.pdf

QUESTIONS EVERY BUDGET REVIEWER SHOULD ASK

Budgets can be laid out in many ways, but they all have certain things in common. In most cases, getting answers to the following questions will help a lot as you try to make sense of government budgets.

Did the governmental entity follow local budget law?

- Did they meet the requirements for public notification?
- Did they hold budget committee meetings in public and make documents available for review?
- Did they follow technical rules (e.g. budget must be balanced, transfers in must equal transfers out)

Are Revenue Estimates Reasonable?

- Are revenue sources sustainable and affordable for the community?
- Are they counting on revenues that are one-time in nature (vs ongoing)? If so, those one-time revenues should be used to fund one-time expenses.
- If system development charges are used as a resource they can only be used for capital expansion, reimbursement of asset capacity investments, and debt service. It's against Oregon law to spend SDCs to cover O&M costs.
- What are the assumptions for revenue growth (or decline) in the future?

Are Expenditure Estimates Reasonable?

- Are the budgeted expenses one-time, or ongoing? (and how are they funded)
- Are the expenditures required (e.g. by bond covenants or federal regulatory mandate) or discretionary?
- If expenditures are capital in nature, will they result in additional expenditures in future years? What is the entire cost of the project? Will the capital project result in new O&M costs? New personnel?
- If expenditures include new programs, how will the programs be sustained in future years? What is the funding source?
- How does the proposed budget compare to the last 2 year's actual expense? Did they take a hard look at actual required ongoing expenses, or just add inflation to last year's budget? Were there any one-

time expenses in the prior year's budget that should go away? (If certain line items are habitually underspent they should be lowered.)

- Do individual departments/programs budget for "administration" costs? If you add up all the smaller budgets what does "administration" cost the entity as a whole? (Portland has at least 40 different entries in various programs for administration, and it adds up to a whopping total.)
- How many vacant positions does the entity have? How long have they been vacant? Shouldn't they be cut? Are vacancies fully funded for the budget period? (Some entities continue to carry vacant positions for years because that adds implicit "contingency" to their personnel services budget and gives them room to spend more)
- Does the entity have "temporary" positions that never seem to go away?
- Where and how are wage increases budgeted? (Some entities include them in the personal services budget itself; some budget for wage increases in contingency)
- Do staff get "step" increases in addition to COLA/ment increases?
- Do staff contribute to health benefits costs?
- Did the entity do anything to save money/cut costs?
- What happens to unspent budget appropriation at the end of the year?

What about Contingency and Reserves?

- How much contingency do they budget, and do they budget multiple contingencies in different funds or programs? (It's against Oregon law to budget contingency in a non-operating fund.) If they have multiple contingency appropriations, how likely is it really that all contingencies will be needed in the budget period?
- How much money is being held in Reserves, and what is its intended purpose? How much is restricted and how much is unrestricted? What is the entity's policy on Reserves?

This information provided by Bernice Bagnall, Finance Director of the Tualatin Valley Water District and former City of Portland Financial Director. Richard R. Burke as of this writing is an elected commissioner on the Tualatin Valley Water District and has participated in budgetary processes at the local and state legislative levels.

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Step 2: Locate budget/expenditure documents.

- Online at government agency website
 - Finance department:
 - Budgets/financial statements/audits
 - Individual budget/financial statements docs by year

- State/local government offices:
 - View in person at no cost
 - Copies (paper/cd) in person/mail at some cost
 - Some files can be emailed at no cost

Step 3: Review documents

- Start with summary/budget overview/process
- Read budget narrative: clues for next steps
- Watch for red flags:
 - One time grants: who pays down the road?
 - Fund carryovers/inter-fund transfers (dedicated?)
 - Revenue/expenditure increases or decreases
 - Buzzwords: “significant, substantial, challenges”

Step 4: Drill Down

- **Review budget categories:** General Fund ect
 - Compare budget vs actual: realistic? Growing? Retracting?
 - Read notes at the bottom: anomalies? Compare with previous budget notes from prior/later years?
 - Look for fund shifting that may create holes in budgets: why? What's the effect?
 - Review meeting minutes of bodies or personnel that approve budget issues: Clues in public testimony opposing/supporting controversial issues? Newspaper stories/blogs/social networking/talk radio are great sources
 - Ask questions of staff. They are usually helpful unless they have something to hide.

Step 5: Dig Deeper

- **Follow the money: who gave it? Who got it?** (Check Orestar at SOS website) Look for connections between elected officials and companies doing business with government entity. Crony capitalism?

The image shows a screenshot of a web browser displaying the Oregon Secretary of State Elections Division website. The browser's address bar shows the URL oregonvotes.org. The website header features the text "Oregon Secretary of State Kate Brown" next to the state seal. Below this is a navigation menu with links for "Home", "Executive", "Archives", "Audits", "Corporation", and "Elections". A secondary navigation bar includes "Voter Resources", "Candidates & Committees", "Initiative, Referendum & Referral", "Stats & History", "Publications & Forms", and "FAQ". At the bottom, there are social media icons for Twitter, RSS, Email, and Facebook, along with the text "Keep up with Kate" and "Elections Division".

Step 5: continued

■ Public records request:

- Each agency may have their own form to fill out to make the request. Most comply quickly
- You may need to pay for documents
- Documents you can obtain: Employment contracts, Performance evaluations/reports, RFP's, Contractor contracts, Schedules, Job descriptions, Grant applications/reports, Meeting minutes, Audits

Step 5: Continued

- **Audits:**
 - Read the summary and methodology
 - Were recommendations followed?
 - Do the math. You may be shocked!
 - Does it raise follow up issues?

The screenshot shows a Firefox browser window with the address bar displaying www.sos.state.or.us/audits/index.html. The page content includes the Oregon Secretary of State logo and name, Kate Brown, and a navigation menu with links for Home, Executive, Archives, Audits, Corporation, and Elections. The footer contains links for About Us, Contacts, Government Waste Hotline, Local Government Audits, and State Audits & Reviews.

Firefox

Oregon Secretary of State Audits Division

www.sos.state.or.us/audits/index.html

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Oregon Secretary of State Kate Brown

Home Executive Archives Audits Corporation Elections

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Document

- Must be official documents
- Critical to legitimacy
- Legally protects you
- Helps build your case
- Video
- Audio

Expose

- Investigative reporters
- Talk radio
- Blogs
- Websites
- Grassroots organizations
- Social networking
- Letters to editor
- YouTube videos

Act

- Formulate a plan of political activism to create momentum for what you believe needs to be changed/corrected
- Use information you have discovered to inspire others to join with you
- Work with grassroots organizations to implement your plan. Use rallies, protests, coordinated citizen lobbying and legal action.

Celebrate success!



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