

**POL 305 Public Administration -- Discussion Issues 11/03/11**

**Budget Actors**

Budget office (analysts)

Chief Executive (*city manager, governor, president*)

Legislature (*city council, state leg., Congress*)

Departments (agencies)

Interest Groups

**Budget Activities (sequenced)**

establish priorities

forecast revenue(s)

Issue instructions/guidelines

Prepare requests

Evaluate requests

Assemble budget *for decision makers*

Present budget

Make recommendations

Adopt budget

Monitor budget

Audit budget

## Budget Activities Over Time

**Table 13.6** Typical Timetable for the Budget Process

Preparation (3–4 months)	Legislative Review (2–5 months)	Implementation (12 months)	Auditing (6 months)
Agencies/departments prepare budgets with oversight from the executive budget/finance office.	Federal or state budgets are reviewed by each chamber. Local budgets are reviewed by committees comprised of council members (legislature).	Funds are released to departments and agencies. Allocations are made.	Auditing agency reviews expenditures and reports to legislature.

### Line-Item Budgeting Exercise

1. Compute the benefits for the J. P. Morgan Community Library. Apply .0145 for Medicare and .062 for Social Security taxes. For the purpose of this exercise apply a 16 percent rate for medical coverage, a 6 percent share for dental coverage, and an 8 percent share for pension coverage for all full-time employees based on their salaries. A salary of \$10,000 with a 16 percent rate applied to it would be a cost of \$1,600. What are the total personnel costs for this library?
2. Based on your computation of all salaries and benefits, which percentage of compensation to the J. P. Morgan library staff comprises benefits?
3. Personnel costs represent 82 percent of the library's overall costs of \$440,208.41. The city manager and council are desperate to cut costs. They

are looking for 5 percent savings in all departments. A councilperson has suggested cutting the circulation clerk staff to one full-time position (\$22,000) and employing three part-time clerks (less one part-time clerk at \$10,000) rather than four. What is the actual budget savings of the council proposal?