

# Budget Strategies in a Downsizing Environment

A "How-to" Guide To Get What You Want  
and Keep What You Have In Your Budget

David C. Firth and Don Philpott



Government Training Inc.™

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## Symbols

Throughout this book you will see a number of icons displayed. The icons are there to help you as you work through the Six Step process. Each icon acts as an advisory – for instance alerting you to things that you must always do or should never do. The icons used are:



This is something that you must always do



This is something you should never do



Really useful tips



Points to bear in mind



Have you checked off or answered everything on this list?



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## About the Authors

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David C. Firth is an exceptional trainer and consultant working with the International Training Consortium as part of its acquisition and financial team. As a recipient of the coveted Graduate School Faculty Excellence Award, Mr. Firth has distinguished himself instructing more than 300 courses in financial management, fiscal law, contracting, and travel policies since 1996. Whether conducting training in federal budgeting and financial management for the MBA program at Colorado State University, or single agency training overseas for DoD, USAID, or CDC in Europe, Asia, and Africa, Mr. Firth prides himself on meeting student needs beyond the classroom.

As a former federal employee, Mr. Firth's career spans 34 years as a comptroller and professional financial manager with the Departments of Defense and Interior, including service with the Bureau of Land Management as the Nevada Deputy State Director, the Defense Finance and Accounting Service, the Office Secretary of Defense for Health Affairs, and the Army Corps of Engineers. He has directed operations in budgeting, auditing, contracting, human resources, information technology, and procurement. While working for the federal government, Mr. Firth received the Gartner Group Performance Measurement Innovation Award, the Hammer Award for Excellence in Government from the Vice President, and agency performance awards for development of fraud indicators, cost savings, and productivity initiatives. He has authored "A Handbook for Resource Managers," and has a California Community College Teaching Credential. He is a five-year Air Force veteran, having served in Texas, Taiwan and Darmstadt, Germany.

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Don Philpott is editor of *International Homeland Security*, a quarterly journal for homeland security professionals, and has been writing, reporting and broadcasting on international events, trouble spots and major news stories for more than 40 years. For 20 years he was a senior correspondent with Press Association-Reuters, the wire service, and traveled the world on assignments including Northern Ireland, Lebanon, Israel, South Africa and Asia.

He writes for magazines and newspapers in the United States and Europe and is a contributor to radio and television programs on security and other issues. He is the author of more than 90 books on a wide range of subjects and has had more than 5,000 articles printed in publications around the

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## Preface

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### The Only Constant is Change

The budget process is about to change – radically. Nothing like this has ever been seen before. Up to now the convoluted process that involves literally thousands of people and which has traditionally spawned only incremental changes is about to go off a cliff.

The Presidential-appointed Super Committee on Deficit Reduction was tasked with finding \$1.5 trillion in savings over the next 10 years. They failed. Now sequestration kicks in. This means automatic reductions of \$55 billion each from both defense and non-defense accounts every year from 2013 through 2021. This equates to \$495 billion from each account.

These cuts are piggy-backed on top of mandated cuts from the Budget Control Act of 2011, which whacked the discretionary baseline to 2021 by \$840 billion. The Office of Management and Budget has already returned the 2013 budgets to each agency with instructions to find 10 percent in savings over fiscal year 2011 funding levels. No longer will it be sufficient to tweak here and reduce there to save a few dollars. Now there are entire programs and full activities/offices that will have to go by the wayside. The choices will be severe and they will not be easy. Federal agencies have never before faced such a multi-year pullback.

The common thread uniting the 300+ executive and state agencies which receive funding through the appropriation process boils down to one question:

### **How do I keep my money and, if possible, add to it?**

This book will answer that question.



## Who Should Read This Book?

This book is intended for federal and state employees, uniformed service members, and government contractors who are responsible for preparing and executing their agency's budget. It explains budget basics, concepts and methodologies, and introduces strategies to respond to budget reductions in a downsizing environment.

- ▶ Administrative Officers
- ▶ Auditors
- ▶ Budget Analysts
- ▶ Financial Analysts
- ▶ Management Analysts
- ▶ Program Managers
- ▶ Senior Management
- ▶ Comparable officials in state governments

The goal of all agencies is to discover effective techniques to formulate, defend and execute an operating budget in the new austere funding environment. This book provides checklists and "how to" guidelines for you and your program managers to build a defensible budget compliant with the new requirements for appropriations requests. You will acquire tools to request funding by object class, full-time equivalents and program outcomes. You will learn about the importance of documenting performance measurement and strategic planning as the keys to support a mission-driven funding request. You will be able to justify your programs and possibly increase your funding consistent with the economic policies of the president, Office of Management and Budget, Congress, and the Joint Committee on Deficit Reduction.

## List of Take-Aways

- ▶ Understand how to make the budget development process work for you.
- ▶ Learn how performance and accountability relate to budgets.
- ▶ Utilize Object Class codes to categorize budget expense.
- ▶ Learn how Full-Time Equivalent (FTE) calculations can be used to determine staffing requirements.
- ▶ Implement cost-savings techniques.
- ▶ Develop meaningful performance measurements.
- ▶ Learn how to utilize deficit reduction mandates to your advantage.
- ▶ Understand how to justify and defend budget requests.