



BUDGET PROCESS POLICY

Authority

Town Charter, Article 2, Section 21.

Policy

The Budget Process

Elements of this process include:

1. Setting budget guidelines, published by the BET in September.
2. Producing an annual operating budget (line item budget supplemented by both program and outcome measurements).
3. Creation of a ten- to fifteen-year capital budget.
4. Setting amounts of Fixed Charges.

The First Selectman, working with the BET's guidelines as the target, reviews, revises and consolidates the operating budgets except for schools, taking revenue into account. With the help of the CIP Committee, the First Selectman recommends a prioritized list of capital projects.

The area of Fixed Charges, except for healthcare, (because of the HR Department's general oversight of this area), is the responsibility of the BET. The BET is the authority for the final major object code appropriation as well as total budget.

The BET is firmly committed to implementing outcome based budgeting as the standard by which future budgets will be reviewed. As a first step toward the complete implementation of outcome based budgeting, the BET will review budgets with submitted operational plans beginning with the 2005-2006 budget.

Budget Guidelines

Budget guidelines are published by the BET to assist the First Selectman, appointing authorities, and department heads during the preparation of both the capital and operating budgets. The guidelines contain, at a minimum, the following:

1. Mill Rate Guideline:
 - a. Target mill rate increase for the upcoming budget with resulting estimate of total budget in dollars.
 - b. Assumptions of changes to the Grand List, non-tax revenues, and fund balance.
 - c. Recommended action to be considered in order to achieve compliance with the guidelines.

2. Operating Budget - general and specific department issues:
 - a. Contract settlement assumptions for the 100 accounts.
 - b. Staffing level assumptions.
 - c. Percent change guidance for the non-100 accounts. Routine maintenance budgeted here.
 - d. Recommended action to achieve compliance with the guidelines.
3. Capital Budget:
 - a. Proposed minimum balance in Capital and Non-Recurring Fund for the ten-year plan.
 - b. Amount of current year projects to be funded by Pay-As-You-Go.
 - c. Anticipated contribution to the Capital and Non-Recurring Fund.
 - d. The manner in which projects are to be categorized.
 - e. Any recommended changes to the CIP process.
4. Fixed Charges:
 - a. Estimated healthcare costs.
 - b. Estimated insurance costs.
 - c. Estimated contributions required for OPEB, Pension, and Risk Funds.
5. Instructions for procedures to be followed, key dates, and forms or computer systems to be used.
6. Identification of areas needing particular attention from the BET.

The Operating Budget

The operating budget should open with a transmittal memorandum from the First Selectman that highlights all major changes in service programs and any new initiatives. The operating budget, in addition to the usual line item spending requests, must include, at a minimum, a program budget with the following elements:

1. Each service program funded by the budget, highlighting any proposed increases or decreases in the level of service as well as changes in the table of organization.
2. Measures (metrics) that indicate activity levels, outcomes, and the cost effectiveness of the program.
3. Trend information for each metric going back at least five years wherever possible and indicating the activity level or outcome that management intends to achieve during the proposed budget year.

As part of the operating budget, it is the First Selectman's responsibility to review non-tax revenue, except for revenue considered part of the schools' budget, which should be reviewed by the Budget Committee.

The Multi-Year Capital Budget

The capital budget is updated each year by the First Selectman's Capital Improvement Projects Committee (CIP) and submitted to the BET by the First Selectman as part of the overall Town budget. The capital budget covers the next fiscal year in detail and as many years into the future as possible, but not less than ten years in total.

The capital budget must, before considering upgrades or additions to the Town's capital assets, reflect as a priority the maintenance needs of the Town's infrastructure as documented in the Town and Schools Infrastructure Maintenance Plans as well as the Fleet Vehicle Replacement Plan. Departments should:

1. Request money for a project in the year in which the department is ready to begin the project.
2. Request only a total number of projects that the department can reasonably expect to oversee and manage properly.

3. Request projects as a whole even if the project is going to be financed over multiple years.
4. Provide a narrative description of each project, which should assess in quantitative terms the condition of the Town's assets and describe how the requested budget will improve or maintain their condition relative to a larger capital plan.

Fixed Charges

Healthcare costs are under the purview of the First Selectman. The healthcare budget should separate projected costs for active employees and those for employees whose health care costs are paid for by OPEB. This budget should be presented in a format from which variances can easily be tracked.

Worker's compensation costs should be discussed and presented by both the First Selectman and the Finance Department regarding the level of appropriation required and measures taken to control costs in this area.

Other fixed costs such as insurance and contributions to the OPEB, Pension, Risk Funds and Contingency are the responsibility of the Budget Committee.

Procedure

Timeline for the Budget Process

The schedule for the annual budget process is approximately as follows:

1. August – The First Selectman convenes the CIP and sets forth a schedule for submission of proposed budgets and operations plans of all departments, boards, divisions, and offices of the Town.
2. September – The BET adopts and publishes the guidelines.
3. October – The BET looks at actual school enrollment as of October 1st and may revise Board of Education Guidelines based on the new enrollment figures.
4. December 1 – Budget requests are submitted to the First Selectman.
5. December 10 – Operations plans are submitted to the First Selectman.
6. December – Actuarial Reports for OPEB and Retirement Plan are presented, and these numbers are used for the upcoming budget.
7. December 31 – Budget request is submitted from the Board of Education.
8. December through January – The First Selectman's office and the Budget Director work with all departments and the Board of Education to clarify and refine the budget requests for review and possible modification by the First Selectman.
9. January - The Budget Director works with the Budget Committee to put together all the components of the budget.
10. January – The Assessor completes the Grand List certification and this number is used for the upcoming budget.
11. February – The first version of the full budget is released to BET Budget Committee and RTM Budget Overview and Finance Committees.
12. February – The Budget Committee holds hearings, departmental and public, on the budget with First Selectman, appointing authorities, and departments.
13. February – The Budget Committee recommends the budget to the full BET.
14. March – The BET holds a public hearing on the budget.
15. March – The BET adopts the budget and delivers it to the RTM for their consideration.
16. May – The RTM adopts the Town budget.

17. May – The BET sets both the mill rate based on the budget as approved by the RTM and the level of the contingency to be funded.
18. July 1 – The new fiscal year begins.

Background

The Board of Estimate and Taxation, assisted by its Budget Committee and the Finance Department, conducts a thorough review of the budget requests, seeks public input, and recommends a Town budget to the Representative Town Meeting for adoption in May for the fiscal year beginning July 1.

The budget process is designed to fund the annual cost of Town programs as well as infrastructure maintenance and construction. A critical element of this process is the planning the future impact of proposed changes in Town programs and capital assets. It is anticipated that this will lead to a multi-year operating budget in addition to the multi-year capital budget.

Multi-year planning encourages all those working in Town government, as well as interested citizens and organizations, to anticipate future needs and consider trade-offs through active participation in the budget process.