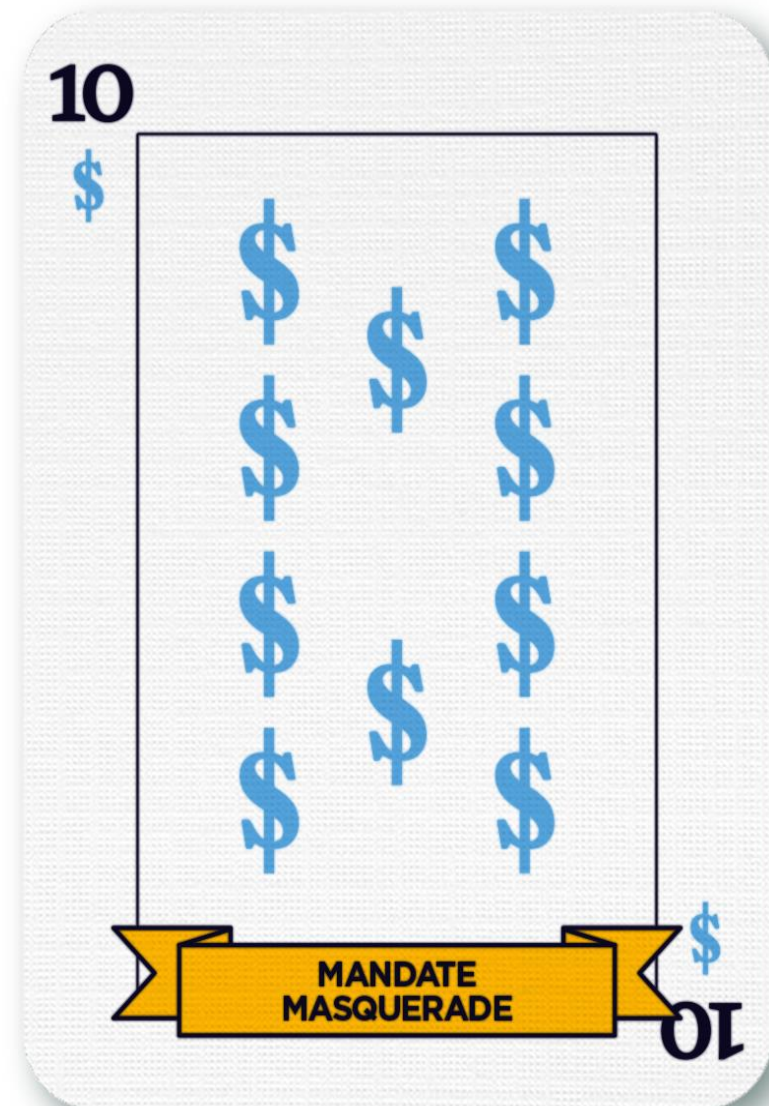


Game Over

How to Outsmart Gamesmanship in
Local Government Budgeting



The Padding Play and the Mandate Masquerade



Ending the Games in the Sheriff's Office



Pool the Risk



Solve Future Problem



- Defining budget gameplay and why it occurs in local government budgeting
- Describe the types of gameplay tactics departments use in budgeting
- Playing defense



THE PSYCHOLOGICAL SIDE OF BUDGETING



INTERPERSONAL RELATIONSHIPS &
EXCHANGES
Shared resources
Inter-group dynamics
Competitive (zero sum v positive sum)
Fairness



TECHNICAL ASPECT
Projecting
Estimating
Personnel costing
Vendor Contracts



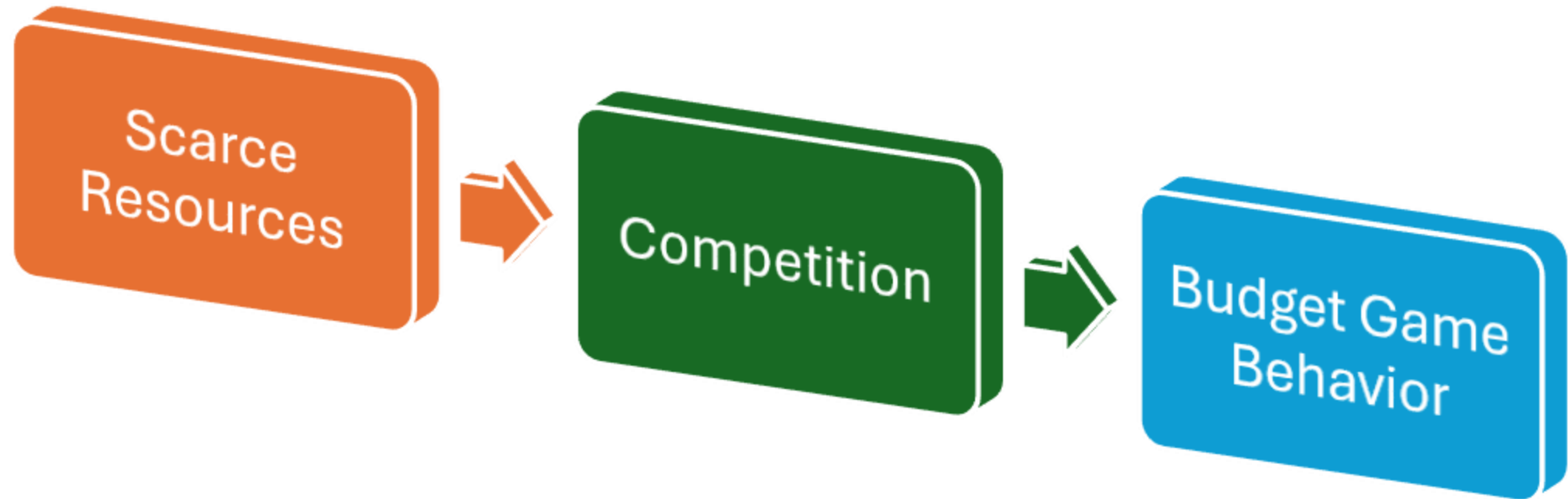
DEFINING BUDGET GAMEMANSHIP

*Departments using non-technical strategies
to acquire more resources*

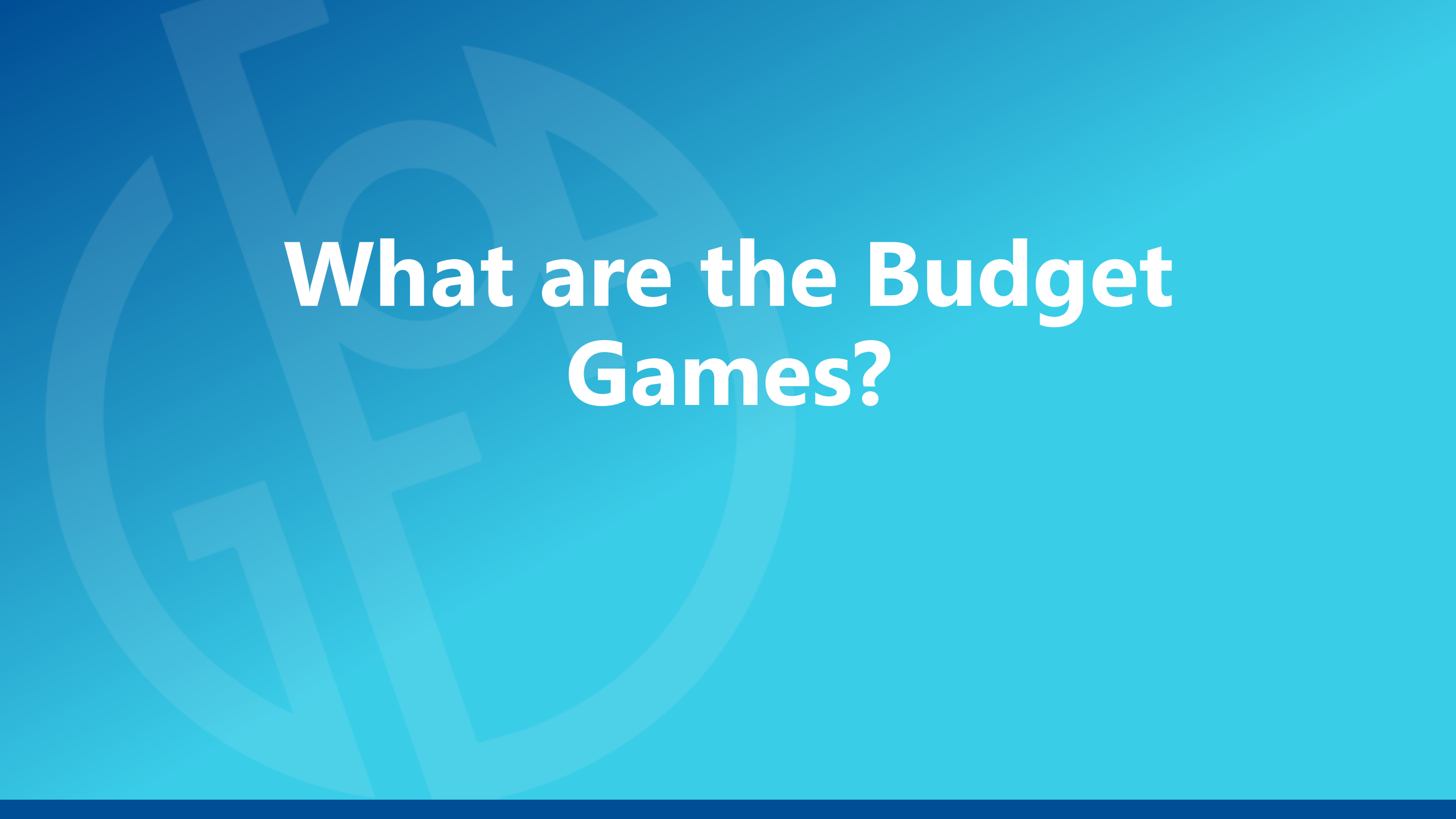
THE LIKELY PLACE WHERE GAMES EXIST



WHY DO GAMES EXIST?





The background features a light blue gradient. On the left side, there is a large, faint, semi-transparent graphic. It consists of a circular arrow pointing clockwise, with a dollar sign (\$) superimposed over it. The text "What are the Budget Games?" is centered in the upper half of the image in a white, bold, sans-serif font.

What are the Budget Games?

King – The Padding Play



- Padding Play – Asking for more than you really need
- Similar to *Highball Pricing* in negotiations – Set the price high knowing you are willing to settle for less
 - Uses *anchoring bias*
- High success rate and widespread use; very common for governments to have material amount of padding in operating budget



King – The Padding Play



- Padding Play motivated by perception of risk
 - Insurance against unplanned and unavoidable costs
 - Budgeting for contingencies
- Also a hedge against poor budget planning
 - Buys time to 'figure it out later'
- Can create a perception of savings/thriftiness but ultimately results in potentially significant opportunity cost



Queen – The Crisis Card



- Claim of catastrophic outcomes to the public if the request is not fulfilled
 - *Blood will run in the streets!*
- Appeals to risk aversion of public officials; don't want to be responsible for predicted outcome
- Takes advantage *narrow framing*
- Effective game that plays on fear



Jacks – Selling the Sizzle



- Budget requests long on flash but short on substance
 - Using production quality to mask lack of value
 - Fine line between a well-reasoned budget argument and flashy presentation
- Often relies on reasoning from Anecdote
 - Using a single example to imply a broader conclusion
 - Expensive traffic engineering solutions due to an accident based on human error



Jacks – Selling the Sizzle



- Technobabble
 - Jargon or technical language to impress audience and imply sophistication
- Overconfidence in outcomes
 - Overstating outcomes of the proposal or downplaying uncertainty
- Selective data presentation
 - Present data in support, ignore data against – *confirmation bias*



Jacks – Pet Project Play



- Linking a budget request to a priority of elected officials
- Relies on the *halo effect*
- Easy to attempt when legislative budget has broad policy objectives



Jacks – Influence Operation



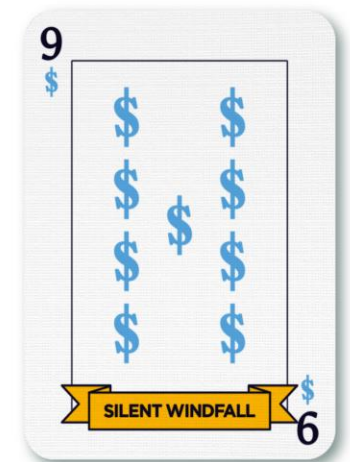
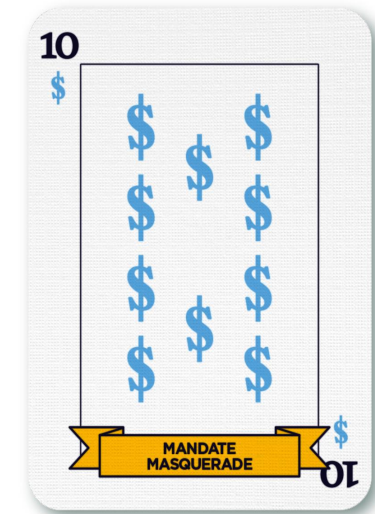
- Lobbying for support for budget requests from legislators, community, executives, media
- Going outside the process!
- Not always staff driven; often comes from outside stakeholders



The Other Cards



- Mandate Masquerade
 - Exaggeration or fabrication of a mandate
 - *Appeal to authority fallacy*
 - Especially susceptible in local government setting
- Silent Windfall
 - Keeping silent about budget errors that work in the favor of the requestor

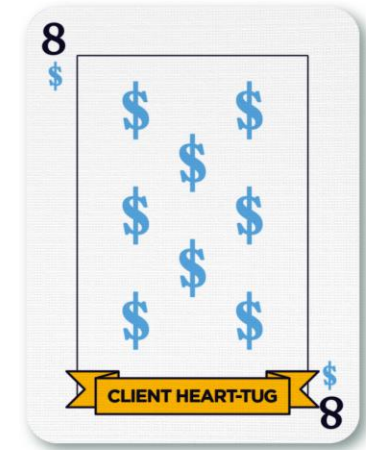


The Other Cards



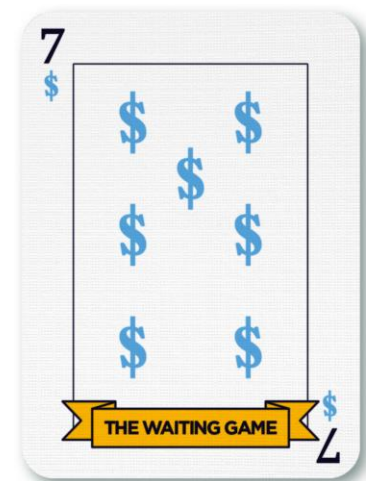
- Client Heart-Tug

- Making an emotional pitch for a budget request
 - *Do it for the kids!*



- Waiting Game

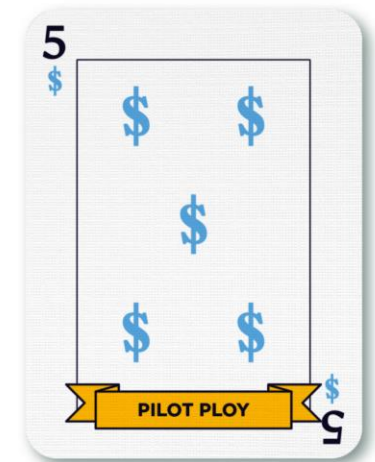
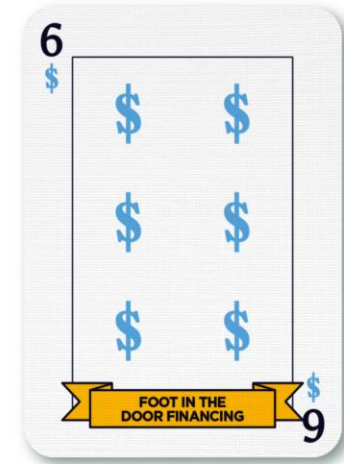
- Passive strategy focused on waiting until “the time is right”
 - *Could obscure risks of failure due to budget deficiencies*



The Other Cards



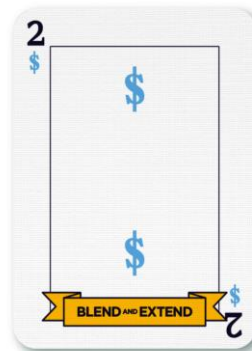
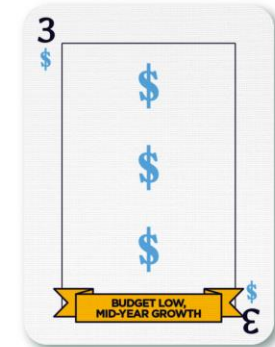
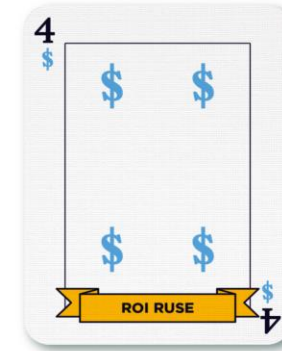
- Foot-In-The-Door Financing
 - Make the initial request small enough to get approved and request additional funds when in process
 - Popular gameplay for one-time initiatives
- Pilot Play
 - Pitch the request as a pilot, which often become permanent with little scrutiny



The Other Cards



- ROI Ruse
 - Pitched as an investment due to offsetting revenue
- Budget Low, Mid-Year Grow
 - Leaving key components out of the ask
 - A request for personnel that doesn't include a required vehicle and technology
- Blend and Extend
 - Disguises new programs as extensions of existing programs



Wildcards!

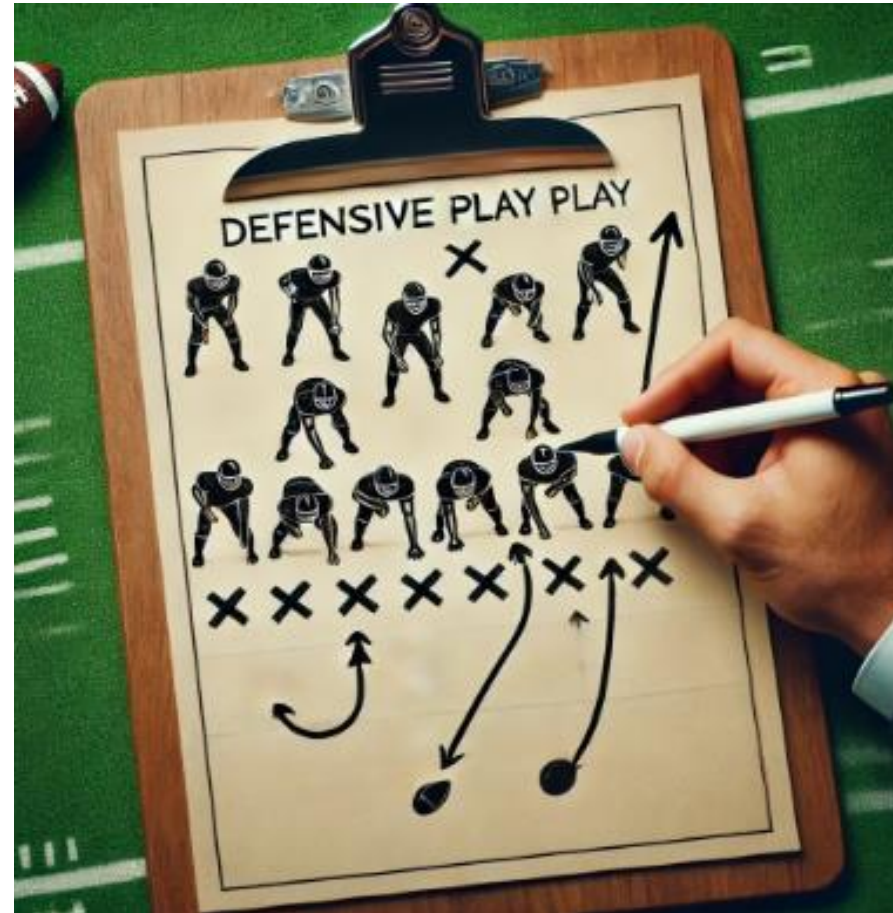


- What games have you seen?
- Games weaponize...
 - Overconfidence bias
 - Confirmation bias
 - Anchoring bias
 - Sunk cost fallacy
 - Reasoning from anecdote
 - Narrow framing

The background features a gradient from dark blue on the left to light blue on the right. A large, faint, semi-transparent graphic is overlaid on the left side, consisting of a gear or wheel shape with a dollar sign (\$) integrated into its center.

What to do about it?

DEFENSIVE COUNTERMEASURES



Playbook – Countering Gameplay



- Foundation is environment not conducive to gameplay
 - Won't eliminate but will reduce/mitigate
- Reference GFOA's *Financial Foundations for Budgeting*

1. Strong sense of identity and purpose for the local government

2. Fair and inclusive decision making

3. Monitoring agreed-upon behavior

4. Local autonomy

5. Graduated sanctions and rewards

6. Benefits proportional to cost

7. Fast and fair conflict resolution

8. Appropriate relations with other groups

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Defensive Playbook – Decision Architecture



- Shape the decision-making environment to counteract the weaponization of cognitive biases and logical fallacies that game play relies on.
- Padding play
 - Examine assumptions behind the request
 - Propose higher value options to achieve the same outcome



Playbook – Countering Gameplay



- Crisis Card
 - Crisis card works through narrow framing
 - Widen the option set
- Fairness is Essential
 - Process perceived as fair
 - Includes staying within the process and not rewarding work arounds



TARGET BASED BUDGETING

Defensive strategy to minimize
gamesmanship behavior

REMOVING PLAY FROM THE EQUATION – Target Based Budgeting

TRADITIONAL BUDGETING

1. Department request funding
2. Revenue estimates
3. Evaluate Bottom line
4. Negotiate reductions with departments until you get to the desired bottom line



TARGET-BASED BUDGETING

1. Revenue forecast
 - Core services
 - Supplemental services
2. Decide desired bottom line
3. Set department targets (limits) for core services
4. Departments submit two proposals
 - Core services
 - Supplemental services
5. Negotiate for supplemental decision packages

TBB ADVANTAGES DIMINISH COMPETITION

- Revenues set spending limits
- Isolates new spending while preserving past service levels
 - Special, one-time projects
 - Premium services
 - Inefficiencies → unfairness
- Autonomy to Departments with limits
 - Affordability (within means)
 - Innovation
 - Incentives for efficiencies and effectiveness

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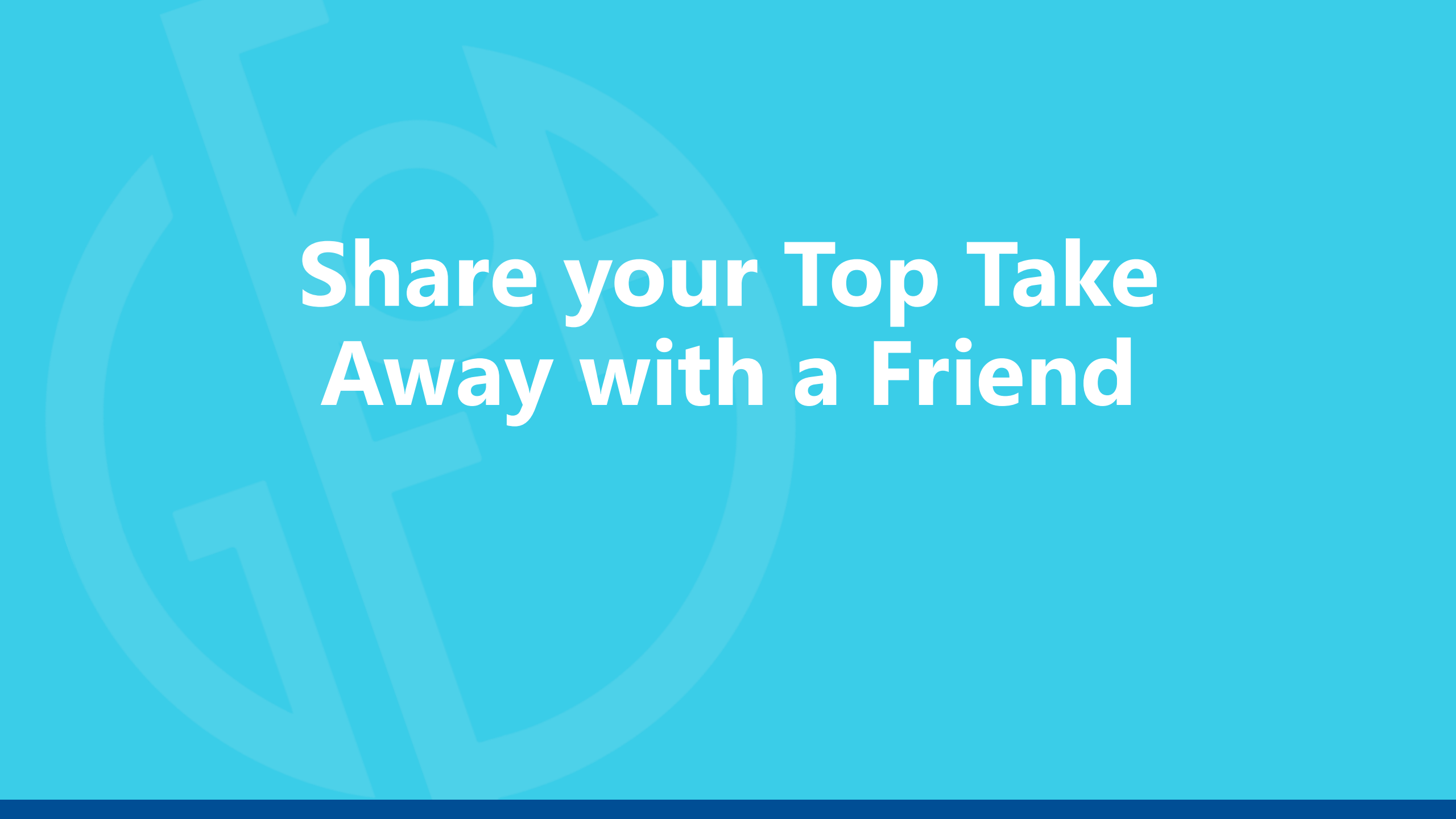
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**Share your Top Take
Away with a Friend**



The End

Questions?