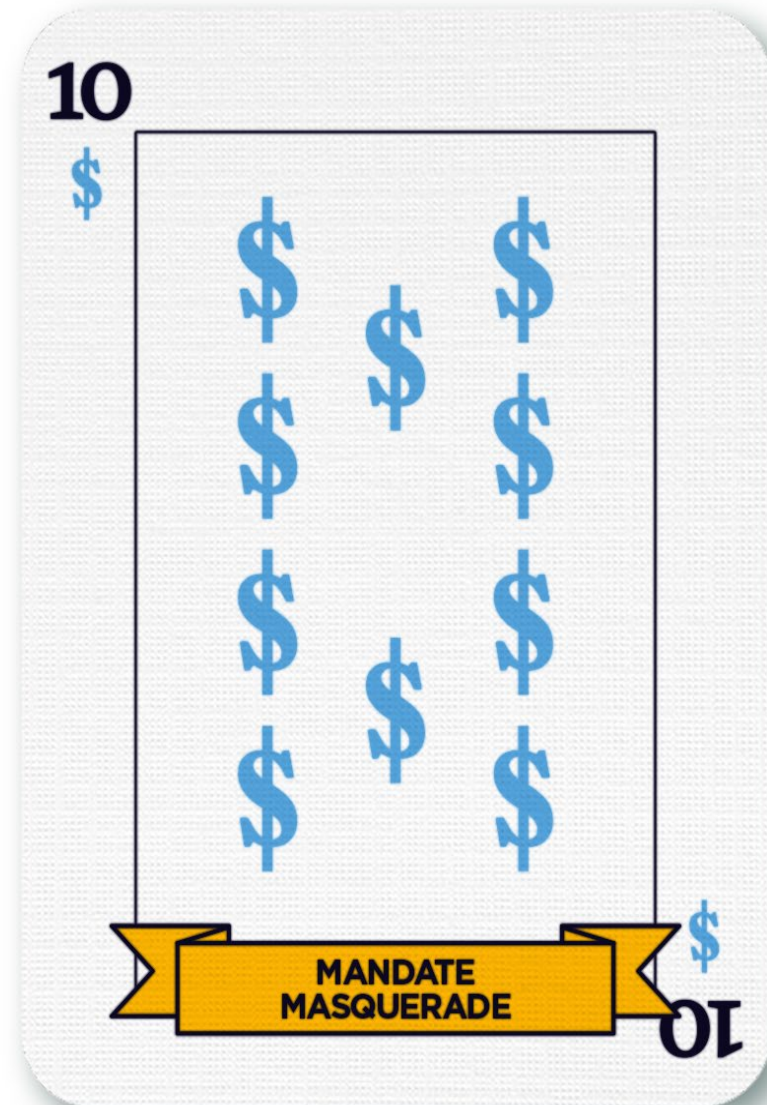


# The Bermuda Triangle of Budgeting

Steering Clear of Budget Games



# The Padding Play and the Mandate Masquerade



# Ending the Games in the Sheriff's Office



Pool the Risk



Solve Future Problem



# WHAT TODAY'S SESSION WILL COVER

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

**K** \$ \$  
**PADDING PLAY** K

The **Padding Play** involves asking for more than is really needed. The game player wagers that even if they get less than they asked for they'll still get as much as, or more than, they need.

**Q** \$ \$  
**CRISIS CARD** Q

The **Crisis Card** is when the budget requester alleges catastrophic outcomes for the public if the request is not fulfilled. The **Crisis Card** appeals to the natural risk aversion of public officials.

**J** \$ \$  
**SELLING THE SIZZLE** J

**Selling the Sizzle** is making a budget request with presentations that are high on production values but short on substantive arguments for why the proposal would be a good use of public money.

**J** \$ \$  
**PET PROJECT PLAY** J

The **Pet Project Play** is when budget requestors try to connect their requests with a priority or pet project held by legislators, even if that connection is tenuous at best.

**J** \$ \$  
**INFLUENCE OPERATION** J

The **Influence Operation** involves lobbying support from executives, legislators, media outlets, or community groups. The game player lobbies outside of the normal budget process.

**10** \$ \$  
**THE MANDATE MASQUERADE GAME**

The **Mandate Masquerade** game is when a budget requester exaggerates (or even fabricates) a legislative, contractual, or other kind of mandate to justify the request.

**9** \$ \$  
**THE SILENT WINDFALL**

It is easy to miss errors in a large budget. The **Silent Windfall** takes advantage by keeping quiet about budget errors in the requestor's favor. Rather than wait for a favorable error, the most cunning game players set up situations likely to result in budget errors to their advantage.

**8** \$ \$  
**THE CLIENT HEART-TUG GAME**

The **Client Heart-tug** game pulls the purse strings with heart-strings with heart-strings by centering testimony from clients or members of the public who have been positively impacted by a program.

**5** \$ \$  
**THE PILOT PLAY**

The **Pilot Play** assures that the spending is temporary (e.g., a pilot or study) to gain approval for spending. Later, the player uses other games, like **Client Heart-tug**, to continue the spending.

**6** \$ \$  
**FEET IN THE DOOR FINANCING**

**Feet in the Door Financing** is where a department starts with a small request and gradually expands the program over subsequent years.

**7** \$ \$  
**THE WAITING GAME**

The **Waiting Game** is a passive strategy that involves staying silent about budgetary needs and "waiting one's turn" to make a proposal. The game player does this to build political capital by forgoing requests now to make a bigger request later.

**3** \$ \$  
**BUDGET LOW, MID-YEAR GROW**

**Budget Low, Mid-Year Grow** involves giving a low-ball estimate for critical features in the original request, knowing that the requested amount will prove insufficient and premeditating a supplementary request mid-year.

**2** \$ \$  
**BLEND AND EXTEND**

**Blend and Extend** disguises new programs as extensions of existing ones. This way, the game player can avoid some of the scrutiny that an entirely new proposal might attract.

**4** \$ \$  
**THE ROI RUSE**

The **ROI Ruse** is where the requestor claims that the proposal will pay for itself by reducing future costs or generating revenue. This becomes a ruse when the promised benefits don't materialize.

**JOKER**  
**WILD** JOKER

This list of games is not exhaustive. Watch for Wildcards. You can recognize budget games by their attempts to weaponize cognitive biases and logical fallacies.

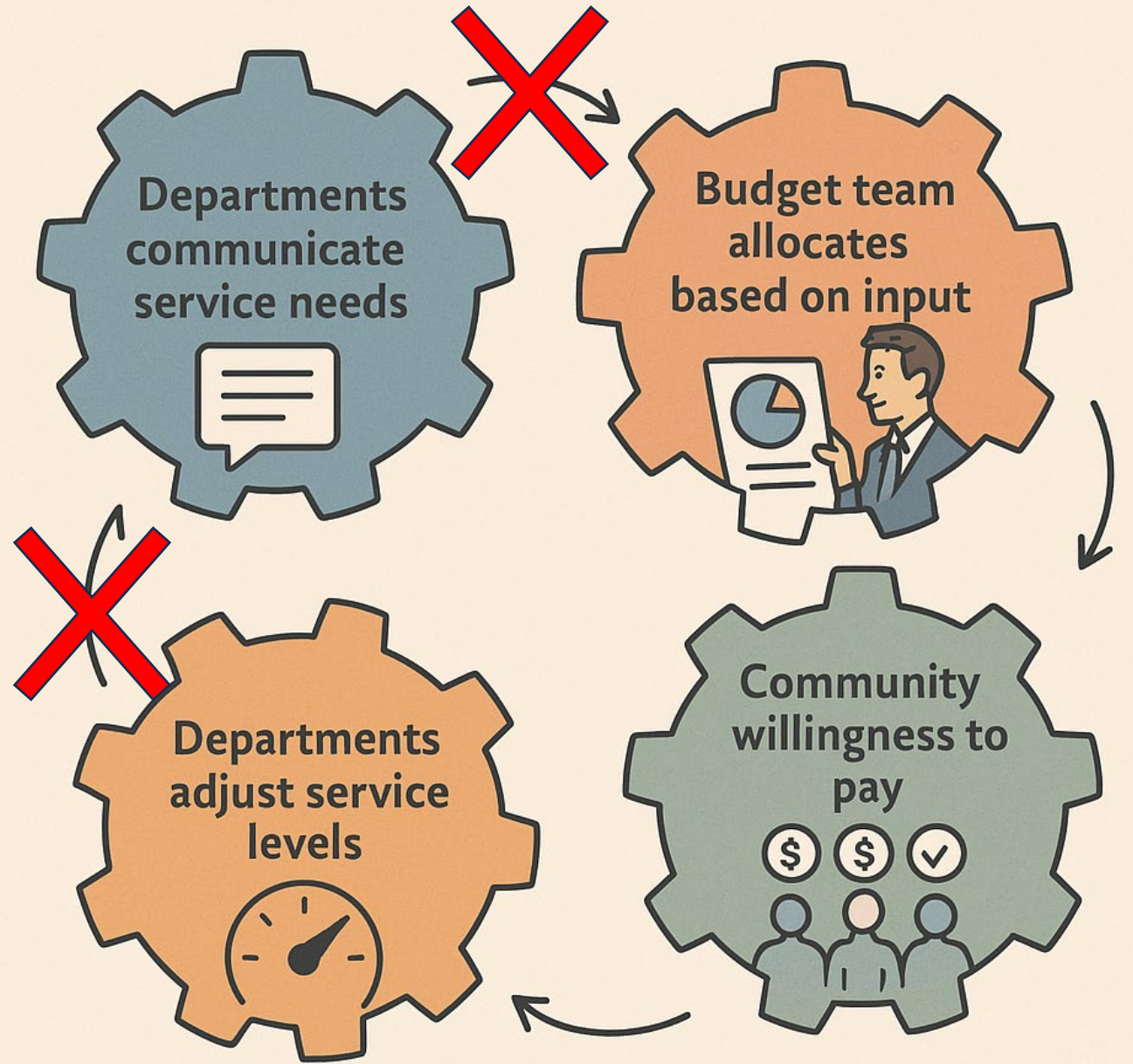


## DEFINING BUDGET GAMEMANSHIP

Departments using non-technical strategies  
to acquire more resources



# **Why We Should be Concerned About Budget Games**



**IDEAL BUDGET FEEDBACK LOOP**





# Why Budget Games are Played

## Zero Sum Competition

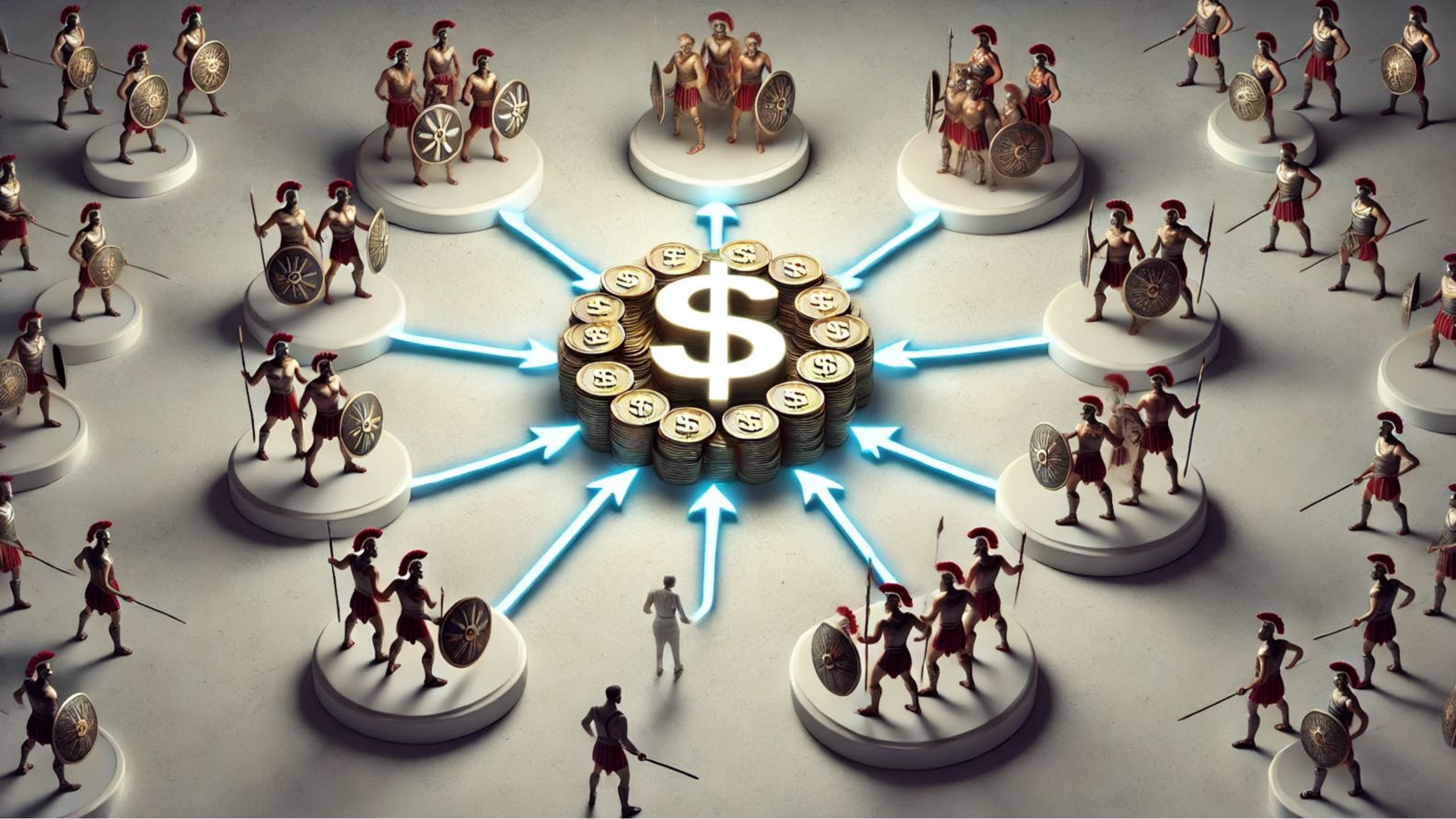


## Desire to Solve Public Problem



## Empire Building







# 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

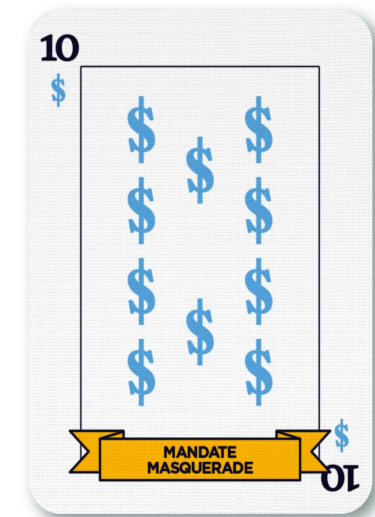


# The Other Cards



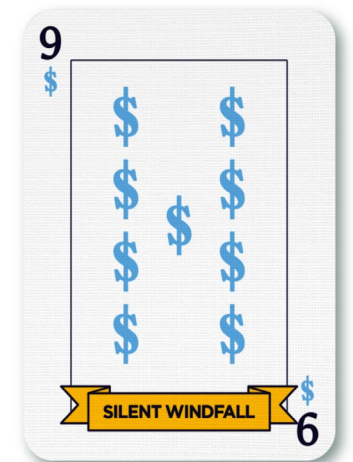
- Mandate Masquerade

- 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

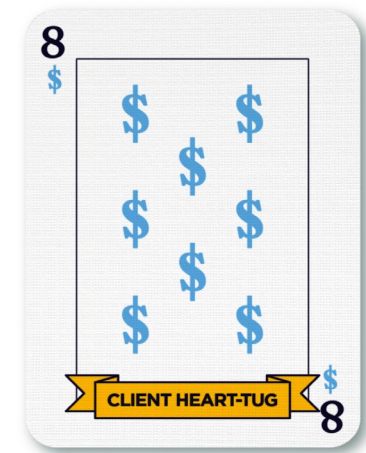


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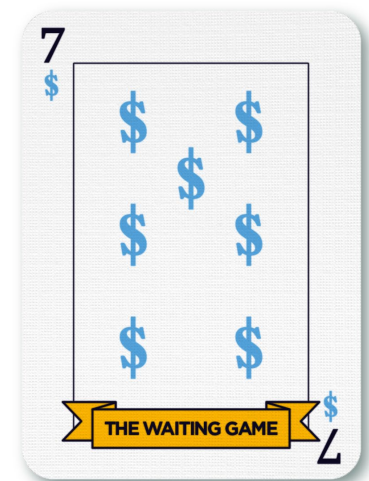
- Client Heart-Tug

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



- Waiting Game

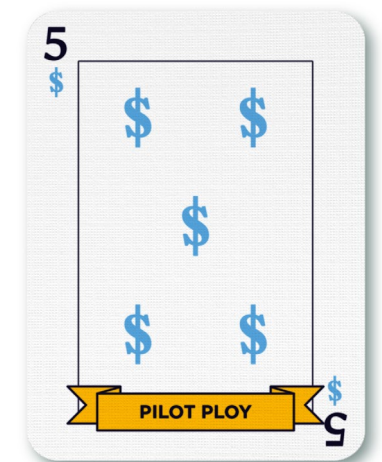
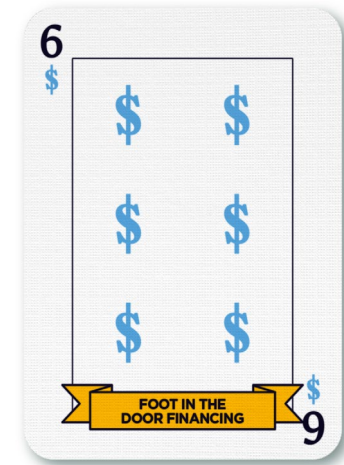
- Passive strategy focused on waiting until “the time is right”
  - *Could obscure risks of failure due to budget deficiencies*



# The Other Cards



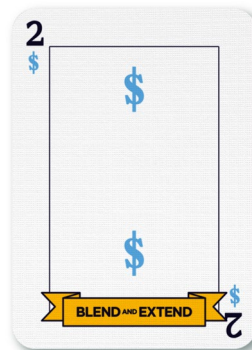
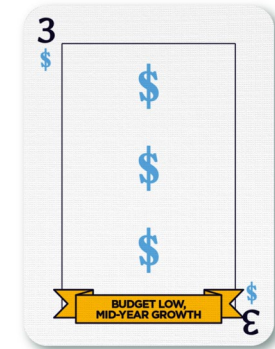
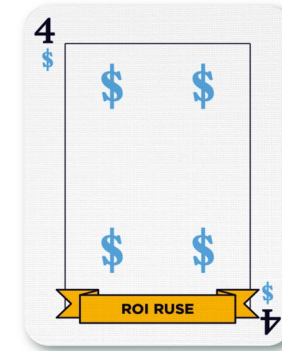
- Foot-In-The-Door Financing
  - Make the initial request small enough to get approved and request additional funds when in process
  - Popular gameplay for one-time initiatives
- Pilot Play
  - Pitch the request as a pilot, which often become permanent with little scrutiny



# 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



**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

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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

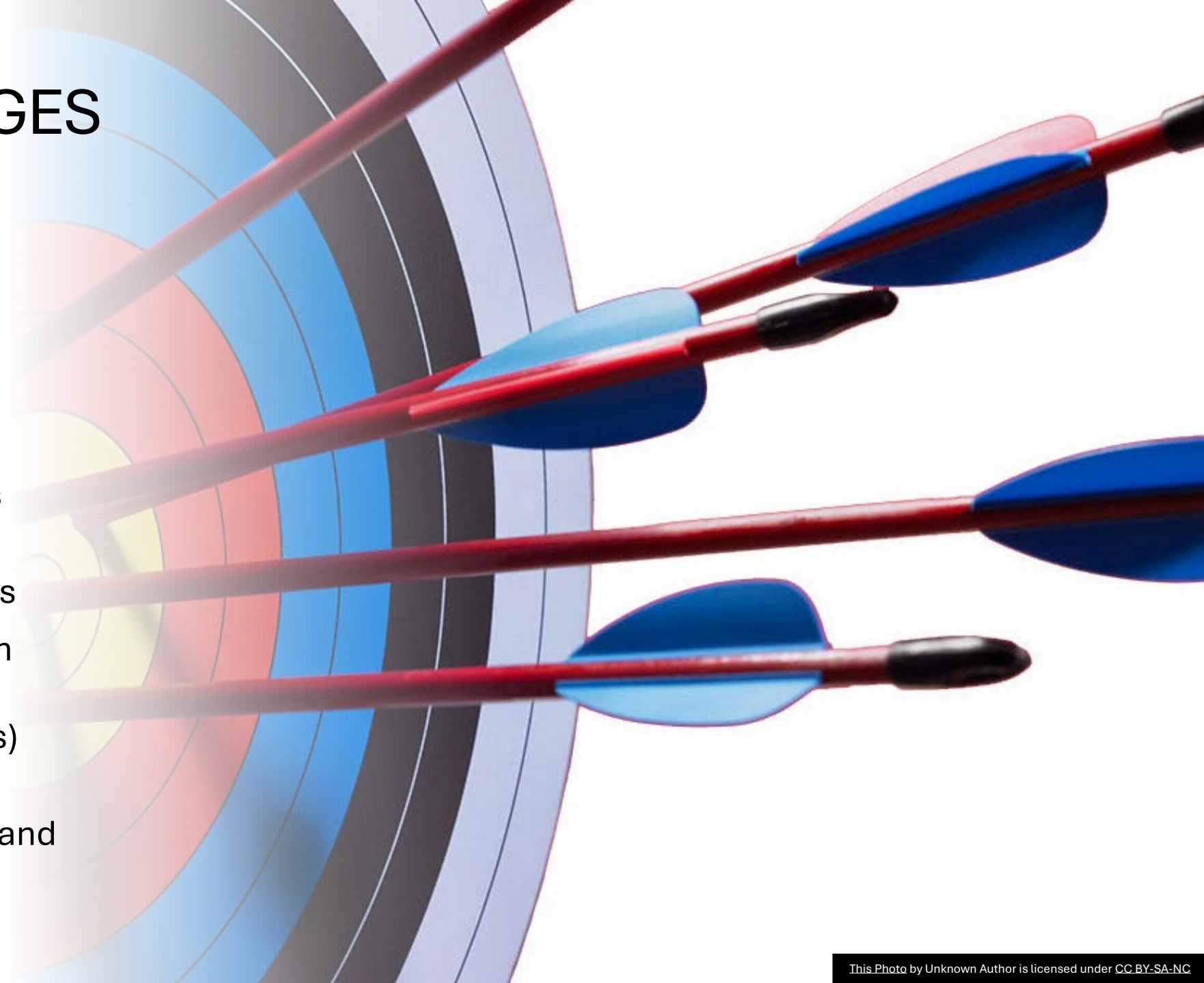


## TARGET-BASED BUDGETING

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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Away with a Friend**

# The End

Questions?

**Connect on LinkedIn - Shayne Kavanagh at GFOA**

**And I can always be reached at [skavanagh@gfoa.org](mailto:skavanagh@gfoa.org)**