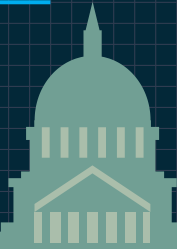


BUDGET OFFICER AS DECISION ARCHITECT



► OUR CHALLENGE

PUBLIC OFFICIALS make decisions for a living. With good decision-making, they can greatly improve the lives of their constituents. But decision-making is messy. It is often done by groups, so there are conflicting points of view. It is usually time constrained, so there isn't time to consider everything. There is always uncertainty, usually more than we realize. And it is done by humans, so it comes with the myriad cognitive biases and inconsistencies in human thought.

SOLUTION: THE BUDGET OFFICER

BUDGET OFFICERS are uniquely positioned to help public officials make better decisions. Budget officers can design decision processes in ways that produce better decisions. This is known as "decision architecture." To be a good decision architect, the budget officer needs to fulfill four broad responsibilities.



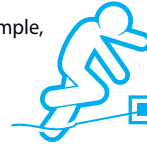
1 HELP DECISION-MAKERS SEE A WIDER OPTION SET

THE BUDGET OFFICER'S role in budget preparation gives them a bird's-eye view on the wide set of activities the government must pursue. They can thus help decision-makers see the big picture and find a wider set of possible solutions.



ESTABLISH THE DECISION NEED

Create "trip wires" that prompt decision-makers to act. For example, a policy that establishes a minimum acceptable fund balance could prompt action if a fund balance gets too low.



REDUCE THE POWER OF DEFAULTS

Humans tend to stick with the status quo, or the "default," when making decisions. This is often OK but sometimes can backfire. **Watch out for when defaults are impeding needed progress**, like when someone justifies an outmoded approach with "We've always done it that way."



2

HELP DECISION-MAKERS TEST ASSUMPTIONS



THE BUDGET OFFICER'S close examination of projections gives them a unique perspective on the assumptions and uncertainties of project proposals. They can help decision-makers identify uncertainties and test assumptions before overinvesting.

3

HELP DECISION-MAKERS CHOOSE HIGHEST-VALUE OPTIONS



BUDGET OFFICERS see which trade-offs are being made and which ones may still need to be considered. They can help decision-makers choose highest-value options.

4

CREATE TRUST IN THE PROCESS



BUDGET OFFICER'S ethos of objectivity (if not neutrality) puts them in a unique position to foster trust in good decision processes. They can help by showing that the way in which decisions are made is fair, the distribution of resources is fair, and that the budget officer is trustworthy.



REFLECT ON ASSUMPTIONS

Create opportunities for decision-makers to consider if assumptions are reasonable. For example, making forecast assumptions transparent and pointing out that economy could render some assumptions obsolete could inspire decision-makers to develop contingency plans.



"PRECOMMIT" TO GOOD DECISIONS

Making good decisions in the heat of the moment is hard. Governments can make a commitment to good choices when the pressure is less. A good example is a policy that commits a government to building and maintaining a rainy-day fund. Precommitments like this can be made for many areas of public finance.



DESIGN DECISION-MAKING PROCESSES TO BE PERCEIVED AS FAIR

If people think a decision-making process was fair, they are more likely to accept outcomes that aren't their preferred outcome. People are more likely to perceive fairness if 1) the decision-makers are objective and the process is transparent; and 2) the participants are treated with dignity and have a voice.