

Automating the Budget Process, 40 Years Ago

A look back at *GFR* in April 1988



In 1986, Henrico County, Virginia, implemented an automated system that enabled its staff to “prepare their budget documents on microcomputers and submit them on floppy diskettes, utilizing Lotus 1-2-3 software.” The change cut preparation time by 20 to 50 percent and gave budget examiners more time to devote to analysis rather than sorting and distributing bulky printed reports.

Two of the most important parts of the budget were an examination of existing economic trends in areas that might be vulnerable to sudden changes in the overall economy, along with the study of current social and economic trends that may affect revenues. The county started using software to produce five-year revenue and expenditure projections based on current year actual or budget figures. Receiving regional economic data quarterly, on discs, made it possible for the Office of Management and Budget (OMB) to readily update its budget forecast figures each quarter.

Another software package was used as a management tool that extracted pertinent information from budgetary and financial reports, creating a series of indicators that could be used to monitor changes in financial conditions. The office used 28 indicators, with data for the past five years, to monitor the county’s financial condition.

The automated system was developed primarily to reduce the amount of paper involved in creating the budget—along with making the process more efficient overall. The system was also designed to communicate with the county’s mainframe computer system, so revenue and expenditure data could be transmitted directly, without needing to be entered a second (or third, or...) time.

The OMB used Lotus 1-2-3 because it was relatively easy to use, and a majority of the county departments already used it. Each department received a set of seven discs for each appropriation unit, which would return the discs with transmittal information, a budget narrative, expenditure requests for operations and capital outlays, revenue estimates, personnel costs, and travel-related information—significant portions of which were already loaded on the discs by OMB. The discs also contained all of the preprogrammed worksheets needed to complete the overall budget request.

The OMB tested the system by starting with a few departments. It chose one with an experienced microcomputer user who had a data processing background; one with an inexperienced user; and one with a director who was an experienced Lotus 1-2-3 user. A university professor also participated in the field testing. Their feedback ensured that the system was easy to use.

The system was made up of a series of menus and instructions that led the user through each step of the budget preparation process. The menus consisted of a listing of commands and functions, and a brief description of each item from which a user could make a selection. Once the budget estimates for the next fiscal year were entered, the discs were returned to the OMB, where the information was reviewed, analyzed, and prepared for the uploading process—accomplished by connecting a PC and the mainframe through an emulation package.

The accounting system on the government’s mainframe system had a budget preparation module, which provided an automated means of transferring approved budgets into the accounting system’s appropriation files. The software also included a generalized report writing capability that could be used to produce special reports quickly or to change report formats for special presentation purposes.

Only half of the county’s departments had microcomputers at the time; the other half continued to compose their budget packages by hand, having clerical personnel type, photocopy, and organize them. The departments that used the automated system reported a 20 percent savings in professional staff time and a 50 percent savings in clerical support time. Governments from as far afield as Australia contacted the county for information about the system. ■