

## **RESOURCES, BUDGET, AND FINANCE**

### **INTRODUCTION: What This Core Competency Is and Why It Is Important**

The allocation, acquisition, and management of the court's budget impacts every court operation and, arguably, determines how well, and even whether, courts achieve their mission.

Allocating, acquiring, and managing financial resources are core court management functions carried out by court leaders, both judicial and administrative, and other court staff in concert with executive and legislative branch leaders and their staffs. Effective court performance requires that court leaders -- the court executive leadership team -- have the ability:

- To set priorities and to manage competing demands on existing court resources in ways that deliver justice and service and build credibility, both internally and externally;
- To link resource allocations and requests to fundamental court purposes;
- To communicate court purposes, objectives, and budget needs clearly and compellingly; and
- To ensure judicial independence and essential court functions while constructively negotiating with executive and legislative leaders and staff.

Resources are rarely sufficient to fund everything of value that courts or any other organization might do. Because spending in one area necessarily precludes expenditure in others, effective court performance requires skillful allocation of available resources. Like other organizations, both public and private, courts can cut some expenditures and reallocate those funds to their top performance goals.

When resource allocation and resource acquisition are skillful, courts preserve their independence, ensure their accountability, both internally and externally, improve their performance, and build and maintain public trust and confidence. Court executive leadership teams that effectively allocate existing resources enhance the court's reputation and persuasiveness with funding authorities.

Resource allocation and resource acquisition are inextricably linked. The practical implications of this linkage include:

- Finance and budget must command the court manager's attention throughout the year, not just when the court budget is being prepared or presented;
- Effective budget planning and management require consideration of: available resources and funding sources; the goals to be advanced by court expenditures; and the people, work or activity to be funded;
- Effective budgeting and financial management mandate continuous change in what a court does and how it does it, given the court's purposes, priorities, and performance. Court leaders must adjust court spending and programs to respond to court-determined priorities and external pressures, including external funding authorities, and available funding and revenue sources;
- Change is incremental. To manage change rather than to be managed by change and to improve court performance over time, the court executive leadership team must have vision, will, strategy, a multi-year budget plan, and long-term commitment.

The ability to be persuasive when presenting court needs and budgets requires leadership and interpersonal skill, but cannot be effective unless required and technically sound supporting data has been assembled. Proposed budgets should take into account the courts executive and legislative branch counterparts as well as court purposes and priorities.

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Technical budget and finance fundamentals that support competent court leaders include: cost accounting; cost benefit analysis; work measurement and weighted caseload analysis; problem diagnosis; resource and performance auditing; computer software for planning, analyzing spending, modeling alternatives, accounting, and reporting. These tools support, but are **not** the core of the Resources, Budget, and Financial Core Competency. Rather, this core competency requires knowledge, skill, and ability in linking resource allocation and acquisition decisions to fundamental court purposes, and leading and adjusting the way courts carry out their work and deliver justice.

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### **CURRICULUM GUIDELINES SUMMARY**

#### **What Court Leaders Need to Know and Be Able to Do**

The six Guidelines and the related knowledge, skills, and abilities (KSAs) are integrated and interdependent. Budget planning tools must be oriented by purpose and vision and support data acquisition and analysis. Leadership and interpersonal effectiveness make budget planning, problem diagnosis, and change possible. Technology aids both accounting and cost-benefit analysis, which establishes a basis for budget controls and performance monitoring. The six interrelated managerial, technical, and interpersonal Guidelines are:

- Court Purposes and Vision
- Fundamentals
- Leadership and Interpersonal Effectiveness
- Problem Diagnosis and Change
- Technology
- Budget Controls and Performance Monitoring

#### **Court Purposes and Vision**

The court's allocation, acquisition, and management of its resources must be oriented to the court's purposes and responsibilities and its future vision. Absent understanding of the purposes of the courts and a preferred future, legitimate criteria for budget requests and determining success in using available resources will be lacking. Competent court leaders know how to manage the court budget in support of the court's core purposes, including working effectively in court executive leadership teams and with other judges and staff and legislative and executive branch leaders to establish the future vision. Vision is needed to drive court budget and finance, including resource allocation and acquisition. This requires understanding how others outside the court perceive its purpose and functions and how their views may support or threaten judicial branch independence, performance, and funding.

Effective court leaders articulate a long-term vision based on an understanding of court purposes and priorities and environmental trends. They connect the vision to long-term financial plans through adjusting to the environment and multi-year budget planning. Allocation of resources consistently supports the court's purposes, vision, and priorities. This sustains organizational commitment to financial management that is tied to the court's vision.

#### **Fundamentals**

While court managers need not be technically competent in every tool and analytical method, they must know: 1) which tool addresses what budget and financial question; 2) the prerequisites for their use; 3) how to select and manage fiscal staff; and 4) how to be intelligent consumers of financial reports and projections. Court leaders must understand that budget and finance fundamentals are means rather than ends unto themselves.

Understanding and using appropriate budget tools and techniques result in reliable, accurate financial data on an on-going and timely basis. The court can then generate and weigh the costs and benefits of alternative court programs and resource allocation decisions. Competency means acquiring and using valid and reliable data to support work measurement and weighted caseload analysis, court budget planning, program delivery, auditing, assessment of outcomes, and very importantly, reallocation decisions and budget requests.

#### **Leadership and Interpersonal Effectiveness**

Expert court budgeting requires expert leadership and management of the court, its budget and finance staff, and resources. Budgeting is not a technical, once-a-year bookkeeping exercise. The ability to be persuasive when presenting court needs and budgets depends on the personal creditability of court

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leaders and their commitment to court performance and fiscal responsibility. Leadership of the court, its resources, and budget staff and processes requires will and interpersonal skill. Leaders need focused staff who are aligned with courts purposes, leaders, and workflows and produce technically sound and reliable data and reports. Proposed budgets and financial reports must take into account the concerns of judicial leaders and their executive and legislative branch counterparts.

The court executive leadership team negotiates effectively with judges, other court employees, and executive and legislative branch leaders and their staffs. Leaders forge consensus, create effective judicial teamwork, and maintain accountability and partnerships based on results, trust, honesty, and a desired positive managerial reputation.

### **Problem Diagnosis and Change**

Problem diagnosis involves keeping current with wider societal trends and their implications for courts and their budgets, as well as anticipating, identifying, and diagnosing court problems. Reliable diagnosis differentiates among problems with financial roots or causes and those having other origins, and enables court leaders working with others to address emerging and persistent court budget and finance problems. When problem diagnosis indicates the need for change in the way resources are allocated and what new resources are needed, changes are made. Effective leaders ensure that financial problem diagnosis is consistent with the purposes, vision, goals, and long-term financial plan of the court.

### **Technology**

When properly applied and managed, information technology supports and improves budget and financial planning, decisions, and management. Important tools include personal computers, spreadsheets, database, and financial management software. But these tools will not be effective without qualified and well-managed staff who use appropriate hardware and software to gather and present meaningful information. The statistics, workload and outcome measures, and cost accounting made possible through information technology must be readily available and responsive to the judiciary and its leadership, other branches of government, and the public to help ensure judicial accountability within and outside the courts.

### **Budget Controls and Performance Monitoring**

Courts must account for their use of public funds. But accounting for public expenditures extends past accounting to measuring the outcomes and outputs produced with the court's budget and resources. Court leaders must know and then report whether or not established program objectives were met. Evaluation enables courts and others to understand court expenditures and performance, to improve the allocation of available resources, and, very importantly, to support requests for continued and new funding. Reliable and timely budget controls, when coupled with well-executed and clearly presented performance monitoring, increase the court's internal and external accountability and build public trust and confidence in the judiciary.

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**CURRICULUM GUIDELINES**

**REQUIRED KNOWLEDGE, SKILL, AND ABILITY**

COURT PURPOSES AND VISION

FUNDAMENTALS

LEADERSHIP AND INTERPERSONAL EFFECTIVENESS

PROBLEM DIAGNOSIS AND CHANGE

TECHNOLOGY

BUDGET CONTROLS AND PERFORMANCE MONITORING

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<p><b>COURT PURPOSES AND VISION</b></p>
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Court leader understanding of the purposes of the courts, legitimate criteria for determining success in carrying out the court's mission, and how to manage the court budget consistent with the court's core purposes, is critical. This means knowing how others outside the court perceive its purpose and functions and how these views may support or threaten judicial branch independence, funding, and performance. The court's long-term vision comprehends court purposes and priorities and environmental trends. Vision is connected to long-term financial plans, multi-year budget planning, and allocation decisions that support that vision. Continuous environmental sensing sustains organizational commitment to budgeting and resource management tied to the court's vision.

- Knowledge of the Purposes and Responsibilities of the Courts Curriculum Guidelines and the **Trial Court Performance Standards**, particularly the Independence and Accountability Standards, and their relevance to the budgetary process and the allocation and management of court resources;
- Knowledge of the inherent powers of the court, relevant case law, and the uses and limitations of the inherent powers doctrine for resource allocation, acquisition, and accountability;
- Ability to manage resource allocation and acquisition in ways that preserve judicial independence, essential judicial processes, and productive relationships with the other branches of government, when making cutbacks as well as during normal economic times;
- Ability to balance competing demands for public resources and to manage them in ways that ensure the court's purpose, priorities, and ability to compete effectively with others for scarce resources;
- Ability to create and articulate a clear vision for the court and the budgetary implications of that vision;
- Ability to establish support for the court's strategic plan and to implement an action plan that links the court's vision and purposes to realistic short-term and long-term financial plans and projections;
- Skill in sensing environmental trends and public sentiment about the court, in understanding its implications for court funding, and in educating the public about court purposes, accomplishments, practices, and needs;
- Skill in seeking out and acquiring new sources of revenue for crucial court programs and priorities.

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<p><b>FUNDAMENTALS</b></p>
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Fundamentals include an understanding of court organization and funding sources, appropriate budget tools, and techniques as a means for: assembling reliable, accurate financial data on an on-going and timely basis and generating and weighing the costs and benefits of alternative court programs and resource allocation decisions. The basics support acquiring and using valid and reliable data to support work measurement and weighted caseload analysis, court budget planning, program delivery, auditing, assessment of outcomes, and budget requests and reallocation decisions.

- Knowledge of differing approaches to the funding and organization of courts, both trial and appellate, and how court organization and funding impact court leader budget roles, responsibilities, and relationships;
- Knowledge of court revenue sources and their legal uses and limitations;
- Ability to manage revenue collection (e.g., fee and fine), including management of accounts receivable, so as to enhance revenues and improve enforcement of court orders;
- Knowledge of the information and analytical reports needed by the court and its leadership to support budget allocation, planning, and decision making;
- Knowledge of the alternative court budget planning formats and their advantages and disadvantages, information, and analytical requirements;
- Skill in overseeing cost-benefit analysis, work measurement, weighted caseload analysis, and bench-marking of court costs, outputs, and outcomes for budget planning and resource allocation;
- Ability to plan and implement budget reductions that are consistent with the court's role, mission, and vision, as well as economic conditions, with changes in business practices to reduce costs;
- Knowledge of the purposes, methods, and uses of expenditure monitoring and cost control;
- Knowledge of financial record keeping, public sector accounting, and objective audits of court expenditures;
- Knowledge of the ethical principles and legal requirements to protect courts against fraud, theft, and embezzlement of cash and other assets;
- Knowledge of capital financing alternatives for court facilities and other large-scale purchases;
- Ability to translate facility needs and standards into capital improvement financing;
- Skill in negotiating and managing court contracts with vendors and service providers;
- Ability to select and to lead fiscal staff who are technically capable and able to support the court's management of its budget, including the preparation and presentation of budgets, financial reports, and cost-benefit analysis.

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**LEADERSHIP AND INTERPERSONAL EFFECTIVENESS**

To manage, court leaders must direct and oversee budget staff and the preparation, presentation, and management of court budgets. They negotiate effectively with elected and appointed executive and legislative branch representatives and their staffs, forge consensus concerning the budget and resource allocation within the judiciary, while maintaining accountability and partnerships based on results, trust, honesty, and a positive managerial reputation.

- Ability to lead the court and to work as a court executive leadership team to allocate, acquire, and manage the court's resources in good and bad economic times;
- Ability to forge, maintain, and manage a stable and qualified court financial management team and staff;
- Ability to focus judges and staff on the court's purposes, to build consensus about court priorities and funding needs, and to create teamwork among judges and court staff that supports resource allocation and effective resource acquisition;
- Ability to engage judges and court staff in appropriate roles in budget planning, resource management, and cost control
- Ability to see possibilities for joint programs and cost-sharing partnerships and to establish and maintain needed partnerships to further court objectives;
- Ability to listen and respond effectively to the positions, preferences, and perspectives of others, both inside and outside the court, and to adjust to changing conditions;
- Ability to communicate court accomplishments as well as court needs and budget requests, both inside and outside the court;
- Skill in preparing, presenting, and advocating the court's budget in writing and in person;
- Ability to shape a court budget that is responsive and persuasive to court purposes and vision and executive and legislative branch decision-makers and their staff, including budget analysts;
- Skill in marketing the court's purposes, vision and plans, and, when necessary, the need for change, additional funding, or minimizing proposed budget reductions;
- Ability to establish and maintain the court's deserved reputation for honesty in budget presentations and requests, and its integrity in the allocation of and accounting for court resources.

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**PROBLEM DIAGNOSIS AND CHANGE**

Budgeting and resource management and acquisition require anticipating, identifying, and diagnosing court problems; differentiating among problems with financial roots or causes and those having other origins; and working with others to address emerging and persistent court budget and finance problems. This ensures that financial problem diagnosis is consistent with the purposes, vision, goals and long-term financial plan of the court.

- Ability to relate the identification and diagnosis of court budgetary and performance problems to court purposes and goals;
- Skill in anticipating political and social trends and the public's and funding authorities' expectations, then acting on their implications for court workloads and resource needs;
- Knowledge of environmental scanning and forecasting and how their application can help courts anticipate trends that will affect court costs, resource availability, court workloads (quantitatively and qualitatively), and community and political support;
- Ability to differentiate among budgetary problems with high and low impacts on court performance or the cost of delivering court services;
- Skill in defining court budget problems so that practical, action-oriented solutions are designed, accepted, and implemented;
- Ability to generate and accurately assess the costs and benefits of alternative solutions to court budget issues and challenges;
- Ability to resist premature problem closure and to marshal adequate personal and organizational attention to effective court budget problem diagnosis;
- Skill in making persuasive resource requests that link problem identification and proposed solutions to impacts on the court's performance.
- Ability to assess the need for change in court programs, priorities, and resources, to communicate effectively why and when change is needed, and to lead the change process.

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<p>TECHNOLOGY</p>
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Information technology supports and improves budget and financial planning, decisions, and management. Important tools include personal computers, spreadsheets, database and financial management software and staff who are responsive to leadership direction and needs and skilled in using appropriate hardware and software. Effective technology permits effective data gathering and skillful budgeting through, among other means, statistical reports, workload and outcome measures and projections, and cost accounting.

- Knowledge of the underlying assumptions and generic purposes, uses, strengths, and limitations of spreadsheet, database, project planning, and project management software as they relate to allocating, acquiring, and managing court resources;
- Knowledge of nationally approved functional standards related to accounting and financial records and reports, case management software, and their links;
- Knowledge of what a vendor RFP (Request for Proposal) and contract should contain and how to evaluate vendor proposals, and the ethical and legal regulations governing purchasing;
- Knowledge of database, spreadsheet, and financial analysis software that support real-time expenditure monitoring, cost-benefit analysis, and bench-marking;
- Ability to match competing budget software and vendors to the needs of the court, its hardware, judges, and staff;
- Ability to design and implement court information technology that supports effective court resource allocation, acquisition, and management;
- Skill in explaining the value of technology investments to judges and other decision makers, including those who are not technologically literate;
- Knowledge of the computer and analytical and data/information skills needed by staff to take advantage of available financial and accounting software;
- Knowledge of how technology can make fraud possible and also help protect the court against fraud, theft, and embezzlement of cash and other assets;
- Knowledge of technology assisted methods for enhancing the enforcement of court orders and increasing court collections;
- Ability to stay current with the state-of-the-art and to update the court's application of hardware and software, to resource allocation, acquisition, budget, and finance.

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**BUDGET CONTROLS AND PERFORMANCE MONITORING**

Courts must have effective management controls to account for their use of public funds and measure the outcomes and outputs produced with the court's budget. Using this information, court leaders can document whether or not established program objectives were met, allocate existing resources, support requests for continued and new funding, and build public trust and confidence.

- Knowledge of and ability to oversee financial accounting of court expenditures of public funds;
- Ability to implement a court-wide system for tracking fluctuations in appropriations and expenditures to ensure accurate and timely financial reports and timely budget transfers
- Ability to identify reliable and valid indicators of court achievements to demonstrate the court's performance and financial accountability;
- Knowledge of evaluation methods and techniques and the differences between output, outcome, impact, efficiency, process, and effectiveness evaluation measures;
- Ability to oversee tracking of expenditures and reliable revenue and expenditure projections, to stay informed, and to inform others about the policy and practical implications of expenditures and projections;
- Ability to oversee development of clear, well-presented, and reliable reports on court expenditures and performance;
- Ability to evaluate the trade-offs between in-house and contracted services and functions;
- Ability to assess trade-offs among purchase, lease, and lease-to-purchase options for financing new court facilities, renovation projects, and major equipment purchases;
- Ability to work in court executive leadership teams to adjust court programs and court spending to achieve fiscal and programmatic accountability.