



LEGISLATING FOR RESULTS: *The Operating Budget*

A Municipal Action Guide

Number 4 of 10

A key element in an elected official's job is effective budgeting. This requires asking the right questions and getting the right information so that you buy the right things.

Developing a municipalities' budget is a major task for elected officials. Budgeting traditionally has focused almost exclusively on costs. The final test of a good budget

is whether it provides services needed to achieve good results and good outcomes for the community and its citizens. Budgeting decisions should explicitly consider the results expected, as well as the costs. What can council members do to make sure the budget will provide the best results for their citizens for the funds spent? That is the focus of this Brief.

Summary of Actions

- Consider the mission statements developed for each department and for the council itself.
- Require each department to include in its budget request: key outcome indicators; recent past- year results; and targets for each indicator, compatible with the budget amount.
- Focus less on budget line items and more on past and future results expected from the proposed expenditures.
- Request that budget requests indicate the extent of progress to the targets in the community's strategic plan.
- Require outcome information to be submitted at least a few days before the relevant budget hearing.
- Provide staff with the council priorities at the beginning of the budget process.
- Obtain help with budget reviews from staff, advisory committees, or local colleges and universities to help with identifying and interpreting what is important from the submitted data.
- Establish a schedule of program reviews between budget seasons to avoid the budget season rush.
- Utilize a set of basic questions during budget hearings (such as those in Attachment 4-1) to help obtain key information as to what effects budget proposals would have on your citizens and the community.

ACTIONS

Good information is needed to make operating budget decisions. In order to make good budgeting decisions, elected officials need good information about the benefits and the results of the dollars and outputs being proposed in department budget requests.

ACTION: Ask departments to include in their budget submissions:

- (a) a brief mission statement focused on the community outcomes (*See Attachment 1-1 in Action Guide 1*);

- (b) key outcome indicators;
- (c) targets/projections for each indicator;
- (d) the most recent previous years' values for each outcome indicator; and
- (e) the extent of progress the proposed budget makes to the targets in your strategic plan.

This information will enable the council to much better consider what results the agency expects to get for the funds they are requesting. (*See Examples: Iowa City, IA; Charlotte, NC; Coral Springs, FL; and Carlsbad, CA*)

ACTION: Provide advance warning of the outcome information the council expects to request. This will help

assure that the information on past and expected future results will be available when needed.

ACTION: Provide staff with the council priorities at the beginning of the budget process.

ACTION: Utilize a set of basic questions for elected officials to use during the budget season. A list of such questions is presented in **Attachment 4-1** and in the “Bookmark” that accompanies these Action Briefs. Another version is contained in the example for New York City.: (*See Examples: New York, NY*)

ACTION: Ask staff to summarize the relevant available agency outcome data and identify key issues raised by the data.

ACTION: During budget hearings, request that the department provide information that was missing or unsatisfactory information. If data is important to a final decision, delay the decision until the data is provided when possible. Set up a process for tracking and following up your requests. If the outcome information cannot be provided until after the budget has been finalized, include in the budget resolution the agency’s obligation to provide the information for use during the next budget-review period.

ACTION: Ask departments that are requesting additional funds “What do you propose cutting to free up these funds?” “How will these funds improve services and what improved results will occur?”

ACTION: When considering substantially different budget levels for a program, ask for an estimation of the expected changes in level of services and expected outcomes.

ACTION: When major outcomes are not expected until after the budget year, request that departments provide future-year estimates for each outcome indicator in their budget requests.

Finding time to consider and use outcome information. Elected officials often have little time during the budget season to react to the budget information provided them, much less the additional information provided to them on outcome indicators.

ACTION: Require departments to provide outcome information a few days before the budget hearing. Outcome information should not be seen for the first time at the time of the hearing.

ACTION: Reduce time spent on reviewing budget line items. Question and explore the overall proposed costs and results of the service, especially in relation to its past costs and results.

ACTION: Address some key issues between annual budget reviews, especially those believed likely to become important budget issues. See **Action Brief 6** for further discussion of these between-budget program reviews.

ACTION: Establish an annual schedule for council reviews of programs expected to be of special interest in the forthcoming budget hearings.

Get assistance in identifying and interpreting key information. A major problem for most local government officials is the lack of resources to sort through the large quantity of information they receive and help them identify the key information, including what information is missing that they should request.

ACTION: Seek help from citizen advisory councils. Ask them to review outcome materials and provide elected officials with summaries, highlights, and needed information.

ACTION: For elected officials that have their own staffs, ask these staff to undertake these reviews. For elected officials without such staff, ask departmental staff to undertake these reviews.

ACTION: For help in examining specific issues seek inexpensive, if not free, help from local colleges or universities.

Department prioritization of resource requests. Prioritization of service request by staff can be very helpful to elected officials, especially when a department is requesting substantial increases or when funding shortages require budget cuts.

ACTION: When substantial increases or cuts are on the table, request that departments identify their suggested priorities among the relevant set of their service activities.

ACTION: Request that departments explain their priorities and identify the expected effects on customers, citizens, and the community of added or reduced funding.

ACTION: Provide the basic priorities of the elected officials to departments ahead of time so they can fit their priorities into those of the elected officials.

Link budget priorities to the strategic plan.

The budget should advance the aims of the community's strategic plan and reflect the goals and objectives set forth in that plan. See **Action Brief 3** for actions relating to strategic planning.

ACTION: Ask departments in their budget submissions to discuss how their programs and services advance the

aims of the strategic plan and meet the targets established in the plan.

ACTION: For services not linked to targets in the strategic plan, review the underlying reasons for those services and how they contribute to the well being of the citizens of the community.

EXAMPLES

Iowa City, Iowa

The Iowa City, IA Council was recently asked for funds for expanding the hours of operation of its Senior Center. The Council deferred the request because the Center had not presented information on the increased usage that would result or even if the seniors wanted the extended hours. One of the council members suggested that the Senior Center conduct a test with its available resources to see what usage would result from the expanded hours. At the same time, the Council agreed to a request for more funding for extending the hours at the Library in part because the Library had conducted a survey that indicated that many citizens wanted and would use the extended hours.¹

Charlotte, North Carolina

The Charlotte, NC City Council uses information from the city's biennial evaluations of street conditions to help determine the appropriation for street resurfacing.²

Coral Springs, Florida

The Coral Springs, FL Commission uses analyses to help it determine public safety staffing levels that include results data as well as industry standards and benchmarks. The Commission used data on Fire/EMS response times and coverage to help it establish an appropriate staffing level for the department. The information was used to transition from a volunteer department to a "career" department over a three-year period.³

Carlsbad, California

Carlsbad, CA learned from surveys and focus groups that nature trails were highly valued. Armed with that information, Council substantially increased their attention to trails and have provided more funding to build trails and for staff positions. Consequently, the City has built 24 miles of public trails in four years.⁴

New York, New York

In April 2006 the Speaker of the New York City Council stated she was concerned over the form and content of the budget material the council received. She stated: "We're going to reform the process... so that we can start evaluating every program and base funding decisions on these criteria:

- Does the program fill a real need?
- Is it serving people effectively?
- Is there a better way to help New Yorkers?
- Has the program already served its purpose
- Given the City's fiscal situation and the array of competing priorities, can we still afford the program? And at what level?

We're going to make spending decisions not based on who has the most connected lobbyist ... but based on whether the program truly works."⁵

1 Iowa City Transcription of meeting of February 2, 2006 from web site www.icgov.org.

2 E-mail communication from Pamela Syfert, City Manager, Charlotte, North Carolina (June 2, 2006).

3 E-mail communication from Kevin Knutson, Director of Communications & Marketing (formerly Budget Director), City of Coral Springs (June 2, 2006).

4 E-mail communication from Joseph Garuba, Assistant to the City Manager, Carlsbad, CA (June 2, 2006).

5 New York City Council Speaker Christine C. Quinn, "Budget Response," remarks as delivered, April 6, 2006.

Attachment 4-1

Basic Questions To Ask During The Budget Process

1. Who is your program intended to serve? Who else is affected by your program?
2. What are the key results that should be expected from your department/program?
3. What key outcome indicators do you use to track progress in attaining these results?
4. What results do these outcome indicators show for the past several years? For the most recent year?
5. How do the results you are experiencing compare to those for other comparable local governments?
6. What are the targets you expect to accomplish for these outcome indicators with the budget you propose?
7. To what extent have you met your most recent targets? For targets that were not achieved, why were those targets missed? What does this latest budget do to correct the problems?
8. What actions does your proposed budget include that will maintain or improve the quality and effectiveness of your services for our citizens?
9. If your department has made any proposed efficiency (cost-saving) improvements, what effects will they have on the quality and effectiveness of your services?
10. What major factors influence the results you are trying to achieve? What are you doing to try to address those factors?
11. What are the major challenges facing your program/service?
12. How would you expect results to change if funding is increased by 10 percent? Decreased by 10 percent?
13. What other programs, departments, or organizations provide services that contribute to (influence) the results you are trying to achieve? What is being done to coordinate with these services and avoid duplication?

NOTES

