



# CITY OF STOUGHTON

From the Office of the City Finance Director

## MEMORANDUM

January 28, 2011

**To:** CA/CP Committee

**CC:** Council, Department Heads

**From:** Donna Olson, Mayor and Laurie Sullivan, Finance

**RE:** Budgeting for Outcomes status report

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Staff is currently working on the first three steps of the Budgeting for Outcomes process. A complete list of the BFO steps is attached.

1.) Set the Price of Government-Identify available revenues.

In this step, Department Heads are evaluating the revenue sources that they budget for. This includes a review of three-year history of revenues. Each department will provide revenue schedules including fees, fines and other charges. The revenue will be broken down by charge and service instead of just a line item number. The significance is in understanding how much (the fee) and how many (number of charges) for each revenue source. This will be used to breakdown each revenue into programs and services.

All funding sources will be reviewed and 2012 levels estimated to come up with the total revenues available to fund programs in 2012.

**Assignment: Review and analyze all funding sources. Break down revenues by source, specific fees and quantities. Estimate 2012 funding levels**

**Date: Due by February 4**

2.) Establish Priority Results through Community input.

Citizen participation is key to the success of BFO. Citizens are the customers of local government and for the most part pay the bill. The Council needs to be aware of the citizen priorities in order to arrive at the outcomes that they want and are most willing to pay for.

Staff has engaged the services of UW-Extension consultant Bill Rizzo to lead a strategy session to gain citizen input. This session is scheduled for February 17<sup>th</sup> at 6:00 p.m. This session will be for Council and Citizens. Results team members are invited to join as well.

It is important to make our best attempt at coming up with a representative sample of citizens. Please suggest participants who are community minded and good thinkers.

**Assignment: Send suggested Citizen Participants to the Finance Department for compilation.**

**Date: February 1**

3.) Identify and train Results Teams.

Department heads are submitting suggestions for result team members. Results team members must be able to 'put on a Citizen hat', be able to think outside of the department box and willing to put in the time necessary to conclude this project.

Ideally, a results team will be formed for each priority identified in the Citizen forum. Teams should consist of five members and be made up of City employees (not department heads), and citizen volunteers.

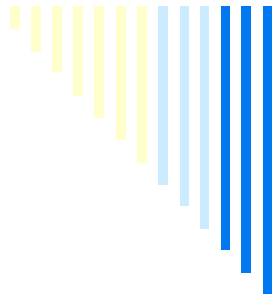
Results teams are responsible for refining the priority statement, creating Cause and Effect maps, developing indicator to measure progress in achieving priorities. This team will develop the Request for Proposals that will be sent on to Department Heads. After the department heads submit their program proposals, the Results team will be responsible for determining the first rankings of proposals.

Participants in the Citizen forum will also be asked to volunteer to work on Results teams.

The GFOA training team will meet with the Results Teams on March 1<sup>st</sup> and 2<sup>nd</sup> to train and begin the mapping process. The GFOA will also assist teams in preparing their Request for proposals.

**Assignment: Send suggestions for Results Team members to Finance.**

**Date: February 1 through Feb 10.**



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# Benefits of Budgeting For Outcomes (BFO)

- Focus on results/outcomes, not inputs
- Involves citizens in the budget process
- Fosters competition
- Combines “Zero Based” and “Performance-Based” Budgeting approaches



# Budgeting For Outcomes

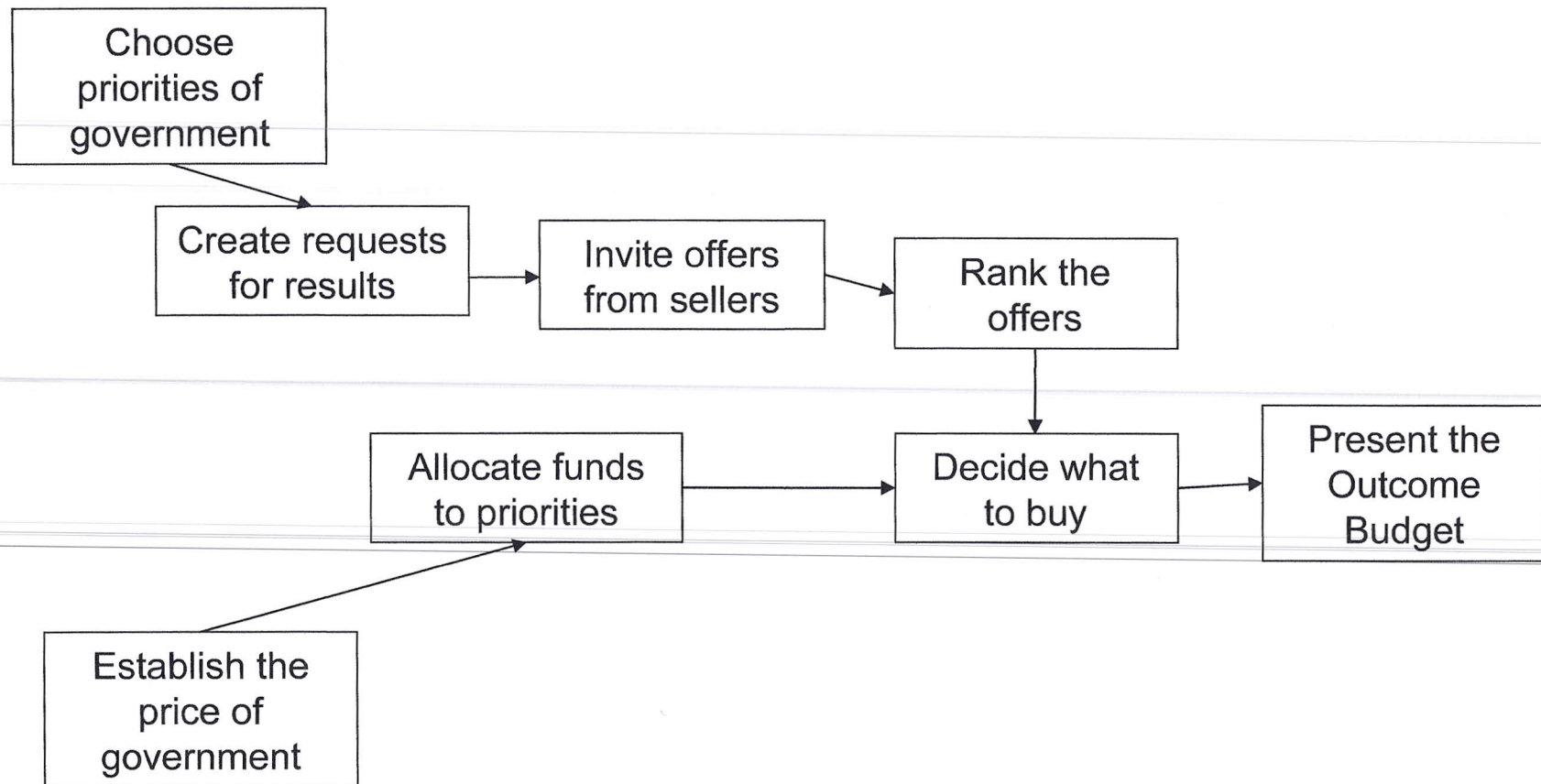
## (BFO)

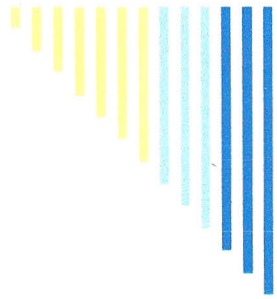
- BFO combines the best of several budgeting methods
  - Its focus is on programs rather than departments, but more specifically, it takes no existing programs as “givens.” In other words, no program gets a “free pass.”
  - Instead it asks all programs to compete with other public (and sometimes private) organizations to deliver **results at the best price!**
  - At its heart are results **most important to citizens** (who have input in the process)
  - By re-examining priorities every budget cycle and encouraging all kinds of organizations to compete to deliver programs – it produces valuable results!

# Why Budgeting for Outcomes?

- Provides structured process for linking spending to outcomes
- Provides logical methodology for prioritizing activities and programs
- Facilitates collaboration and flexibility
- Gives managers opportunities to innovate
- Avoids gimmicks like across-the-board cuts

# Budgeting for Outcomes Process





# Steps in Budgeting for Outcomes Summary

- 1) Set the Price of Government – Identify available revenues
- 2) Establish Priority Results through community input, and a Results Team for each result area
- 3) Results Teams a) set indicators, b) identify primary and secondary factors, create Causal Maps, and d) form Request for Offers (RFO's) in order to purchase what works and matters most





# Steps in Budgeting for Outcomes Summary

- 4) Departments review and study the RFO's and submit to the Results Area that most fit their program
- 5) Results Teams rank offers by contribution to outcomes
- 6) Mayor & Leadership Team rank offers by contribution to outcomes
- 7) Finance Dept sets up the "Line" buy Programs that deliver results citizens want at the price they are willing to pay
- 8) Leadership team reviews and revises.

*Remember, this process focuses on programs/services that deliver most to the desired outcome, not on those that will not be purchased.*





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# Step 1-The Price of Government

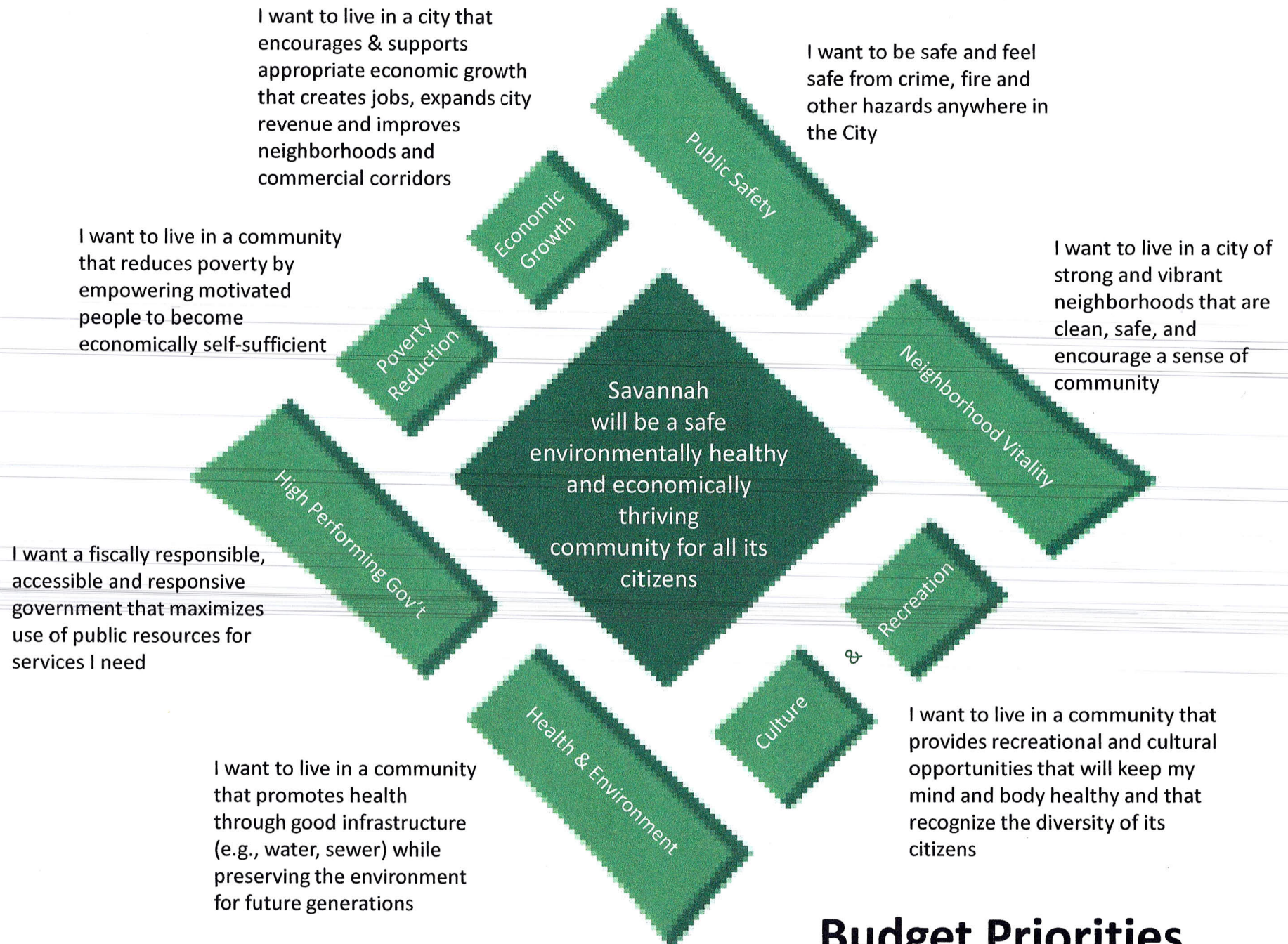
- ☐ Identify Available Revenues
  - ☐ Revenue Budget Worksheets
  - ☐ Fee Schedules
  - ☐ 3 years of history
  - ☐ Most important: How Many-How Much
  - ☐ Is this a program revenue??



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## Step 2-Setting Priorities

- Community Input:
  - Past Strategic Plans and Focus Groups
  - Community Meeting by invitation
    - Council Members suggest 2 participants
    - Staff recommends participants
    - Results team members
  
- Citizens identify the 'results' they expect from government
  - Identify 5 or 6 high level priorities
  - Identify 3 or 4 indicators of success for each priority.

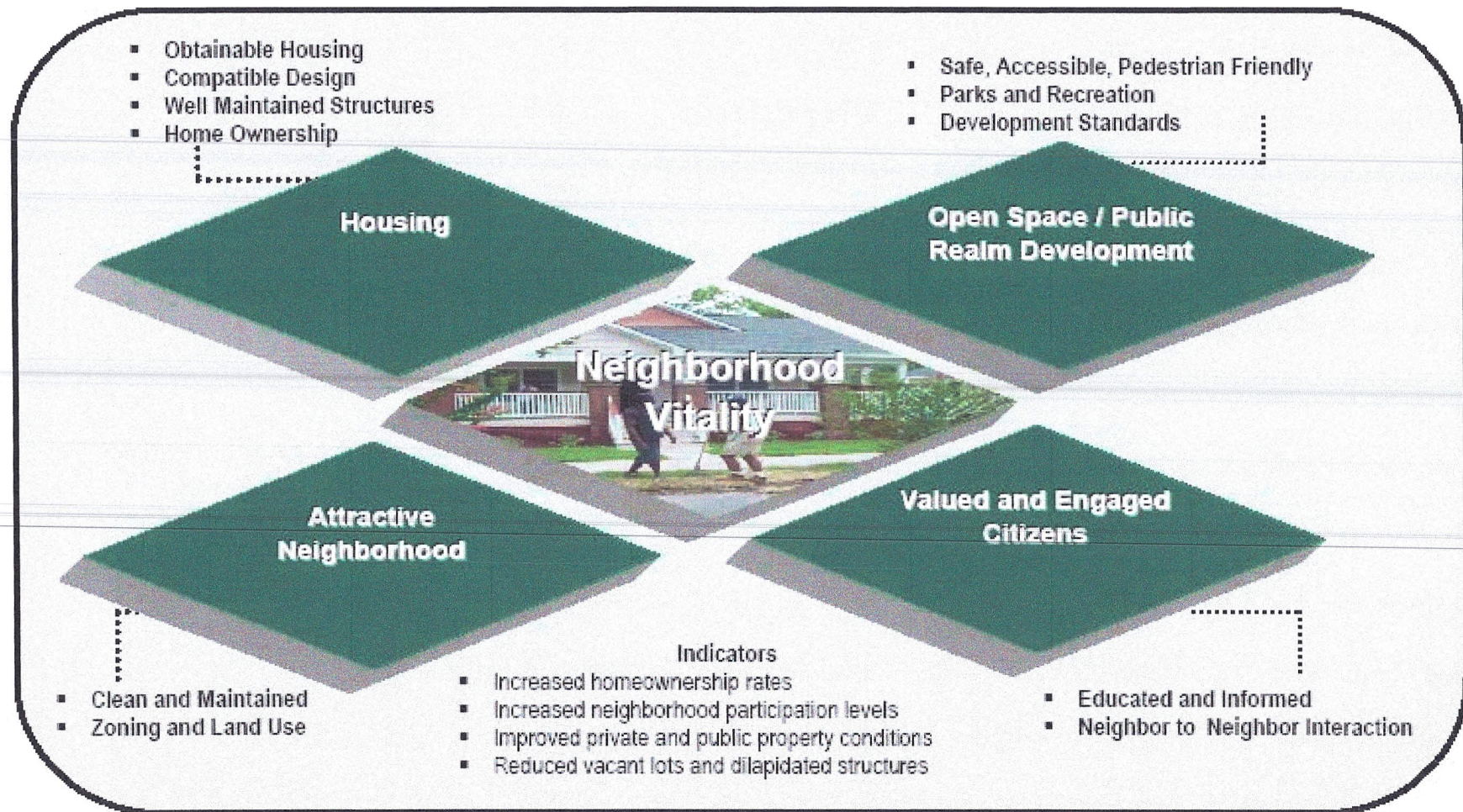


## Budget Priorities



# NEIGHBORHOOD VITALITY STRATEGY MAP

"I want to live in a city of strong and vibrant neighborhoods that are clean, safe, and encourage a sense of community."





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## Step 3- Results Teams

- Refine the priority statements
  - Develop indicators to measure
  - Create Strategy Maps
  - Develop requests for offers
  - Rank Offers
  
- This ranking will be “forced.” Each results team will rank a third of the offers as **high**, a third as **medium**, and a third as **low**.



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## Step 3 - Continued

- Results teams review priority statements and fine tuned the indicators of success
- Use the priority results statements to identify primary and secondary factors that most contribute to achiviing the priority result statement.-Create maps



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# Results Teams

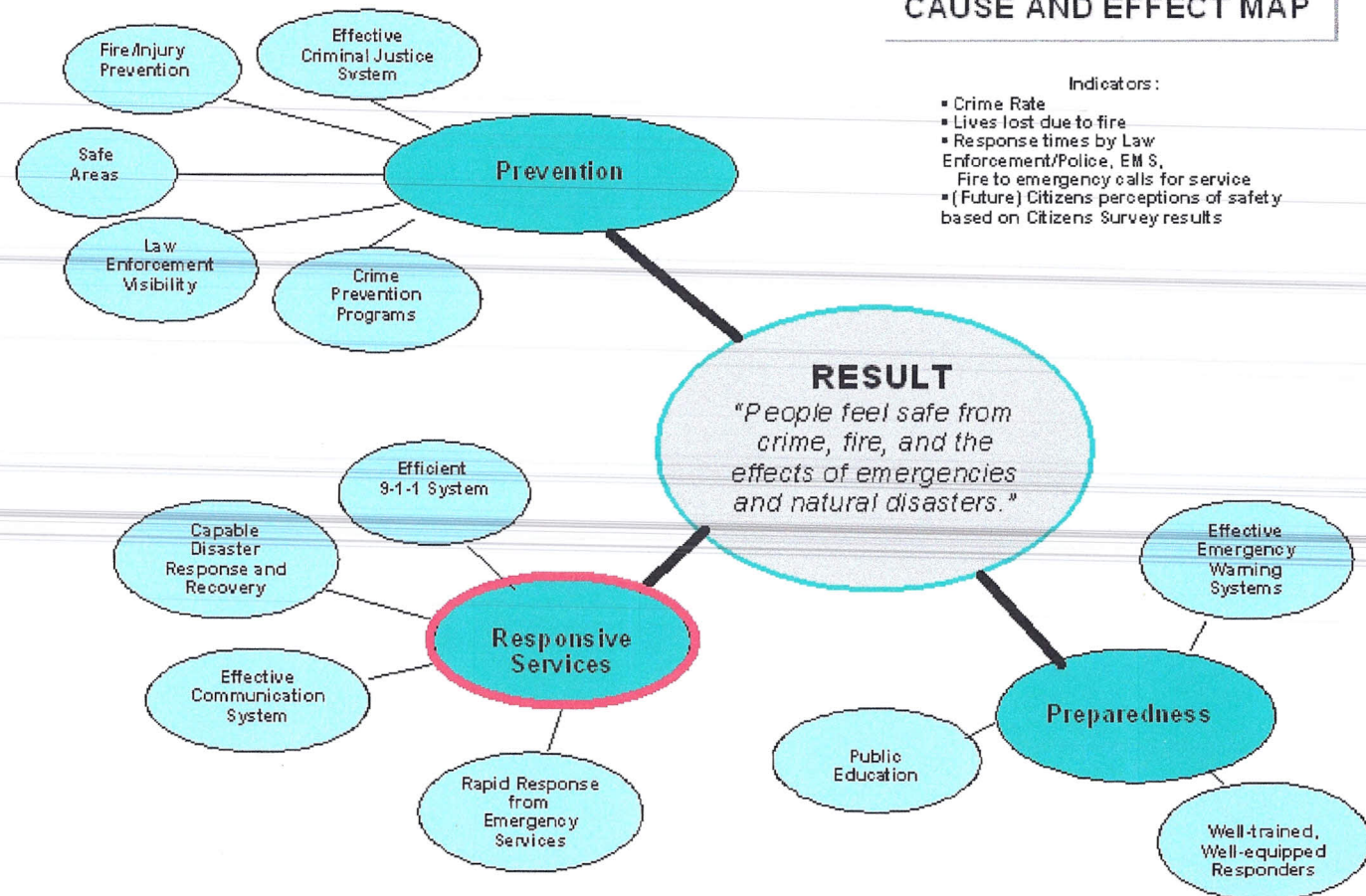
- ☐ Use these factors to prepare RFP's for the desired outcomes.
- ☐ Departments prepare program budgets
- ☐ Ranking team ranks offers as High, Medium, Low
- ☐ Leadership team reviews
- ☐ Revise



# Step 3 Continued...

## Sample Causal Map

### SAFETY RESULTS TEAM CAUSE AND EFFECT MAP



# Safety Rankings

## (Example from FY07/08)

Safety Priority Area Results				
Program Name	Board Rank	High Medium Low	Team Rank	High Medium Low
Emergency Medical Services	1	High	1	High
Communicaton Center	2	High	4	High
Electronic Monitoring	2	High	6	Medium
Radio Services	2	High	4	Medium
County Probation	5	Medium	1	High
Emergency Mgmt & Operations	5	Medium	1	High
Animal Control	7	Medium	8	Low
Medical Examiner	8	Low	7	Medium
Predisposition of Juveniles	9	Low	9	Low
Facilities Security	10	Low	10	Low

The Mayor with help from the Leadership Team purchase programs that contribute most to desired outcomes

