



CITY OF STOUGHTON
From the Office of the City Finance Director

MEMORANDUM

June 7, 2011

To: Ross Scovotti, Chair CA/CP

CC: Mayor Olson

From: Laurie Sullivan, Finance Director

RE: Budgeting for Outcomes – Next Steps

Currently Department Heads are working to complete offers for the RFR's issued last month. The Leadership team will be participating in training with the GFOA on Thursday, June 9th. The purpose of this training is to review department offers with GFOA staff and to clarify questions on procedure and

Offers are due to the Finance office on June 21st, where they will be compiled for the Results Teams.

Results Teams will be training with the GFOA on the ranking procedure on June 23rd. A draft of the process follows:

First round Ranking

1. Finance Director will receive all offers from Department Heads, check for completeness and distribute (electronically) to all team members.
2. Each individual team member reads all of the offers submitted to that particular team and, taking into account the purchasing strategies and the cause-and-effect analysis shown on their map, does an **individual** ranking of 1, 2 or 3, with 3 being the highest ranking, but only 1/3 of the total number of proposals can be given a 1, 2, or a 3. This is called a "forced" ranking because it requires team members to have high, middle and low groups. Otherwise you could get into a situation of someone saying "they're all good so I gave all of them a 3" which does not move the process along.
3. The Finance Director will collect all of the individual rankings, tally the scores, and provide team members with a preliminary ranking sheet. There is likely to be a lot of agreement at the very top of the list (all 3's) and at the very bottom of the list (all 1's). This allows team members to focus on the middle, where there are different views on the value of the proposals. Therefore, the forced ranking enables the group to very quickly focus on the proposals that need to be compared so they do not waste time on the ones where they all already agree on.

4. Team members discuss and reach agreement on absolute rankings, 1 through x (total number of proposals). During this process, they may need to ask departments for clarifications, have department heads meet with their team to explain parts of the proposal, or ask for advice from outsiders if they want to. At this point, it is really important for each team to look at their entire “package” of rankings to see whether the package as a whole looks like it will support the Priority and the purchasing strategies. They should look for balance – are the most important purchasing strategies being supported, or are there too many programs focusing on only 1 or 2 purchasing strategies, in which case they may need to rethink the rankings and ask one or more departments to revise their proposals to address other aspects (other purchasing strategies) of the Priority
5. Each team prepares a summary memo explaining how they did their rankings, and highlighting key areas/questions they focused on, any mandates that ranked low, and any other highlights that will help the reader understand the logic of their rankings. The memo should be short, no more than 3 pages. Each team should also provide specific feedback to departments on how they could improve their offers, any questions about service level options for programs that are “above the line” once the teams see what offers are “below the line,” and any other information the departments should submit to give their offers a better chance in the second round.
6. Finance Dept will then work on the dollars to see how revenue estimates for each fund line up with the rankings. Finance Director will then advise team leaders and other team members what the implications are for the second round. The rankings, the teams’ memos, and team feedback to departments on their offers will be posted for transparency purposes.

Then departments get to work improving their offers and the teams get a short break.

Second round Ranking:

1. Departments submit improved offers, which Finance will again review for completeness.
2. Teams review all revised offers and either do another forced ranking or simply meet to discuss how the offers have been revised and also discuss the information you give them on revenue by fund and what this means for the initial rankings. Unless they really want to go through rankings again (for example, if a whole lot of the offers have been substantially revised), it’s best to begin with the Round 1 rankings and discuss what to move up or down. It’s more organized and takes less time. They can still call in department heads or others, or ask additional questions via email. Departments need to understand that quick responses are important so rankings can be completed. Again each team needs to look at their entire package of offers they’re recommending be funded – is it balanced, does it cover key purchasing strategies?
3. Same process as above for final rankings the teams will recommend to the Mayor/Leadership team and a second summary memo providing the logic of their rankings, anything that’s changed substantially since the first rankings (for example, service level changes in large programs so that more programs can be

- brought above the line), and key issues the teams think will help the Mayor make decisions and help the Leadership Team to focus its discussions on key issues.
4. Leadership team members read all offers, review rankings and team memos, then meet to discuss anything that they collectively think has to be addressed. Leadership team members should be reminded that their role is to have a total budget that works for the community and they should not be advocating for their own offers. This is difficult. The leadership team (and the Mayor) may decide to change some rankings, and to shift some funding from one priority to another. Note that by this time the results teams will be really, really invested in their decisions. They have to be reminded every once in awhile that their decisions are *recommendations*, not binding on the Mayor. On the other side, it's important that their recommendations be treated respectfully and that they receive an explanation if and when their rankings are revised.
 5. Mayor makes final decisions. Finance puts together the proposed budget.

The BFO process is moving along and is in line with our budget calendar. We look forward to reporting to you the results of the ranking process.