

After listening to the Council at the last meeting and discussing with department heads, we are bringing forward a proposal that encompasses all of the following:

1. Strategic approach to budget constraints
2. Finding efficiencies in the services provided
3. Benchmarking service outcomes
4. Performance management
5. Cost approach to providing services
6. In depth look at personnel, operating supplies and equipment needed to provide services.
7. Collaboration between departments

The GFOA (Government Finance Officers Association) is a respected leader in best practices for Municipal Government. The GFOA is currently helping municipalities to incorporate an approach to budgeting that emphasizes all of the above strategies.

The recommendation is to use the Government Finance Officer Associations consulting team to lead the effort to change our system of budgeting to a more strategic and priority based system of budgeting. Their team will educate, coach and train our Council, Department Heads and staff in the transition.

Budgeting for Outcomes: A new way to look at budgeting.

Budgeting for outcomes is a form of priority based budgeting where spending is linked to overall community results.

Instead of the traditional approach to budgeting that begins with last year's budget and is focused on expenditures, the starting point for the budget process becomes setting priorities and establishing the amount of revenue available for achieving those priorities. Efficiencies and outcomes become the focus. Departments prepare budgets based on programs or services provided. Those services are then ranked based on priorities set by the council and the community.

1. The process starts with education and strategic planning. Overall big picture priorities are set by the council.
2. The department heads and staff quantify the services provided. Individual services are defined and the costs of those services are identified. Benchmarks are defined.
3. Services are put into a matrix that identifies the cost inputs, services, and expected outcomes.

4. Services are ranked by priority. A table is prepared that shows the service, ranking, outcome and cost.
5. Decision tables are prepared that show where the 'Line' is drawn. (Where revenue meets expenses). These are prepared for levy options (ie 3%, 2%, 0%, -2%).
6. Department heads see where services fall in the funded or not funded category.
7. Department's are sent back to find efficiencies to fit more programs into the funded category.
8. Council decides the funding/service level of the budget.
9. Program budgets are broken down into line item budgets for budget approval.
10. Performance and benchmark reviews/reports/communication to public

Benefits of BFO are:

Financial Resiliency – Meeting budget targets. Strategic approach to cost reductions.

Clarity of Outcomes – Opening up the budget process and financial information to the entire organization in order to focus all employees on assisting with the financial challenges

Internal Engagement – Training employees to identify outcomes, develop performance measures, and prioritize services.

Cross-Departmental Cooperation – Changing the organizational culture to one of service collaboration in order to meet priorities.

Quote from City of Savannah: "BFO introduced a process that energized staff and created an environment that rewarded innovation and collaboration across departmental lines. It took a more strategic approach to cost reductions and created a budget that focused on achieving the city's most important priorities."

Budgeting For Outcomes (BFO)

Governments are currently under unprecedented fiscal pressure from decreasing or stagnant revenue sources and increasing costs for health care, pension obligations, mandated programs and services, aging infrastructure assets, and many other issues. In addition, citizens are demanding higher levels of accountability and transparency in the results their governments provide. The traditional line item budget process, where governments start with funding levels by department from the previous year and then adjust by either increasing or cutting, no longer meets the needs of many organizations. What is required is a shift in the way we think about the budget. Putting together a budget should focus on prioritizing needs and allocating resources to provide the best results. This requires a new approach.



Budgeting for Outcomes (BFO) is one form of priority based budgeting where spending is linked to overall community results. Using BFO, the government identifies its most important priorities for its citizens. Services are then ranked according to how well they align with the priorities, and resources are allocated in accordance with the ranking.

Budgeting for Outcomes is drastically different than a traditional incremental approach to budgeting where decreases in revenue often lead to across the board cuts limiting results that can be achieved for both low and high priority services. Rather than having the starting point be what was funded by department in the previous budget, the starting point with BFO becomes what results the jurisdiction wants to achieve. Elected officials spend more of their time making decisions on how much revenue citizens can afford to provide and on choosing results and less time on deciding how much money to cut from the budget and where to cut. The incentives for agencies and departments change from making it difficult for the budget office to find places to cut their budgets to figuring out what activities work best to achieve results and how to provide those activities at lower cost. BFO is an innovative approach to budgeting that acts as a catalyst for additional improvements in efficiency and the ability to deliver results for citizens.

How is BFO different?

	Traditional Budgeting	Budgeting for Outcomes
Budget begins with	Last year's budget	Community priorities
Focuses on	Cost of services	Value of services
Is organized by	Department	Priority
Encourages	Low risk, "same as before" approach	New ideas, innovations, cooperation, and improvement
Motivation	Be fair to all, avoid pain	Get the best results that match priorities

How to Budget Roles Change with BFO?

	Traditional Budgeting	Budgeting for Outcomes
Departments	Build up costs, make cuts difficult	Link expenditures to results and priorities
Analysts	Find unnecessary costs	Improve links between results and services. Facilitate department cooperation. Identify efficiencies.
Elected Officials	Cut costs or raise taxes	Choose services that provide results citizens are willing to pay for
Citizens	Rally behind special interests	Help determine priorities

GFOA is a leader in advocating best practices for budgeting. Our extensive research has led to numerous best practice recommendations that require governments to focus on results as part of a budgeting for outcomes (or performance budgeting process). GFOA can assist your government with transforming its budget process to focus on results, provide a framework for evidenced-based decision making, and align resources by priority.

Organizations have used GFOA consultants to assist with the following:

Budget Process Review: GFOA consultants will assess your current budget process to identify weaknesses and will suggest practical strategies for incorporating budgeting best practices.

Budgeting for Outcomes Implementation: GFOA works with governments to implement this structured process for strengthening the link between spending and community priorities. We provide BFO tools for setting priorities and identifying services most likely to achieve these priorities within ever more limited revenues. GFOA staff can also assesses your budget situation to help you produce consensus budgets that meet the needs of your community and to demonstrate benefits to your citizens. GFOA consultants can provide different levels of advisory services to meet the organization's need to help transition from a traditional budget process to a budgeting for outcomes process. Past clients have had GFOA design the new budget process, manage the process, or simply provide best practice recommendations along the way.

Additional Resources on BFO and Priority Driven Budgeting:

[Anatomy of a Priority-Based Budget Process](#)

April 2010 by Shayne C. Kavanagh, Jon Johnson, and Chris Fabian

Connect with GFOA Consulting 

The GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. GFOA members are dedicated to the sound management of government financial resources.

Code of Professional Ethics

The Government Finance Officers Association of the United States and Canada is a professional organization of public officials united to enhance and promote the professional management of governmental financial resources by identifying, developing and advancing fiscal strategies, policies, and practices for the public benefit.

To further these objectives, all government finance officers are enjoined to adhere to legal, moral, and professional standards of conduct in the fulfillment of their professional responsibilities. Standards of professional conduct as set forth in this code are promulgated in order to enhance the performance of all persons engaged in public finance.

About Us: Mission Statement | Strategic Plan

MISSION STATEMENT

The purpose of the Government Finance Officers Association is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

OBJECTIVES

1. Expert Knowledge. Continue to be recognized as a leading source of expert knowledge in public financial management by exercising leadership in research, recommended practice and policy development and information dissemination.
2. Education and Training. Enhance the expertise and professionalism of financial managers and policy makers and provide recognition for their achievements.
3. Leadership Development. Engage in efforts to assist finance officers to develop the skills and capabilities necessary to enable them to become organizational leaders as well as technical experts.
4. Raising Public Awareness of Sound Financial Policy and Practice. Take leadership in promoting public awareness of policies and practices that enhance sound financial management of public resources.
5. Enhanced Cooperation. Cooperate with and complement the services provided by other organizations (U.S., Canadian and international) to increase the effectiveness of GFOA.
6. Strategic Use of Technology. Provide information and analytical tools to help governments identify and apply appropriate, economical technologies to support efficient resource allocation, quality services and effective decision-making and to promote citizen involvement.
7. Association Operations. Conduct the operations of the Association in a manner that exemplifies the highest standards of financial management and member service.

GFOA OBJECTIVES WITH RELATED STRATEGIES AND ACTION ITEMS FOR THE 2011- 2012 BIENNIAL BUDGET

Objective 1: Expert Knowledge. Continue to be recognized as a leading source of expert knowledge in public financial management by exercising leadership in research, recommended practice and policy development and information dissemination.

Strategies

1. Serve as a recognized source of information on matters involving financial management, tax policy and the impact of state, provincial, and federal fiscal policy on local governments and the economy.
2. Serve as a clearinghouse for financial management issues and resources.
3. Provide forums for discussing policy issues and developing policies and recommended practices.
4. Engage in research and consulting activities that lead to the development of financial management best practices.

Objective 2: Education and Training. Enhance the expertise and professionalism of financial managers and policy makers and provide recognition for their achievements.

Strategies

1. Increase the accessibility of training, especially to governments that are not able to send employees to national training programs or the annual conference.
2. Identify and meet the information and training needs of finance managers and policy makers.
3. Promote ethical, legal and professional conduct by members in the fulfillment of their professional responsibilities.
4. Provide clear and comprehensible information on relevant technologies to governments through articles, books, annual conference sessions, electronic seminars and presentations, and the GFOA website.
5. Identify skills and capabilities needed by finance managers within the various areas of expertise within the government finance profession and provide training and educational support accordingly.

Objective 3: Leadership Development. Engage in efforts to assist finance officers to develop the skills and capabilities necessary to enable them to become organizational leaders as well as technical experts.

Strategies

1. Increase awareness among finance officers of their role in organizational strategy and broaden and improve the leadership skills of finance officers by focusing on managerial, technology, and communication skills.
2. Identify internal and external training and development resources related to leadership development and make them readily available to GFOA members.
3. Provide information and support to finance officers to assist them in taking a leadership role in their government's efforts related to environmental sustainability

Objective 4: Raising Public Awareness of Sound Financial Policy and Practice. Take leadership in promoting public awareness of policies and practices that enhance sound financial management of public resources.

Strategies

1. Take leadership role in identifying issues related to government finance and work with other government associations to articulate current GFOA policy and practice to executive, legislative and judicial branches of the federal government and, if necessary, to develop alternatives for federal legislation and regulation.
2. Promote GFOA's policies and expert opinion to the Governmental Accounting Standards Board and to other standard-setting and regulatory bodies.
3. Promote public finance as a career and a profession.

Objective 5: Enhanced Cooperation. Cooperate with and complement the services provided by other organizations (U.S., Canadian and international) to increase the effectiveness of GFOA.

Strategies

1. Continue to maintain effective relations with state and provincial finance officer organizations and state and provincial representatives.
2. Engage in efforts to assist GFOA members and their governments to participate and compete in a global economy by identifying and sharing information on innovative financial management techniques internationally.

Objective 6: Strategic Use of Technology. Provide information and analytical tools to help governments identify and apply appropriate, economical technologies to support efficient resource allocation, quality services and effective decision-making and to promote citizen involvement.

Strategy

1. Integrate information on the use of technology in government financial management into strategies and action items that support each of the objectives contained in GFOA's strategic plan. (See supporting strategies and action items within other sections of this Strategic Plan.)

Objective 7: Association Operations. Conduct the operations of the Association in a manner that exemplifies the highest standards of financial management and member service.

Strategies

1. Increase members' use of GFOA's electronic channels, especially the GFOA website, by providing easy access to GFOA information and services, supporting electronic networking among the membership, continuously updating GFOA content, and providing links to other web content.
2. Design and use feedback mechanisms such as surveys and focus groups to elicit information on member preferences related to GFOA programs and services.
3. Ensure effective staffing to support Standing Committees
4. Attract and retain a high-quality and diverse staff.
5. Continue to maintain a diverse financial base.
6. Increase member awareness of GFOA services and promote broad participation by members in educational, publication, conference, committee, and award program activities.
7. Better serve the needs of finance officers in school districts and other special districts by informing them of GFOA services and activities.
8. Establish association mechanisms to identify and address demographic changes as they relate to government finance professionals and the needs of member governments.
9. Manage association operations consistent with environmentally sustainable practices