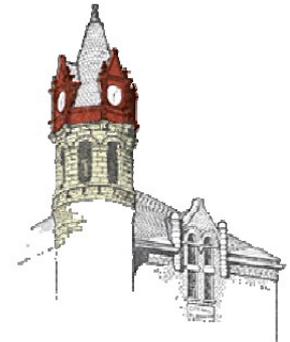# City of Stoughton Budgeting for Outcomes

Council Budget Review Process

The Government Finance Officers Association

Presentation Topics

- BFO Purpose and Quick Review of the Process
- Suggestions for Reviewing a BFO Budget

What is Budgeting for Outcomes?

- A new approach to budgeting in which all steps are focused on results for the public
- The most important goal: spending limited revenue in the best way possible to maximize results for citizens
- Focusing on what service level to buy for the public, not what to "cut"
- No base budget/doesn't start with last year's budget
- Citizens and their priorities first
- Buy services for the public based on their contributions to Priorities

Budgets are about buying Results for Citizens, not just paying for programs

Traditional Budgeting Hasn't Worked Well Enough in Our New Fiscal Reality

"We are all out of less"

Goals for Stoughton's New Process

- To align the budget with citizen's priorities

- To focus our limited resources on the services that provide the best outcomes for citizens

- To prioritize our services and service levels within the "new normal" revenue situation

The BFO Process

1. Estimate total revenues
2. Decide on the Priorities (results) and indicators of progress
3. Allocate revenues to the Priorities
4. Develop strategies to address Priorities and ask departments to submit offers of programs/activities that explain how they will support the Priorities
5. Prepare offers (departments)
6. Rank offers within each Priority
7. Prepare a unified proposed budget
8. Review/revise/adopt the budget

Progress to Date

- Citizen input solicited
- Priorities identified
- Community Level Indicators created
- Cause and Effect analysis conducted by Priority Teams
- RFRs prepared by Priority Teams
- Offers prepared by departments
- Offers ranked by Priority Teams, reviewed by Leadership Team and Mayor
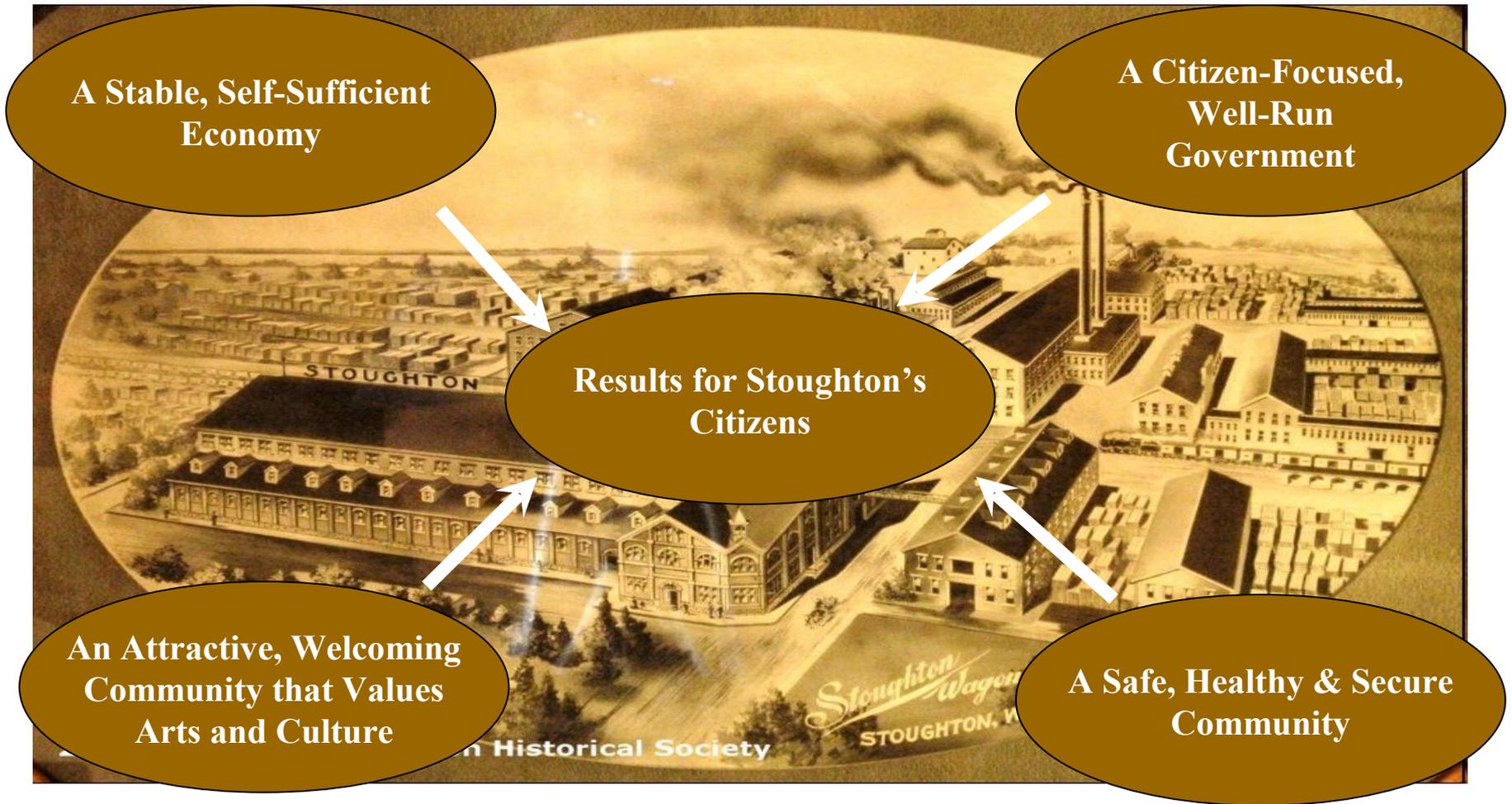- Proposed Budget developed based on team rankings plus adjustments

What are the "Priorities"?

- Results that the public needs and expects, articulated as community conditions:

Stoughton's Strategic Priorities

A Stable, Self-Sufficient Economy

A Citizen-Focused, Well-Run Government

Results for Stoughton's Citizens

An Attractive, Welcoming Community that Values Arts and Culture

A Safe, Healthy & Secure Community

What were the results of the cause/effect analysis?

- Cause/effect maps for each priority
  - Visual representation of the causal factors that contribute to the result
  - Included factors that matter most in achieving the priority
  - Backed by evidence
  - Illustrated what the Results Teams learned about what it takes to produce results
  - Helped the Results Teams prepare the request for results to departments

Stable, Self-Sufficient Economy

Stoughton, Wisconsin
I want to live in a community that has a stable, self-sufficient, local economy

Business Attraction & Retention	Strong Residential Workforce	Strong & Effective Partnerships	Accessibility for Business
Business Ready Sites

Business Support, Resources and Information Accessibility – City as Guide vs. City as Regulator

Incentives for Business Growth & Attraction

Diversity of Business

Marketing Stoughton's Assets | A Variety of Single Family Housing Opportunities

Strong Support for Lifelong Education | Existing Partnerships & New Partnerships

Connections with & Support for Local Businesses

Stoughton's Role within the Regional Economy | Responsible Planning & Growth

Reliable Infrastructure |

INDICATORS:

- **Improved business attraction and retention**
- **Improved and strengthened residential workforce**
- **Increase in effective partnerships that address economic needs**
- **"User friendly" business environment**

I want to live in a Safe, Healthy and Secure Community

Public Safety

- Enforcing laws/ordinances
- Emergency response time
- Well trained and equipped personnel
- Safe environment

Health Promotion

- Community nutrition and wellness
- Recreational opportunities
- Drug & alcohol prevention & intervention

Community Involvement & Partnerships

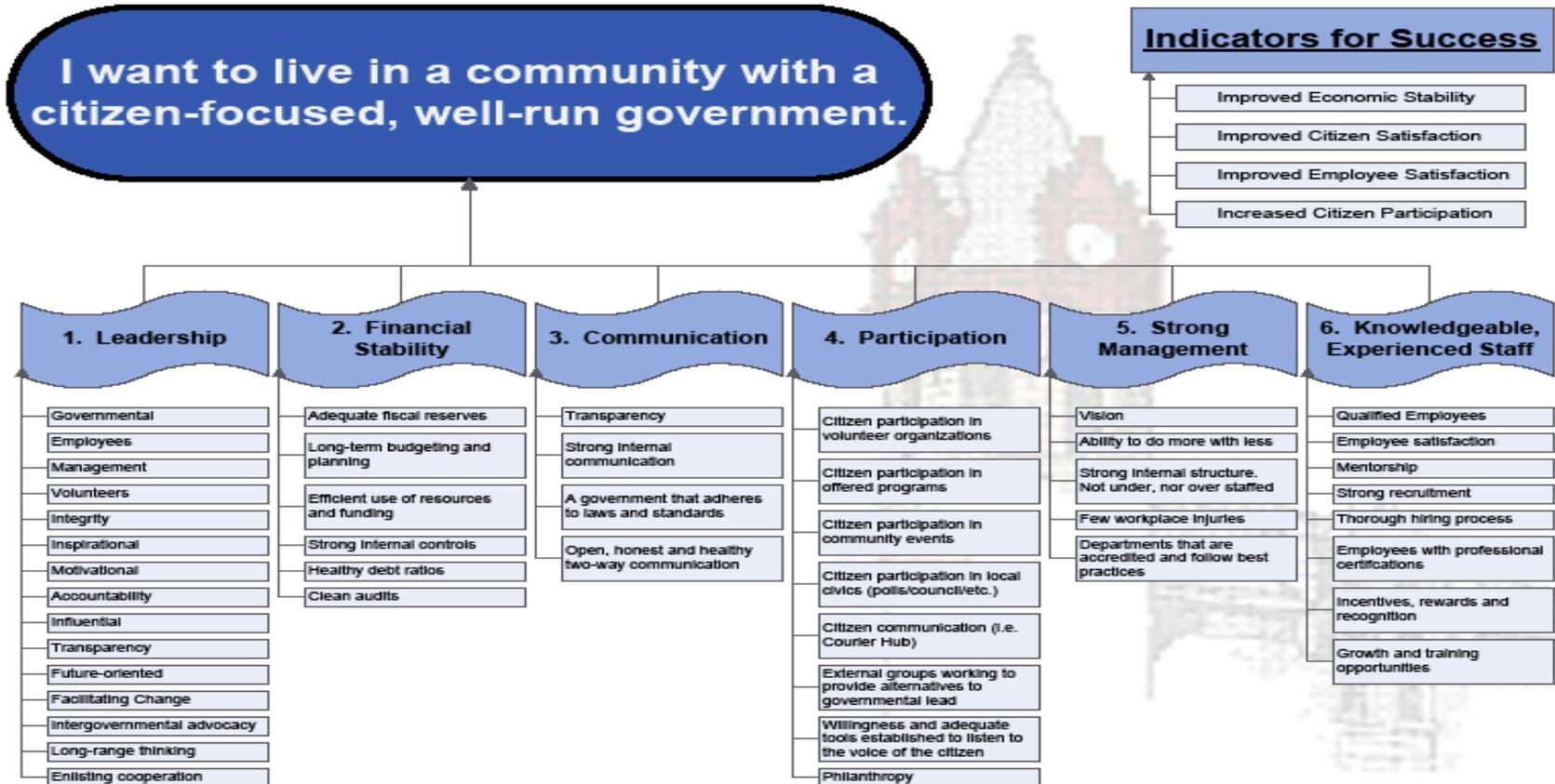- Community outreach/awareness
- Public/private partnerships
- Collaborate with local, state, county and federal agencies
- Interdepartmental/interagency cooperation

Our Indicators for Success are:
Decreased crime rate, improved citizen health and wellness, enhanced outreach and interagency coordination

Citizen-focused, Well-run Government

I want to live in a community with a citizen-focused, well-run government.

Indicators for Success
- Improved Economic Stability
- Improved Citizen Satisfaction
- Improved Employee Satisfaction
- Increased Citizen Participation

1. Leadership	2. Financial Stability	3. Communication	4. Participation	5. Strong Management	6. Knowledgeable, Experienced Staff
Governmental	Adequate fiscal reserves	Transparency	Citizen participation in volunteer organizations	Vision	Qualified Employees
Employees	Long-term budgeting and planning	Strong internal communication	Citizen participation in offered programs	Ability to do more with less	Employee satisfaction
Management	Efficient use of resources and funding	A government that adheres to laws and standards	Citizen participation in community events	Strong internal structure. Not under, nor over staffed	Mentorship
Volunteers	Strong internal controls	Open, honest and healthy two-way communication	Citizen participation in local civics (polls/council/etc.)	Few workplace injuries	Strong recruitment
Integrity	Healthy debt ratios		Citizen communication (i.e. Courier Hub)	Departments that are accredited and follow best practices	Thorough hiring process
Inspirational	Clean audits		External groups working to provide alternatives to governmental lead		Employees with professional certifications
Motivational			Willingness and adequate tools established to listen to the voice of the citizen		Incentives, rewards and recognition
Accountability			Philanthropy		Growth and training opportunities
Influential					
Transparency					
Future-oriented					
Facilitating Change					
Intergovernmental advocacy					
Long-range thinking					
Enlisting cooperation					

ATTRACTIVE, WELCOMING COMMUNITY THAT VALUES ARTS AND CULTURE

Engaged & Informed Community

- Citizen Involvement/Interaction
- Effective Communication
- Public-Private Partnerships

Streetscape

- Accessibility
- Public Property Appearance
- Private Property Appearance

Shared Public Experiences

- Arts & Culture
- Park & Open Space Amenities
- Events & Celebrations

Positive Community Image

- Unique Community Identity
- Defined Neighborhoods
- Attractive Gateways

Indicators for Success

- Image/First Impression
- Participation Levels
- Community Engagement
- Citizen Satisfaction

Description of Offers and the Offer Process

- <u>Offers are the new basic units of the budget</u>
- Can be an existing, modification of an existing program or new program, service or activity
- Key components:
  - Tied to a priority
  - Describe and justify program or service with evidence of effectiveness
  - Include program performance measures (a commitment for the results, not just work counts, will the offered program provide)
  - Describes needed resources (FTEs, dollars)
  - May Includes collaboration or partnerships with other departments
  - Describe potential consequences of not funding the offer

The Ranking Process

1. In the first round ranking, teams
   - Carefully reviewed offers developed by departments
   - Individually ranked offers into 3 categories as a starting point for discussion and revision
   - Ranked offers into 'order of purchase' based on EVIDENCE of contribution to the Priority, regardless of mandate or funding source
   - Based on allocation, ranked from top to bottom, showing the line where funding ran out
   - Obtain feedback from the Leadership Team for possible re-ranking
   - Gave feedback to departments so they could revise their offers
2. In the second round ranking, teams
   - Reviewed revised offers, complete second rankings, and recommended 'order of purchase,' considering mandates and fund types
   - Finalized recommendations as a package
   - Submitted ranking as Team's recommendation to Mayor
3. Leadership Team (department heads) and Mayor reviewed Results Teams' rankings
4. Mayor made adjustment to prepare budget to go to Council

Purpose of Ranking the Offers

- Different conversation: "How do we best spend our resources?" not "What to cut?"
- Identify duplication and possible inefficiencies
- Identify offers that are most effective, based on measurable contribution/ evidence
- Prioritize offers for purchase
- Encourage focused discussion on how to improve efficiency or change service levels of offers "above the line" to fund more "below the line" offers

Priority: Stable, Self-Sufficient Economy
Offer 1
Offer 2
Offer3
Offer 4
Offer 5
Offer 6
Offer 7
Offer 8
Offer 9
Offer 10
Offer 11
Offer 12

Above the line

Below the line

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Ultimate Purpose of the Ranking Process

- To give best possible advice to the Leadership Team, Mayor, and Council
  - Which offers deliver best value for the money in your priority area?
- To provide these same groups an opportunity to
  - ask questions,
  - review the narrative and evidence on the offer forms,
  - critique the rankings,
  - suggest alternatives,
  - and, ultimately, (for policymakers) to change rankings as they see fit.

Questions you may want to ask during in your review

Key Question

What is most likely to achieve the Priority results at a price -- where can the public get the best return on its investment?

Questions you may want to ask during in your review

- About each program offer
  - How will each offer advance the Priority? How?
  - Is the link to the Priority clear? Do the performance measures tell you what the department's performance commitment is? What results has it promised? Will you be able to assess performance later on?
  - If a lower service level is being proposed, how will citizens be affected?
  - If eliminating a service is being proposed, how will citizens be affected? What results is the department pledging?
  - What efficiencies did departments put into place when developing the offer?
  - Are there other efficiencies possible?

Questions you may want to during in your review

- About the rankings within each priority
  - What ranked high or low and why?
  - What guided the Teams' and the Mayor's decisions right around "the line"?
  - What changed between Results Teams' recommendations and the proposed budget and why?
  - If you want to fund an unfunded program, what program above the line (funded) do you want to move below the line (de-fund)?
  - If you want to increase a service level or restore a decreased service level, what program do you want to take the money from that's above the line?

Questions you may want to during in your review

- About the dollar allocation to each priority
  - What was the thought process in allocating dollars to each priority?
  - Were dollars shifted among priorities after the initial allocation, if so, how and why?
  - What happens if revenue estimates go up or down between now and budget adoption?

Final Rankings Ultimately Become their Public's Purchasing Plan (next year's budget)

The offers that are ranked "above the line" become the recommended plan for making progress toward the priorities in the next budget year

Discussion

Thank you!

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