

# Wheat Ridge Priority Based Budgeting

## Background

Wheat Ridge is a city of around 31,000 residents located in the suburbs of Denver. For the past seven years, the City has used priority based budgeting when developing its annual budget. Using a priority based budgeting process has allowed the City to align its resources and assets with budget priorities to link financial needs with the City Council's Strategic Goals.

## Sector

- Economic

## What is Priority Based Budgeting

Priority based budgeting is a budgeting method used by local governments to align their financial resources with community goals. Rather than basing a budget off of revisions to the previous years', local governments [take a holistic approach](#) to developing a budget that prioritizes programs and services to invest in, preserve, and enhance those most valuable for the community.

The process is scalable to communities of all sizes, and [when undergoing a priority based budgeting process](#), a community reviews all of its programs and their costs, and evaluates their impact and alignment with community goals. This then provides decision makers with needed information to set forth on developing an annual budget that focuses on programs that strengthen their community and meet short and long-term goals.



## Why did Wheat Ridge Pursue Priority Based Budgeting?

Often times communities use priority based budgeting as a method for helping them prioritize funding decisions in times when budgets are tight, or even when budget cuts need to be made. Wheat Ridge is an unusual case in that when they first pursued PBB, they weren't in this situation; they wanted to be more proactive and avoid finding themselves in a crisis mode where they would have to cut significant amounts of money just to balance their budget.

## How has Wheat Ridge used it?

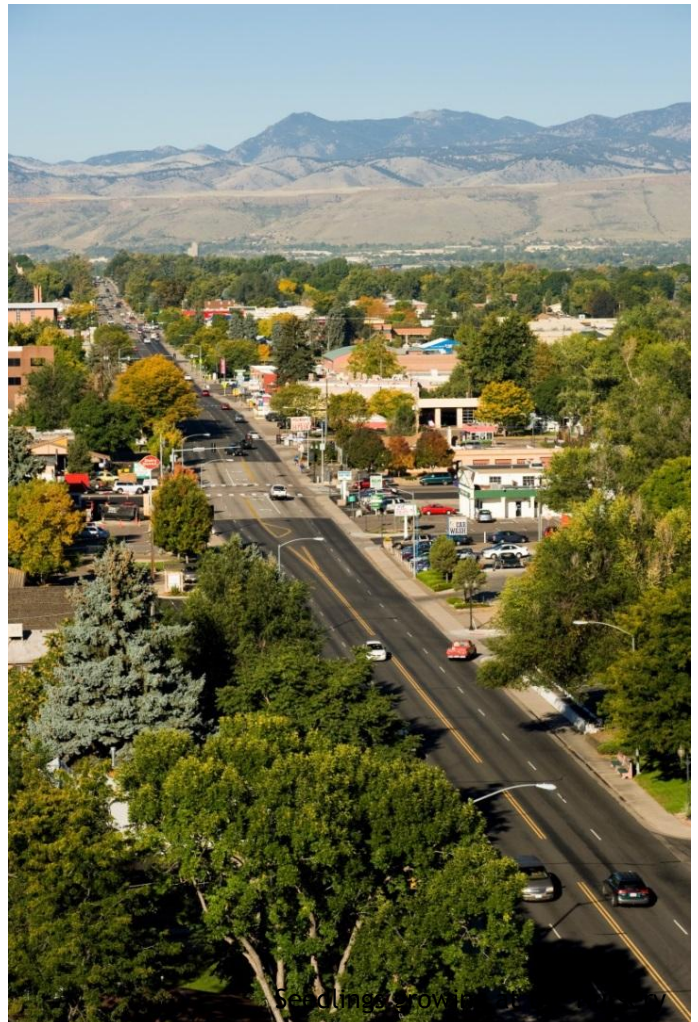
Wheat Ridge has been using priority based budgeting during their annual budgeting process for the last 7 years. Around 45 City staff [go through a five-point process](#) to evaluate each program across all departments to determine results, define results, identify programs and services, score programs based on their influence on achieving results, and prioritize programs. The prioritization results then are aligned with the City Council's goals and funds are allocated to programs. For 2017, for example, those were: *Safe Community; Economic Vitality; Desirable, Diverse, and Connected Neighborhoods; Healthy, Attractive, and Well-Maintained Community; Effective Transportation and Mobility Options; and Good Governance.*

The City primarily uses the process to focus on budget variances from year to year when project costs don't align with actual costs. For example, variances may occur in years with heavy snowfall where funds were not adequately appropriated for snow removal, etc. The City tracks any program with a \$5,000 or more variance to help improve future need projections. The City has also used the process to develop and manage a \$100,000 contingency fund for allocating needed funds for unexpected costs.

## What benefits have they seen?

Wheat Ridge has seen a number of benefits from using priority based budgeting over the last seven years, including:

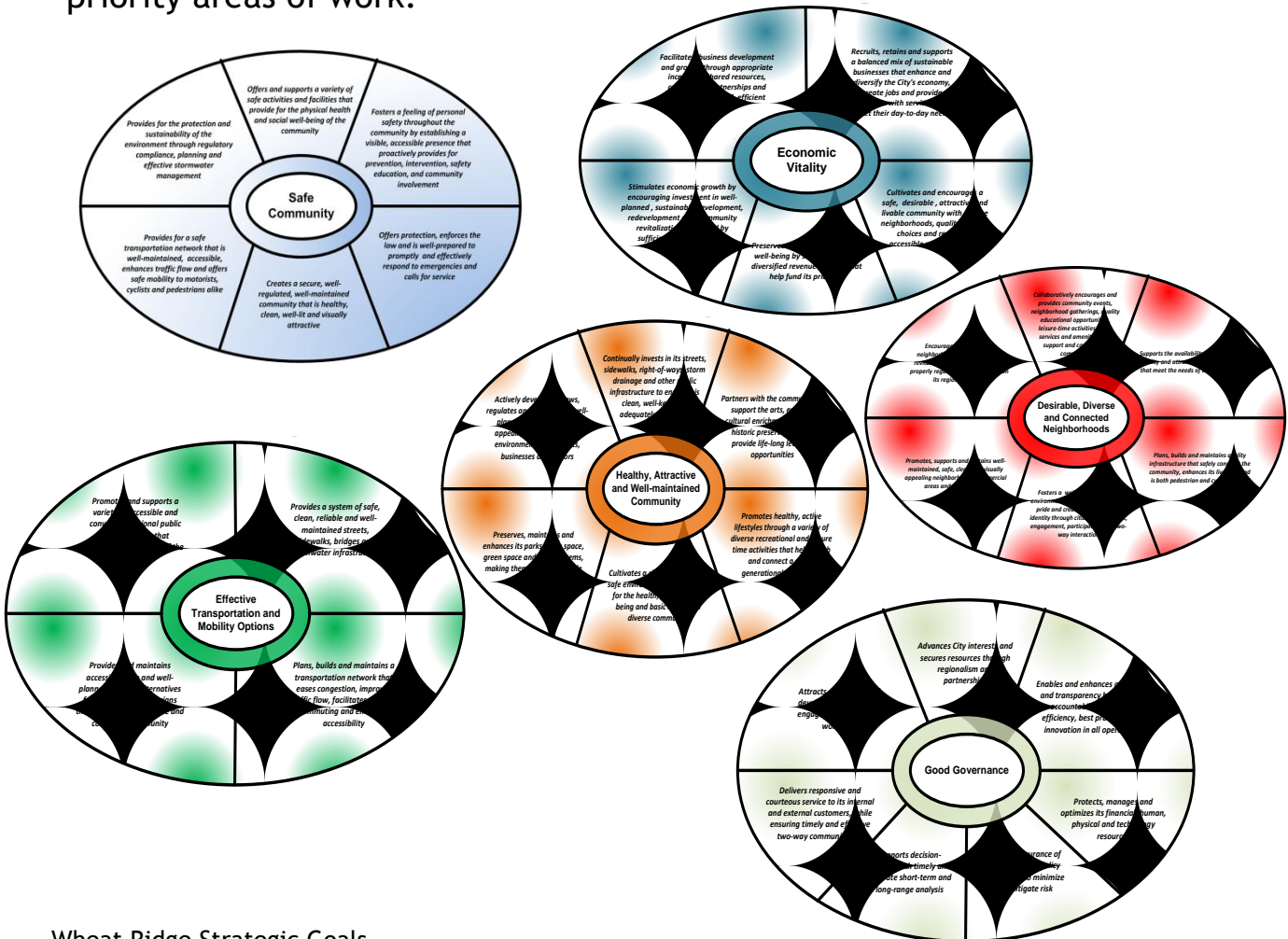
- Using priority based budgeting has helped shape budgeting conversations across departments to meet City goals
- Staff have a better understanding of programs offered across the City and their impacts
- The City's 2018 budget saw [a reduction of \\$657,000](#) in budget requests to fund critical programs
- By not over-budgeting programs, the City is able to allocate the right amount of resources in the right place, which helps avoid cutting funds from programs
- Staff use priority based budgeting criteria when evaluating requests to fund new programs and positions
- Officials are seeing a positive return on investment through the budgeting process



Aerial view of Wheat Ridge

## Lessons learned/advice for others?

The City has learned a number of lessons throughout its experience using priority based budgeting. Heather Geyer, Administrative Services Director for Wheat Ridge, noted that for anyone interested in pursuing this process, they should understand that it takes significant time and effort to go through the scoring process and use the prioritization array for every City program. To do the process effectively, there needs to be information gathered city-wide, which means it needs to be a priority to get broad buy-in support. However, this can lead to a positive shift in thinking about programs and budgets, enabling communities to do a critical analysis of the true costs of programs and providing them an opportunity to think about things they can stop doing if there's not a big enough impact and shift focus to other priority areas of work.



For more information about the priority based budgeting, contact Heather Geyer, Administrative Services Director for Wheat Ridge at [hgeyer@ci.wheatridge.co.us](mailto:hgeyer@ci.wheatridge.co.us)

