Financial forecast

- Forecast
- Cash Balance
- Actions being taken

Best/Worst case scenarios

Discussion for future action:

- Priority Based Budgeting
- Performance Standards
- IT Governance Structure

Novak Report

Will be additional discussion on Priority Based Budgeting, Performance Standards and IT Governance – just preliminary discussion.

Priority Based Budgeting:

- **GFOA**: The traditional approach to governmental budgeting is incremental: The current year's budget becomes the basis for the next year's spending plan, and the majority of the organization's analytical and political attention focuses on how to modify this year's spending plan based on revenues anticipated in the next year. An incremental approach is workable, if suboptimal, in periods of reasonably stable expenditure and revenue growth because the current level of expenditures can be funded with relatively little controversy. However, the incremental approach to budgeting is not up to the financial challenges posed by the new normal of relatively flat or declining revenues, upward cost pressures from health care, pensions, and service demands, and persistent structural imbalances.
- Priority-driven budgeting is a common sense, strategic alternative to incremental budgeting. Priority budgeting is both a philosophy of how to budget scarce resources and a structured, although flexible, step-by-step

process for doing so. <u>The philosophy of priority-driven budgeting is that resources should be allocated according to how effectively a program or service achieves the goals and objectives that are of greatest value to the community.</u> In a priority-driven approach, a government <u>identifies its most important strategic priorities</u>, and then, through a collaborative, evidence-based process, ranks programs or services according to how well they align with the priorities. The government then allocates funding in accordance with the ranking. The purpose of this paper is to describe factors that have led governments to adopt priority budgeting and to identify the essential concepts and steps in such a process, including the adaptations individual governments have made to customize priority-driven budgeting to local conditions. The paper is based on the experiences of the governments below, which were selected for variety in organization size, type of government, and approach to budgeting.4 This paper builds on prior publications about priority-driven budgeting by taking a step back from specific approaches to budgeting and describing the major steps in the process and then outlining options for putting those steps into operation. It is GFOA's hope that this paper will give those who are new to priority-driven budgeting a solid base from which to get started, and to provide veterans of priority-driven budgeting with ideas for further adapting and sustaining priority-driven budgeting in their organizations.is the city's **priority**-driven **budgeting** process that will enable resources to be allocated to the programs and services that provide the greatest value to our residents. ... The **priority**-driven **budget** process puts all the money on the table to encourage more creative conversations about services.

<u>What is Outcome Budgeting?</u>1 Baltimore defines outcome budgeting as a budget process that aligns resources with results. Under this process, the budget is organized around the City's priority outcomes—the results that matter most to citizens—and funds are allocated for those services that will achieve the desired outcomes. Traditional budgeting is organized around city agencies and uses the previous year's spending as the starting point for any agency budget increase or decrease.

Novak on PPO, pages 29 – comes directly from GFAO booklet

1. Identify available resources.
2. Identify Priorities – collaborative, work with public, develop strategic plan

First, the mayor and her/his cabinet establish city priorities which are based on input from the citizen community survey, regular public outreach, and research on challenges facing residents. Baltimore's community survey, based on a representative sample of residents, identifies trends in behavior and attitudes regarding quality of life indicators and city services. The most recent Baltimore City government

3. Define Priority Results more precisely
4. Prepare decision units for evaluation
5. Score Decision Units against priority results
6. Compare scores between programs
7. Allocate Resources
8. Create Accountability for results

IT Governance Structure - Austin Example is a good one, the use Gartner template – we use them for management issues

1.Recreate the City's Technological Steering Committee:

Membership: IT Director, MD, Directors, Councilperson, Citizen Rep?

2. Implement an Information Services Strategic Planning Process – generate report, budget and updating process.

Cost/Benefits

Austin: Used IT Template from Gartner

PERFORMANCE MEASURES

FISCAL POLICY

- Fund Balance Policy – 2 months operating/revenues – 20m in GF
- Financial Management Policies

Links on Priority Based Budgeting

https://results4america.org/wp-content/uploads/2018/01/Final-Baltimore-Case-Study.pdf

https://bbmr.baltimorecity.gov/sites/default/files/bbmr_baltimorecity_gov/attachments/2.%20Budget%20Process%20Chart_FY20.pdf

https://www.nlc.org/sites/default/files/2017-04/Priority%20Based%20Budgeting_Center%20for%20Priority%20Based%20Budgeting.pdf

https://icma.org/blog-posts/definitive-case-priority-based-budgeting-phd-dissertation

IT Governance

1. http://www.cityofsantacruz.com/home/showdocument?id=44974

2. http://www.cityofchesapeake.net/assets/documents/departments/information_technology/digital_cities/it+governance+charter.pdf

3. https://www.austintexas.gov/sites/default/files/files/Information_Technology/City_of_Austin_IT_Strategy_2014_2019_V_2.0.pdf