

**CITY OF BALTIMORE
COUNCIL BILL 08-0049R
(Resolution)**

Introduced by: Councilmembers Holton, D’Adamo, Young, Middleton, Henry, Branch,
Reisinger, Welch, President Rawlings-Blake, Councilmember Cole

Introduced and read first time: June 16, 2008

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: Department of Finance

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **A Request for Constructive Change – Budgeting for Outcomes**

3 FOR the purpose of requesting the Director of Finance to present to the Mayor and City Council
4 a proposal to redefine the budget process in Baltimore City as a system of outcome-based
5 budgeting that accurately reflects the priorities of the City residents whose tax dollars pay for
6 City services.

7 **Recitals**

8 The *American City and County* magazine reports that there is a new money game in town –
9 budgeting for outcomes – that has helped several local and state governments reduce deficits, use
10 revenue more effectively, and increase taxpayer confidence. The method that first defines what
11 the governments want to accomplish and then distributes available funds based on those
12 priorities is being used in state government in Iowa, Michigan, South Carolina, Washington, and
13 in local governments in Fort Collins, Colorado, Snohomish County, Washington, and
14 Multnomah County, Oregon.

15 Experts believe that the fact that some residents believe governments are not spending
16 money wisely may be a direct result of that fact that governments have historically budgeted
17 based on costs. Rather than calculating service costs, governments using outcome-based
18 budgeting determine the price residents are willing to pay for government services.

19 When governments budget for outcomes, the departments must first identify the desired
20 outcome and then define a goal. Budget planners have to determine what it will take to reach the
21 goal, and then the departments have to create strategies to deliver the current level of services,
22 enhance service delivery, or cooperate with other departments to achieve the defined goal.
23 While traditional budgets focus on funding departments, outcome-based budgets focus on
24 purchasing results.

25 In outcome-based budgeting, departments submit bids to reach an outcome that has been
26 identified based on the priorities of the service recipients. The departments with the highest
27 ranked bids get funded; the lowest do not. Bids usually include information such as what the
28 department will produce, how much it will cost, and how long it will take to produce the

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

Council Bill 08-0049R

1 outcome. Once priorities have been selected, a government might determine more than one way
2 to achieve a specified outcome. A department finds out its budget when it finds out which of its
3 proposals are selected.

4 Fort Collins, Colorado posts on its website the following explanation of why the City uses
5 budgeting for outcomes:

- 6 • The Fort Collins economy is changing – the times of rapid, double digit revenue growth
7 are over.
- 8 • The old system didn't work - the short term approach of spending down reserves,
9 freezing employee wages, and not filling vacant positions is not sustainable; that
10 approach leads to mediocrity.
- 11 • Budgeting for Outcome will better align the services delivered by the City of Fort Collins
12 with the things that are most important to our community.

13 Baltimore City, like the rest of the country, is facing hard economic times. In the Overview
14 of the *Fiscal 2009 Preliminary Budget Plan*, the Economic Outlook states, in part, that “Few
15 economists at this point question whether the nation is in recession. That point enjoys wide
16 agreement as economic conditions continue to worsen. Rather, the questions under debate
17 include for how long and just how deep the recession will hit as well as what steps the nation’s
18 leaders might take to most effectively mitigate the impact on citizens and businesses. Here in
19 Baltimore City, local budgetary performance in Fiscal 2008 has already begun to show impacts
20 from a slow economy. More impacts are to come, and City leaders would be prudent to embrace
21 a conservative budget model as the best means for helping to preserve City service delivery in
22 the face of the recession that has clearly begun and that will most likely worsen before it gets
23 better.”

24 As fiscal resources continue to shrink, a second look at adopting a policy of Budgeting for
25 Outcomes is appropriate. Baltimore City taxpayers who bear the largest burden in financing
26 Baltimore City government should be permitted a larger voice in deciding where their hard-
27 earned dollars are spent and what services are most important to their families and their
28 communities.

29 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
30 Director of Finance is requested to present to the Mayor and City Council a proposal to redefine
31 the budget process in Baltimore City as a system of outcome-based budgeting that accurately
32 reflects the priorities of the City residents whose tax dollars pay for City services.

33 **AND BE IT FURTHER RESOLVED,** That the proposal for outcome-based budgeting be
34 presented to the City Council within 6 months of the adoption of this Resolution.

35 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
36 Director of Finance, and the Mayor’s Legislative Liaison to the City Council.