



Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: Councilmember Holton

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
A Request for Constructive Change - Budgeting for Outcomes

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

Recitals

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

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

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

In outcome-based budgeting, departments submit bids to reach an outcome that has been identified based on the priorities of the service recipients. The departments with the highest ranked bids get funded; the lowest do not. Bids usually include information such as what the department will produce, how much it will cost, and how long it will take to produce the outcome. Once priorities have been selected, a government might determine more than one way to achieve a specified outcome. A department finds out its budget when it finds out which of its proposals are

selected.

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

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

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

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

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

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

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

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