



# **PRIORITY BASED BUDGETING**

## ***Developing Program Inventories***

*City of Asheville, North Carolina*  
*Jon Johnson & Chris Fabian*  
*November 18, 2014*



**CENTER FOR  
PRIORITY BASED BUDGETING**

Using a Unique Lens to Focus Community Resources on Results



# Developing a Program Inventory



# Identify “Programs” within Departments/ Divisions

- Departments develop their own “program” inventories
- Comprehensive list of “*what we do*”
- Comparing relative value of programs, not relative value of departments
- **Goldilocks & the Three Bears: *Not too big, not too small, just right!***
  - *TOO BIG* = Departments/Divisions
  - *TOO SMALL* = Tasks
  - *JUST RIGHT* = Measure relative size based on costs/people associated with program to more discretely demonstrate how resources are used

## CITY OF BOULDER, COLORADO

### Department Program Inventory

Monday, July 26, 2010

**Directions:** For all of the programs and services in your department, identify the program name. When completed, please e-mail the Program Inventory back to Jim Reasor



Fund No.	Department Providing Program	Program Name
010	Community Planning & Sustainability	General Business Assistance
010	Community Planning & Sustainability	Business Retention and Expansion
010	Community Planning & Sustainability	Business Incentive Programs
010	Community Planning & Sustainability	Business Partnerships and Sponsorships
140	Community Planning & Sustainability	Energy Decarbonization
140	Community Planning & Sustainability	Green Job Creation
140	Community Planning & Sustainability	Climate Adaptation Planning
112	Community Planning & Sustainability	Comprehensive Planning
112	Community Planning & Sustainability	Intergovernmental Relations
112	Community Planning & Sustainability	Historic Preservation
112	Community Planning & Sustainability	Ecological Planning

City of Boulder, Colorado



# OBJECTIVES for *Developing Program Inventories*

- Create a comprehensive listing of all services offered by each operating division (*to both “external” and “internal” users*)
- Provide a better understanding of **“what we do”** to staff, administration, elected officials and citizens
- Provide a framework to better understand how resources are used to support **“what we do”**
- Provide a valuable tool for staff, management and elected officials to use when faced with budgetary *“choices”* about how funds are distributed.
- Allow for the preparation and discussion of a **“program budget”** rather than a **“line-item budget”**



# What is a "Program"?

~~Local Government Organization~~

~~Departments~~

~~Divisions~~

***Programs***

~~Tasks, Activities, Line Items~~



# Defining Programs

- To determine “*just right*”, look for “*differences*” that might help determine if an activity can be defined as a “*stand-alone*” program
  - “*Who*” are you doing the activity for?
    - Does it benefit a specific demographic group or population?
  - “*Where*” are you offering the service?
    - Does it impact a specific area, location or environment
  - “*What*” are you doing the service to?
    - Does it affect a specific property or asset (infrastructure, facility, etc.)
  - “*How*” is it funded? – Is there someone paying for it?
    - Are there revenue sources associated directly with the program (“*Program Revenues*”)



# Defining Programs

- **“What”** percentage of your resources are used to provide it? - Do you need **“specialized resources”**?
  - Is the estimated annual cost of the program a significant percentage of your total section’s budget?
  - Are the number of FTE’s associated with the program a significant portion of your total section’s staff?
- Has someone told us we **“have to do it”**?
  - Are there statutes, ordinances, resolutions, or other legislative documents that require us to provide the service?
- What **“type”** of service are you providing?
  - Preventative, Replacement; Repair/Maintenance; Instruction; Protection; Informative; etc.



# Defining Programs

- Is there an ***“End Product”*** as a result of doing it?
  - Does the external or internal user get something tangible when the service is delivered?
  
- “Is there someone outside the organization that ***“does the same thing”***?
  - Does a private business offer a similar service (***“Yellow Pages test”***)
  
- Do we ***“advertise”*** that we do it?
  - Is there a separate phone directory or website reference to the service?



# Preliminary Comments

- **GENERAL RULE OF THUMB**
  - Take costs for existing program and break out so that no program represents more than 15% of the total cost as it currently exists.
    - For larger existing programs, percentage might need to be closer to 8% to 10%
  - If that cost is less than \$500,000 and the number of FTE devoted to the program is 5 or less, that is a great starting place
  - **CAUTION – This is not formulaic** – just some general guidance to help you get started
  - Don't be afraid of breaking down too far – easier to “roll up” from first effort than continue to “break down”



# Preliminary Comments

- **WHAT TO WATCH OUR FOR**
  - A “facility” or “location” is not normally considered to be a program – *i.e. Golf Course; Airport, Recreation Center, Fire Station, etc.*
  - A “line item” in the budget is not normally considered to be a program – *i.e. Equipment Maintenance; Utilities; Travel & Training. etc.*
  - Revenue sources are not programs
  - Program names should not be the same as the name of an organizational unit *i.e. Branch, Department, Division, Section, etc.*



# Preparing the Program Inventory

- Responsibility of each Department
  - Department Director determines who needs to be involved
- Assign names to programs that are concise and easily understood
  - Avoid acronyms or abbreviations that aren't familiar to someone outside your department
- Provide additional (*but brief*) description of what the program “is” or “does”
- Outside agencies receiving general government revenues should also prepare program inventories, showing how those revenues are used to support individual programs.
- Distinguish “Administrative” from “Governance” functions at the department/division level



# “Do’s & Don’t’s” of Program Inventory

- **DO –**

- Provide a Program Name that is concise and easily understood
- Identify services that you offer to the constituency/group you serve
- Provide a brief description of the program
- Include the NAME of the accounting fund where the costs for the program are budgeted (*not the account number*)

- **DON’T –**

- Use acronyms or abbreviations that are unfamiliar to others
- Identify **TASKS, BUDGET LINE ITEMS or ORGANIZATIONAL UNITS** as a program
- Think of functions that are internal or administrative in nature as offered programs – group into one “Administrative” program
- Don’t write a justification of the program – just a description!
- Change the format of the template (add rows as needed)





# Preview to Program Costing



# How to Identify Program Costs

- 1) Associate ***Salary & Benefit Costs*** with your ***Personnel***
- 2) Assign ***Personnel*** to the ***Programs*** they Provide
- 3) Associate ***Non-Personnel Costs*** with ***Programs***
- 4) ***Line item*** Budget is now expressed as a ***Program*** Budget!



# 1) Associate Salary & Benefit Costs with your Personnel

**City of Wheat Ridge, Colorado**

**211 - Patrol**

**Personnel Costing Development Worksheet**

June 26, 2012

Directions: For all of the programs and services in your Department / Division, answer the following questions

**Allocated 100%**   **Allocated 100%**   **Allocated 100%**   **Allocated 100%**   **Allocated 100%**

**\$ 3,129,141.00**   **\$ 6,955.00**   **\$ 38,807.00**   **\$ 301,696.00**   **\$ 56,179.00**

**Total Number of FTE**      **Section Total**

**\$ 46.500**      **\$ 3,959,282.00**

							602	620	625	633	633
							Staff Salaries and Wages	FICA	Medicare	Police Pension	Police Pension FPPA (.026)
							\$3,129,141.00	\$6,955.00	\$38,807.00	\$301,696.00	\$56,179.00
							Allocate Dollars Directly to Position				
							[Enter Costs Directly Below]				
General	Police Department	Patrol	Police Lieutenant	2	1	211	\$98,757	\$0	\$0	\$9,876	\$0
General	Police Department	Patrol	Police Lieutenant	3	1	211	\$105,291	\$0	\$0	\$10,529	\$0
General	Police Department	Patrol	Police Support Technician	6	0.5	211	\$26,870	\$1,666	\$390	\$0	\$0
General	Police Department	Patrol	Police Support Clerk	7	1	211	\$41,191	\$2,554	\$597	\$0	\$0
General	Police Department	Patrol	Police Support Clerk	7	1	211	\$44,125	\$2,735	\$640	\$0	\$0
General	Police Department	Patrol	Police Officer	5	1	211	\$66,054	\$0	\$958	\$6,605	\$1,717

- Key is understanding how personnel line items are distributed (per FTE, on a percentage of salary basis, etc.)



# 2) Assign Personnel to the Programs they Provide

**City of Wheat Ridge, Colorado**

**211 - Patrol Operations**  
Program Costing Development Worksheet  
June 26, 2012

Directions: For all of the programs and services in your Department / Division, answer the following questions



**TOTAL NUMBER OF FTE:**  
**45.5**

**How are Programs Supported?**

Allocated 100%	Allocated 100%	Allocated 100%	Staff Not 100% Allocated	Allocated 100%	Allocated 100%	Allocated 100%
1	2	3	4	5	6	7
100%	100%	100%	95%	100%	100%	100%
Police Commander	Police Lieutenant	Police Lieutenant	Police Sergeant	Police Officer	Police Support Technician	Police Support Clerk
1.0	1.0	1.0	6.0	34.0	0.5	2.0

  

ACCOUNTING FUND	DEPARTMENT	DIVISION	PROGRAM NAME	PROGRAM NUMBER	ACCOUNTING NUMBER	Enter Percentage of FTE in the Blanks Below	Enter Percentage of FTE in the Blanks Below	Enter Percentage of FTE in the Blanks Below	Enter Percentage of FTE in the Blanks Below	Enter Percentage of FTE in the Blanks Below	Enter Percentage of FTE in the Blanks Below	Enter Percentage of FTE in the Blanks Below
General	Police	Patrol Operations	School Resource Officers Program	338	205							
General	Police	Patrol	Boyd's Crossing Community Policing	321	211							
General	Police	Patrol	Crime Analysis Program	322	211							
General	Police	Patrol	East Wheat Ridge Community Policing	323	211		5%					
General	Police	Patrol	Greenbelt Patrol Program	324	211							
General	Police	Patrol	Patrol Operations Emergency Calls for	325	211	25%	30%	30%	55%	60%	55%	
General	Police	Patrol	Patrol Operations Field Training Program	326	211	5%		5%				
General	Police	Patrol	Patrol Operations Non-	327	211	25%	25%	25%	25%	30%	30%	95%

- Estimate for a given year (this is not a time study!)
- Accuracy, not precision, is the goal
- Can't allocate an FTE over 100% (no matter how overworked they think they are)



# 3) Associate Non-Personnel Costs with Programs

City of Wheat Ridge, Colorado Program Costing Development Worksheet						How are Programs Supported?					
Tuesday, June 26, 12  <b>211 - Patrol Operations</b> Directions: For all of the programs and services in your Section / Division, answer the following questions						SECTION TOTAL \$ 297,145					
						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
						[Fund] 610	[Fund] 618	[Fund] 660	[Fund] 702	[Fund] 730	
						Overtime and Premium Pay	Court Pay	Operating Supplies	Conference and Meeting Exp.	Uniforms and Protective Clothing	Prof
						\$ 192,375	\$ 27,990	\$ 25,565	\$ 690	\$ 6,150	\$
					Select Allocation Methodology (to the Right -->)	Allocate Dollars Directly to Program	Divide evenly by FTE	Allocate Dollars Directly to Program	Divide evenly by FTE	Allocate Dollars Directly to Program	Alk
ACCOUNTING FUND	DEPARTMENT	DIVISION	PROGRAM NAME	PROGRAM NUMBER	ACCOUNTING NUMBER	Allocate Costs Directly (Below)	Allocate Costs Directly (Below)	Allocate Costs Directly (Below)	Allocate Costs Directly (Below)	Allocate Costs Directly (Below)	All Dir
General	Police	Patrol	East Wheat Ridge Community Policing	323	211	\$ -	\$ 30.96	\$ -	\$ 0.76	\$ -	\$
General	Police	Patrol	Greenbelt Patrol Program	324	211	\$ 17,280.00	\$ -	\$ -	\$ -	\$ -	\$
General	Police	Patrol	Patrol Operations Emergency Calls for	325	211	\$ 91,168.00	\$ 15,372.83	\$ 13,210.00	\$ 378.97	\$ -	\$
General	Police	Patrol	Patrol Operations Field Training Program	326	211	\$ 7,500.00	\$ 61.92	\$ -	\$ 1.53	\$ -	\$
General	Police	Patrol	Patrol Operations Non-emergency Calls for	327	211	\$ 45,585.00	\$ 8,979.09	\$ 6,605.00	\$ 221.35	\$ -	\$
General	Police	Patrol	Problem Oriented Policing Program	329	211	\$ 17,655.00	\$ -	\$ -	\$ -	\$ -	\$
General	Police	Patrol	Regional Tactical	330	211-660, 730, 750, 776	\$ 13,187.00	\$ 123.85	\$ 5,750.00	\$ 3.05	\$ 6,150.00	\$

- Choose a reasonable allocation methodology:
  - Divide costs by FTE (i.e. supplies line item)
  - Assign costs directly to program (i.e. annual audit)



# 4) Review "SUMMARY" of Inventory and Costs

City of Chandler, Arizona					What Totals Should Be:		What Totals Should Be:		What Totals Should Be:	
Program Inventory and Costs					\$	12,784,835.00	23.30	\$	1,609,884.00	\$
Last updated: 9/27/2012					Ties out		Ties out		Ties out	
Directions: For all of the programs and services in your Section / Division, identify the program name and a brief program description.					TOTAL:		TOTAL:		TOTAL:	
					\$	12,784,835	23.30	\$	1,609,884	\$
ACCOUNTING FUND	DEPARTMENT	COST CENTER	PROGRAM NAME	PROGRAM NUMBER	Program Cost	# of FTE	Program Revenue	Costs Associated with Personnel	Other Open	
101-General Fund	Neighborhood Resources	Housing & Redevelopment (4650)	Housing Youth Program	244	\$ 83,093	3.00	\$ -	\$ 73,138	\$	
224-PHA Family Sites Fund	Neighborhood Resources	Housing & Redevelopment (4650)	Public Housing Operations & Maintenance	246	\$ 1,185,487	5.28	\$ -	\$ 324,922	\$	
227-PHA Elderly & Scattered Sites Fund	Neighborhood Resources	Housing & Redevelopment (4650)	Public Housing Operations & Maintenance	246	\$ 843,174	3.10	\$ -	\$ 207,283	\$	
233-PHA Section 8 Vouchers Fund	Neighborhood Resources	Housing & Redevelopment (4650)	Public Housing Operations & Maintenance	246	\$ 141,169	1.69	\$ -	\$ 130,042	\$	
230-PHA Management Fund	Neighborhood Resources	Housing & Redevelopment (4650)	Affordable Housing Management	240	\$ 545,917	4.75	\$ -	\$ 480,347	\$	
224-PHA Family Sites Fund	Neighborhood Resources	Housing & Redevelopment (4650)	Public Housing Capital Improvement Program	245	\$ 6,079	1.00	\$ -	\$ 67,462	\$	
227-PHA Elderly & Scattered Sites Fund	Neighborhood Resources	Housing & Redevelopment (4650)	Public Housing Capital Improvement Program	245	\$ 5,844	0.88	\$ -	\$ 66,136	\$	

Step 2 - Allocate FTE to Prgrms

Step 3 - Associate Other Costs

Summary of Inventory and Costs

Notes +

Normal View

Ready

Sum=0



# *Thank You !*



## **CENTER FOR PRIORITY BASED BUDGETING**

*Using a Unique Lens to Focus Community Resources on Results*

**Jon Johnson, Co-Founder**

[jjohnson@pbbcenter.org](mailto:jjohnson@pbbcenter.org)

**Chris Fabian, Co-Founder**

[cfabian@pbbcenter.org](mailto:cfabian@pbbcenter.org)

**[www.pbbcenter.org](http://www.pbbcenter.org)**

***Phone: 720-361-3710***

*Copyright ©2009 by Chris Fabian and Jon Johnson d/b/a the **Center for Priority Based Budgeting,**  
Denver, Colorado.*