An Introduction to Priority Based Budgeting - *Morning Training Session*

The Center for Priority Based Budgeting transforms the way local government(s) define success in their communities, and marshal the resources to bring about its achievement. The CPBB enables communities to reassess their priorities, leading to a fundamental change in how organizations allocate fiscal, physical and human resources. Through Priority Based Budgeting, the CPBB has now partnered with over 100 organizations across North America to bring focused results and fiscal sustainability to communities.

**Priority Based Budgeting** is a unique and innovative approach being used by local governments across the Country to match available resources with community priorities, provide information to elected officials that lead to better informed decisions, meaningfully engage citizens in the budgeting process and, finally, escape the traditional routine of basing "new" budgets on revisions to the "old" budget. This holistic approach helps to provide elected officials and other decision-makers with a "new lens" through which to frame better-informed financial and budgeting decisions and helps ensure that a community is able to identify and preserve those programs and services that are most highly valued.

The underlying philosophy of priority based budgeting is about how a government entity should invest resources to meet its stated objectives. It helps us to better articulate why the services we offer exist, what price we pay for them, and, consequently, what value they offer citizens. The principles associated with this philosophy of priority based budgeting are:

- **Prioritize Services.** Priority based budgeting evaluates the relative importance of individual programs and services rather than entire departments. It is distinguished by prioritizing the services a government provides, one versus another.

- **Do the Important Things Well, Cut Back on the Rest.** In a time of revenue decline, a traditional budget process often attempts to continue funding all the same programs it funded last year, albeit at a reduced level (e.g. across-the-board budget cuts). Priority based budgeting identifies the services that offer the highest value and continues to provide funding for them, while reducing service levels, divesting, or potentially eliminating lower value services.

- **Question Past Patterns of Spending.** An incremental budget process doesn’t seriously question the spending decisions made in years past. Priority based budgeting puts all the money on the table to encourage more creative conversations about services.

- **Spend Within the Organization’s Means.** Priority based budgeting starts with the revenue available to the government, rather than last year’s expenditures, as the basis for decision making.

- **Know the True Cost of Doing Business.** Focusing on the full costs of programs ensures that funding decisions are based on the true cost of providing a service.

- **Provide Transparency of Community Priorities.** When budget decisions are based on a well-defined set of community priorities, the government’s aims are not left open to interpretation.

- **Provide Transparency of Service Impact.** In traditional budgets, it is often not entirely clear how funded services make a real difference in the lives of citizens. Under priority based budgeting, the focus is on the results the service produces for achieving community priorities.

- **Demand Accountability for Results.** Traditional budgets focus on accountability for staying within spending limits. Beyond this, priority based budgeting demands accountability for results that were the basis for a service’s budget allocation.
Priority Based Budgeting has now been successfully implemented in over 100 local government communities coast-to-coast. We take pride in our partnership with these CPBB communities in an effort to improve a community’s fiscal health for the benefit of the entire community.

This new environment demands a new (economic) vision of the future. And that vision is created through priority based budgeting.

Advanced Implementation of Priority Based Budgeting—Afternoon Training Session

At the beginning of 2015, over 80 communities across North America have implemented Priority Based Budgeting (PBB), impacting over 11 million citizens across the US and Canada. By the end of this year, over 100 communities will be practicing PBB, using the process and tools to reshape the way all of a community’s resources are leveraged to achieve Results, and inviting citizens further into an authentic role of influence and participation.

Online Priority Based Budgeting was created to meet the needs of a rapidly increasing user community:

1.) implementing the process in an efficient and intuitive, web-based platform,
2.) sustaining and evolving your work over several years, and
3.) transparently sharing the outcomes of your work, internally within the organization, and externally with citizens.

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Enabling the Full Potential of Priority Based Budgeting – the User Interface

Online PBB allows for easier access, and provides an intuitive user-interface for staff, elected officials and citizens alike! Enjoy all the same functionality of the Excel version. Filter by Community vs. Governance, by Accounting Fund, by Department/Division, by Budgeting Perspective, and by Basic Program Attributes and Results. Generate program lists based on any combination of PBB criteria. Additionally, you can elect to view comparable data from organizations of similar population and budget size. Know what your organization does, what it costs, and its value.
Figure 1: Generate Program lists from filters, copy and paste data. Filter by Result and see department spending.

NEW! “The 5 Policy Questions” - The Next Step

Upon completion of the PBB process, the question has always emerged: “what now?”

We have made it easy. The 5 Policy questions are pre-set RAD filters based on our work with over 100 communities. These Questions are your starting points for budgeting discussions.

Figure 2: Preset filters identify key areas based on our experience with 100+ Communities + See your what departments most fall into a given focus area and compare yourself in these criteria to other organizations + Generate Program lists, sort by cost, search, and copy the list.
What programs are you offering that are perfect for considering a partnership? What programs are highly mandated, but not achieving results – are we over providing to these programs? What are the areas of opportunity in my budget?

With the all-new automated report of “The 5 Policy Questions” your organization will find the answers to questions like these in a ready-made report available to departments and elected officials to study.

NEW! “Program Costing Analyzer” – Fully Understand Resource Allocation

Program Costing Analyzer provides the details behind program costs. Understand what resources flow into a program. Know the personnel, their allocation and costs contributing to total program cost. Conversely, select a cost or personnel and see what programs he/she contributes to or that operating expense supports.

For example, know what program(s) are driving overtime expenses. After identifying a program, drill down to see if the costs going in are in line with expectations. This is the source of detailed costing information.

![Image of Program Cost Analyzer](image-url)

**Figure 3:** Program Cost Analyzer view at department and program level to understand cost + View detailed Operational and Personnel Allocations that support a program + Select a Position or Line Item and see how it is distributed.
NEW! “Model Maker” – The Worksheets of Priority Based Budgeting

Going through the process of Priority Based Budgeting was a learning experience. Now track and access everything you learned. This is your organized, accessible, updatable data.

- Access the Worksheets – To view and share organization wide program inventories, descriptions, cost, and score.
- Update the Worksheets – To refresh the RAD Model and 5 Policy Questions and make changes year to year.

Propelling Progress Together – The Power of Community

In 2014, Dr. Sheryl Mitchell published the first doctoral dissertation on Priority Based Budgeting and the impact it’s having on communities. Documented in her research, An Exploratory Study of Priority Based Budgeting: Identification of Public Values and Public Priorities through Citizen Engagement in Government Budgeting Decisions, Dr. Mitchell relayed the following quote from an interview with a PBB practitioner:

"I really do think that within five years, it will be considered one of the standards in local business. One of the things about PBB…it’s not specific to an industry. I mean – Coca Cola could use PBB. Ace Hardware could use it. It doesn’t have to have local government as its particular focus…but, I see it as a standard in local government."

At the CPBB, we are insistent that we provide the tools and training to help every single community who shares our pursuit of optimizing resource alignment with results. Your participation in the community-based development of this platform will greatly enhance your organization’s ability to efficiently implement the process, utilize the power of the tools to the greatest extent possible, share the outcomes of your work with citizens, and ultimately channel all of your community’s resources with the results your citizens desire.