

Planning and Budgeting

The small town of Austin Texas located on the banks of the lower Colorado River has transformed dramatically over the years. Indeed, the City of Austin doubles in size almost every 20 years. Such rapid growth requires a comprehensive process that aligns our financial system to short, medium and long range plans so that citizens continue to receive the high level of services Austin is known for.

Comprehensive Planning

Comprehensive planning is an inclusive approach of addressing future growth. It focuses simultaneously on the present and the future. The comprehensive planning process helps to tie the efforts of the city, the council, departments, and employees into a unified inventory of plans designed to accomplish the specific purpose of supporting the city's overall vision of livability

The city's vision of being the most livable city in the country is at the top of the pyramid and planning for the future begins with our vision.

The council review and/or revise their priorities each year. However, these priorities are always aligned with the city's vision. Some examples of council priorities are:

- a rich, social and cultural community
- a vibrant urban fabric
- a healthy, safe city and
- sustainable economic development and financial health

Council priorities support the achievement of Austin's vision and serve as an organizing framework for planning and service delivery.

Livability is the principle theme that governs the city's planning process for land use,

transportation and economic growth. Managing physical growth and preserving the environment are key components of the council's vision for Austin.

The Austin Tomorrow Plan is the city's adopted comprehensive plan with broad goals and guiding principles. It is intended to be implemented over time and updated to fit our needs as we change.

- These plans are often 20 or more year plans.
- Mid-range plans look at what is necessary to achieve the livability desired 10 years down the road in the areas of economics, growth and needed capitol improvements.

The process is designed to look at future growth and needs. It is a dynamic, diverse visioning and strategic planning process that aligns a myriad of planning efforts to achieve the city's vision.

The annual City-wide performance report is organized by city departments and contains performance measures and benchmarks for each department. It measures where we have been, where we are, and where we want to go, tying back to each council priority.

Each department develops an annual plan and budget to address these priorities. The business planning process is an important step in Austin's becoming the most livable city in the country.

Each department identifies through its mission and goals how it contributes to the Vision of Austin in a way that is results-oriented and accountable to the council and the public. Performance measures within the plans define the level of service citizens can expect for their tax dollars.

Each department completes an annual assessment of its operations and budget. The completed plans are reflected in each employee's individual performance plan. These plans show how individual employees at all levels of the organization contribute to the City's vision and values through their daily work.

Through the process of comprehensive planning, every level is striving to achieve the vision of livability. Results achieved at any level in a department contribute to the achievements at the next highest level. Each level builds on each other to reach the council priorities and the City's vision of being the most livable city in the country.

Business Planning and Budgeting

The City Charter requires the city manager and the city council to develop and pass a balanced budget every year. In order to meet this requirement the city must have a dynamic and comprehensive budgeting process. The Managing for Results and Performance-based budgeting process had its beginnings in 1992 with the passage of a resolution. The resolution stated, in part, that, "... performance measurement should be the city's way of determining whether it is providing quality services at a reasonable cost." The charge to the city manager required each department to develop business plans which describe anticipated accomplishments, performance measures which reflect actual program or function accomplishments, and a process for analyzing and using this information to make decisions. These are the basic principles of Managing for Results.

Managing for Results is a business system that links people, dollars and resources to the results customers and citizens expect from city services. The system integrates strategic planning with budgeting, performance measurement and decision-making. By shifting the focus of the

organization from a "what we do" perspective, to a "what customers get" perspective the organization produces better results for customers. The goal of Managing for Results is to have an effective performance management system that is accountable to citizens.

Managing for Results is built on the long-standing principles of "Plan Do Check Act." Let's look at each component individually.

BUSINESS PLANNING (PLAN)

Business planning is a process for departments to identify where they are, where they want to be in 1-5 years, and how they plan to get there. Each department begins the business planning process in the fall, by assessing the results of the prior fiscal year and exploring the issues and trends expected in the near future. Medium range goals are developed that align to the city's vision and council priorities. The business plan is a communication tool that describes the results departments intend to achieve for customers and citizens and organizes the structure of the second component, which is performance budgeting.

PERFORMANCE BUDGETING (DO)

Performance budgeting matches strategic plans with budgeting and creates an aligned financial system. The business plans organize the structure of the city's program budget. The process begins when business plans are complete and departments begin working on their 5-year financial forecast in February. The 5-year forecast describes how a department intends to finance its business by aligning department goals in their business plan to the expected expenditures, such as personnel and equipment, needed to achieve those goals.

The collection of all department financial forecasts is combined into a comprehensive economic report delivered to council in late

April/early May by the city manager. This forecast is an overview of the economic condition of the city and the cost drivers that will influence the city manager's proposed budget. The economic report along with the performance report delivered to council in March will be used by council to help make policy decisions that will guide the development of the proposed budget.

The council provides feedback to the city manager and during council's summer break the Budget office and the city manager's office work together to develop the proposed budget. The proposed budget is presented to council by the end of July.

For the next two months – through departmental presentations, public hearings and the formal Budget Question and Answer process, the council deliberates on the proposed budget and the City's tax rate. The final budget is approved by the second week of September and the whole organization prepares to begin the new fiscal year that starts October 1st.

PERFORMANCE REPORTING (CHECK)

All department business plans are organized with a standard structure. The services provided to customers and citizens are organized into groups with a common purpose called "activities." A collection of activities with a common purpose is organized into groups called "programs." Programs are aligned to at least one major department goal. Performance measures are developed at the activity level. Each activity may have one or more type of measures that track the quantity, cost, and positive impact of services provided.

Demand measures count the amount of services requested or anticipated by customers and citizens.

Output measures count the actual units of services provided delivered during the fiscal year. The combination of demand and

output measures is used to identify service gaps.

Result measures are also known as quality or outcome measures. They measure the positive impact experienced by the customer when services are delivered. Result measures show the percentage of satisfaction or positive impact to the amount of services provided. Many result measures are benchmarked to national or industry standards.

"Efficiency measures" is the city's term for cost measures. They measure the unit cost of an output, or a unit cost of providing a service. Generally they measure the most critical cost within an activity or the cost of providing the collection of services within the activity.

High profile measures are known as "key indicators." These are measures within the plan that have a special interest to the community or critical benchmarks to industry standards.

Citizens may examine performance measures through the performance measures database located on the city's website at <http://www.ci.austin.tx.us/budget/eperf/index.cfm>. Citizens may search for any performance measure by department or by topic.

PERFORMANCE-BASED DECISION-MAKING (ACT)

The final component of Managing for Results is Performance-based decision-making.

Performance measures provide the organization the data it needs to make business decisions and strengthen long-term forecasts. By analyzing trends that emerge through ongoing data collection, the organization can adjust the way it allocates resources in order to balance demand and

outputs with costs and customer expectations.

Performance data also helps the organization identify areas where operational and process improvements may be needed to meet customer expectations or work more efficiently.

The complete framework of managing for results represents a continuous cycle of planning, budgeting, reporting and making decisions. Having accurate data to measure performance improves the organization's ability to make results-oriented decisions and ultimately improve the quality of the services we provide to customers and citizens.

Board and commission members participate in this process by monitoring organizational performance related to the work of their board and reporting citizen expectations to council.

As you can see, when the entire organization is focused on the principles of Managing for Results leaders have the information they need to make informed business decisions that ultimately improve the services the city provides to citizens.