

Budgeting for Outcomes vs. Budgeting for Fiefdoms

Ten years ago, Josephine County adopted Budgeting for Outcomes as our official budget policy. Budgeting for Outcomes is a modern budget methodology that has been successfully implemented by state and local governments all over the country.

Josephine County never fully implemented Budgeting for Outcomes, but we took some important steps in that direction for about six years. Four years ago, the county reverted back to status quo budgeting, in practice, but still continued to proclaim Budgeting for Outcomes as our official budget policy.

This year, we abandoned whatever good intentions we might have still harbored, and quietly eliminated the section on Budgeting for Outcomes from the budget book. This is a 180 degree turnaround in our official budget policy. And it was done silently, under the radar, with no public announcement or opportunity for public comment.

The new policy states that a “Status Quo budget is required unless change is supported by a change in revenue.” Unfortunately, this policy precludes any reallocation of funds from one department to another to address changing priorities or requirements. It is, in fact, the exact opposite of Budgeting for Outcomes.

Budgeting for Outcomes looks at county government holistically, across departmental boundaries, and allocates resources based on top-down priorities from the citizens’ perspective. By doing that, it ensures that the highest priority services are funded first, it eliminates waste, and it maximizes efficiency across all departments.

In contrast, status quo budgeting looks at each department as its own fiefdom, with its own inviolable budget, which is protected from being drawn upon to meet higher priority requirements in other areas of government. That’s why status quo budgeting is sometimes referred to as Budgeting for Fiefdoms.

Status quo budgeting is certainly easier than Budgeting for Outcomes. However, the easiest method of budgeting is not necessarily the most effective. Status quo budgeting is acceptable when everything is rosy and there are no major budget issues. But Josephine County’s budget issues have made not only local, but national, news.

All over Josephine County, people are talking about a fiscal emergency. Our sheriff said, if the SRS extension doesn’t get renewed next year, we’ll be facing a fiscal cliff like no other.

Yet, at our first budget meeting, Commissioner Walker said she’s tired of “people making insinuations and allegations about the financial health, or lack thereof, of the Josephine County budget or fiscal situation; it’s very good....We just need more revenue.” That’s like the man whose house is being foreclosed explaining to the bank “My financial situation is actually very good. I just need more income.”

Protecting the citizens is the foremost responsibility of government. If we don’t have adequate funding to fulfill our foremost responsibility to the citizens, then, by definition, we have budget problems. Pretending we don’t isn’t going to solve them. Status quo budgeting is like putting our heads in the sand.

There are three standard tools in the budget toolbox to deal with budget problems. The first is increasing revenues. The second is reducing expenses. The third is reallocating resources. Our new budget policy is to completely ignore two of those tools and insist on using only the first one.

Budgeting for Outcomes is designed to deal with very limited resources, and to make the most of the resources that are available. That's exactly what we need right now.

Part of the difficulty many local governments encounter in fully implementing Budgeting for Outcomes is that department heads can generally be expected to push back. They're able to see the requirements and priorities of their own departments more clearly than those of other departments and, naturally, they'll fight for what they see as "their" money.

That's why we need someone at a higher level to take a broader perspective, across the whole of county government, and to be accountable for doing the right thing for the citizens, not just the individual departments. That's the role of the County Commissioners.

Status quo budgeting relieves the Commissioners of that responsibility by simply perpetuating the status quo, whatever that may be.

Budgeting for Outcomes requires real leadership. And it has a proven track record, all across the country, of making local governments more effective, more efficient, and more accountable to the citizens.

Instead of taking the high road, our County Commissioners have chosen the path of least resistance. They've given up on Budgeting for Outcomes, and reverted to Budgeting for Fiefdoms.

Margaret Goodwin is a member of the Josephine County Budget Committee. The opinions expressed in this article are entirely her own, and do not represent the opinions of the Budget Committee.