



## Washtenaw County Board of Commissioners

### 2014-17 STRATEGIC PRIORITIES AND BUDGET DECISION PRINCIPLES

#### EXECUTIVE SUMMARY

The Washtenaw County Board of Commissioners has engaged in planning sessions designed to articulate the Board's strategic priorities and the principles by which decision-making will occur in relation to the budget process. The outcomes of those discussions are available as stand-alone documents, and the content has also been adapted for use in guiding the proposed next phase of budget development, as set forth in this document.

Parallel with these discussions, the Board and Administration have explored the means by which these strategic priorities will be funded, in light of the impending \$6.99 million structural deficit projected for 2014-2017. The deficit-reduction option that has garnered the most attention: issuing bonds for the unfunded accrued liability costs associated with pension and health care. However, the Board recently decided to postpone a vote on this topic.

This delay creates uncertainty with regard to how the Board's strategic priorities will be funded in the near-term. However, this delay also offers the opportunity to deepen the Board's level of engagement on (1) what those strategic priorities are, (2) what principles will be employed in making decisions about resource allocation to advance those priorities, and (3) how the achievement of those priorities will be evaluated over the long-term.

The Board of Commissioners is slated to adopt a four-year budget (covering the years 2014-2017) this fall. Given the level of near-term uncertainty regarding available funding mechanisms, the Board is instead encouraged to consider adopting a four year budget, reflecting structural savings to resolve the deficit projection. Administration is charged with presenting this budget for adoption this fall.

Meanwhile, the Board will come to consensus on the broad priority areas that will become the basis for the County's "investment policy." This framework, the foundations of which are described in the pages that follow, will be implemented by the Administration through a full-scale budget development process that engages the entirety of the organization and direct service delivery partners to develop a four-year budget that:

- Aligns departmental activities with the Board's articulated strategic priorities;
- Presents a rationale for the level of funding requested for each; and
- Incorporates metrics by which the activities' short-term outcomes and longer-term community impact may be evaluated.

The Board may choose to explore other revenue options. However, developing a clear and disciplined investment strategy is essential regardless of the funding mechanism.

## THE PURPOSE OF THIS DOCUMENT

This document provides direction to the County Administrator regarding the development of the 2014-17 organizational budget. It is intended as a statement of priorities and principles against which the strategic allocation of county resources may be measured to ensure they are meeting the intent of the Board of Commissioners. It should be used by staff, elected officials and the community to evaluate the appropriateness of budget allocations, requests, and departmental business plans. While not exclusive – in the sense that not every program, agency or mandate is specifically addressed – these priorities and principles are deliberately and specifically meant to support the allocation of resources and provide a means for justifying the challenging decisions that must be made.

Not only a response to the fiscal constraints faced by Washtenaw County and many other local governments across the state, these priorities and principles establish a framework for investing in programs and activities for each of the next four years that will help Washtenaw County's residents and communities continue to recover. The Board recognizes that numerous programs have historically been supported in the budget, *but directs that the Administrator streamline the County's business units and narrow the scope of our investments in such a way as to most substantively meet the vision, priorities and principles outlined in this document.*

As the budget cycle progresses, the Board must ensure that investments in these priority areas translate into tangible community impacts. To achieve this goal, the Board is establishing a structured and transparent budget process for the FY 14-17 budget cycle. The budget process will include collaboration between Board members, community partners, county residents, and county departments, and will center on discussion of the following policy considerations:

The document comprises three distinct sets of information meant to be used interactively to ensure the best budget possible emerges from our process:

- ❖ Beginning with the end in mind: An overview and declaration of a new paradigm for county investments;
- ❖ Four Priorities for the work the Board seeks to invest in most heavily, accompanied by qualitative priorities meant to focus resources on a reduced set of activities;
- ❖ A set of guidelines to support decision-making by the Administrator and the Budget Task Force as they confront the realities of our financial limitations and seek to balance competing interests.

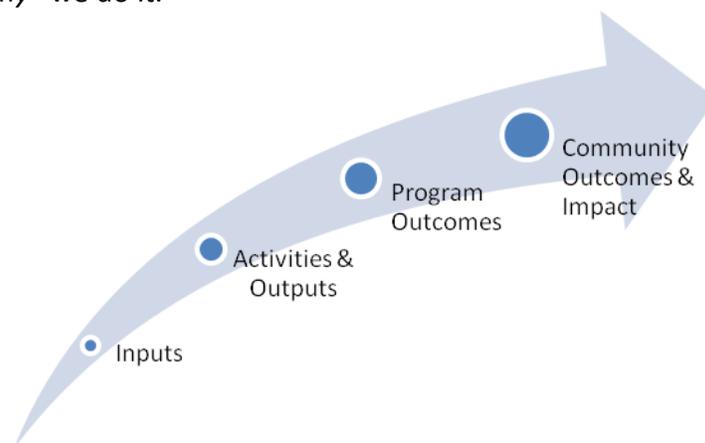
The process will ensure that the Board's role as a policy-setting body remains robust throughout the entire four-year budget cycle – from adoption through implementation – and that county departments can apply the Board's priorities to their budget development as well.

## AN IMPROVED PARADIGM FOR WASHTENAW COUNTY INVESTMENTS

Washtenaw County Government invests nearly \$200,000,000 annually in programs, services, and operations. One of the Board's fundamental responsibilities is to ensure that these investments are made according to Board priority, and that they have the desired effect. That is, they impact the community and residents' quality of life in positive ways.

Identifying and working toward community impact can move Washtenaw County Government toward a policy-making and resource allocation paradigm that focuses on – and measures – improved quality of life in Washtenaw County.

Identifying and committing to change one or more community conditions or populations means moving beyond understanding how much money we spend and how many units we deliver. It means understanding and committing to what differences those investments and services make for Washtenaw County residents. It moves discussion beyond the “*what*” county government does toward the “*why*” we do it.



## INVESTMENT PRIORITIZATION

The Board of Commissioners provides the following statements of priorities regarding the work that the County does. These should be interpreted as “impacts” – long-term changes – and “outcomes” – shorter-term effects – of the investments we make beginning with the 2014-17 budget. Each priority is deliberately broad, affording Administration a measure of flexibility to determine the most appropriate structure and investment level to meet these goals. Each priority is also accompanied by statements of the Board's primary interests in affecting community impacts, meant to narrow the scope of investments within each priority. These priorities are not exhaustive – meaning reasonable investment in other pursuits is acceptable – but they should be understood as the Board's priorities against which the entire budget and departmental work plans will be evaluated.

## FINANCIAL & HUMAN RESOURCE INVESTMENT PRIORITIES



### **PRIORITY ONE: ENSURE THE COMMUNITY SAFETY NET THROUGH HEALTH & HUMAN SERVICES**

Human services are one of our top priorities. Providing enough to eat, a safe place to live, and access to health care remains a core responsibility of the Board. There is a special emphasis on programs that protect children and give them a good start in life, knowing the significant long-term pay-off for investment in healthcare, nutrition, quality childcare, and early childhood education.

The 2014-17 investments should make measurable headway in the following *sample* community outcomes:

- Washtenaw County residents have ready and affordable access to primary care for mental, oral, and physical health;
- Children in Washtenaw County will have access to the care, support, and developmental tools they need to be ready for kindergarten;
- Youth in Washtenaw County will graduate from high school, ready for college or career;
- Residents in Washtenaw County will be safe, in their homes and in the community;
- Residents of Washtenaw County will be food secure;
- Poverty rates in every community throughout Washtenaw County will be the lowest in the state;
- Low-income residents have access to affordable transportation options

### **PRIORITY TWO: INCREASE ECONOMIC OPPORTUNITY & WORKFORCE DEVELOPMENT**

Supporting neighborhoods and enhancing the environment for job creation is essential to revitalizing the local economy. The Board recognizes the County's key role in public safety, housing stabilization, workforce development, and its essential partnership in the broader economic development strategy.

The 2014-17 investments should make measurable headway in the following *sample* community outcomes:

- Every community throughout Washtenaw County exceeds the Statewide employment rate;
- Entrepreneurs and local businesses have access to capital, talent, and supports needed to grow and thrive;
- Housing and transportation costs will be affordable to residents earning less than 80% of the area's median income;
- Washtenaw County has safe and stable neighborhoods, with high rates of homeownership;
- Washtenaw County residents have access to broadband internet connection

### **PRIORITY THREE: PROVIDE MOBILITY & CIVIC INFRASTRUCTURE FOR COUNTY RESIDENTS**

The 2014-17 investments should make measurable headway in the following *sample* community outcomes:

- Washtenaw County has excellent roads, bridges, and related infrastructure to facilitate efficient movement of county residents and local goods and services;
- Residents in Washtenaw County can travel easily and affordably throughout the county, using motorized or non-motorized routes and connections;
- Residents in Washtenaw County have easy access, including online access, to permits, licenses, vital records, and tax information

### **PRIORITY FOUR: REDUCE ENVIRONMENTAL IMPACT**

The Board seeks to minimize county government's and the broader community's impact on the environment, through conservation, energy improvements, and optimization.

The 2014-17 investments should make measurable headway in the following *sample* community outcomes:

- Residents in Washtenaw County can easily travel throughout the county, using motorized or non-motorized routes and connections
- Residents in Washtenaw County can easily access parks, natural areas, and open spaces;
- Washtenaw County government will be carbon neutral

## DECISION-PRINCIPLES FOR BUDGET ALLOCATIONS

Beyond *what* we do, the Board is further interested in *how* the County achieves objectives and allocates resources such that a coherent and defensible strategy supports our investments. Some expenditures have a greater systemic or tactical effect than others, and Administration is directed to assess the likelihood of success of a program or project using at minimum the following principles. Naturally, not every investment will reflect every principle.

### **DECISION-PRINCIPLE ONE: IMPACTS & OUTCOMES DRIVE INVESTMENT PRIORITIES**

The Board seeks programs that maximize the effectiveness of our investments in creating positive community change. In this respect, the investment should:

- Directly address an articulated Board priority;
- Show a clear and logical progression from activity to program outcome to community impact; and
- Be measurable.

### **DECISION-PRINCIPLE TWO: SERVICES ARE DELIVERED OPTIMALLY BY THE RIGHT PROVIDER**

The Board seeks to reduce overlap in service delivery and to ensure that the best providers in our community are empowered to lead. The Board acknowledges the infinite possibilities with regard to potential configurations of services and providers; in the short-term, the Board agrees to limit decisions about County investments to those areas directly under the County's control or significant influence. Investments in programs should reflect:

- Knowledge of the field of providers who are spending similar dollars;
- Plans that have the engagement, insight and support of stakeholders;
- A clearly articulated and distinct role for the County, whether as leader, partner or supporter;
- An understanding of the regional context of the problem being addressed both within and beyond our borders; and

### **DECISION-PRINCIPLE THREE: SOCIAL & FINANCIAL RETURNS ON INVESTMENT ARE CALCULATED & ARTICULATED**

The Board desires programs to be economically efficient *and* to have a solid community impact. The best programs will show:

- Substantive leveraging of funding from external sources; and
- A measureable impact on the problem being addressed beyond that of competing tactics.

### **DECISION-PRINCIPLE FOUR: BOTH IMMEDIATE NEEDS & ROOT CAUSES ARE STRATEGICALLY ADDRESSED**

The Board supports a continued focus on the root causes of problems that affect the quality of life of County citizens by aggressively pursuing prevention strategies but acknowledges the County's critical role in providing assistance in addressing immediate human needs. To balance these often competing priorities, the decision to invest in work on root causes or immediate needs should reflect the following considerations:

- The County's role is defined relative to other stakeholder investments (e.g. provide for immediate needs when root causes are being addressed elsewhere, or vice versa);
- Addressing immediate needs should also reflect an understanding of the larger system at work (e.g. when providing housing, also consider the employment needs of the constituent to ensure that housing can be sustained);
- The objective of any investment is to provide constituents with the supports needed to empower their independence.

***DECISION-PRINCIPLE FIVE: PROGRAMS ARE EVIDENCE- AND PERFORMANCE-BASED***

The Board prefers programs that are data-driven at all stages, including initiation, implementation and evaluation. The programs most worth investing in:

- Include customer-driven metrics;
- Use survey and research data to assess the extent of community needs and the approach to meeting those needs;
- Measure and report on goals and metrics in department-level business plans; and
- Continually improve using performance-based evaluation.

***DECISION-PRINCIPLE SIX: MANDATES THAT SUPPORT OUTCOMES & IMPACTS ARE BETTER FUNDED***

The Board believes that all mandates on the County should be funded initially at their minimum serviceability level as determined by accepted law or practice in the best judgment of the Administrator or by policy of the Board. Programs designed to meet those mandates that further target an articulated Board priority and can evidence a high likelihood of success should be funded above the minimum level.

The Board acknowledges that elected countywide and judicial officials have a higher level of accountability directly to the public that is heavily influenced by the Board's resource allocation decisions. The Board therefore expects and encourages the active engagement of those officials to inform Administration's recommendation regarding appropriate levels of service around those functions.

***DECISION-PRINCIPLE SEVEN: THE EXCELLENCE OF THE COUNTY'S INTERNAL WORKFORCE IS FOUNDATIONAL***

The Board recognizes the critical importance of investing in the core infrastructure that enables the County to deliver on all other principles and priorities. Employees must be recruited for their leadership potential as well as their ability to provide services; they must be treated fairly during their employment, and their professional development must be supported. County facilities must be clean and well-maintained. The County's finances must be sound and transparent.

## NEXT STEPS IN THE PLANNING PROCESS FOR 2014-17

The strategic priorities and budget decision principles outlined above are designed to establish a long-term, policy-based approach to budgeting in Washtenaw County.

In the near-term, it is necessary for the Board to embark on an accelerated process to enact the four-year budget. Administration is charged with presenting this budget for adoption this fall.

In order to provide guidance to the Administrator in creating a budget for consideration, the Board will need to access to several key pieces of budgetary information, and to specify a timeline with clear benchmarks, expectations and deliverables. To this end, the Board is requesting that the Administrator provide the following information for consideration:

For each county department:

- Departmental mission statement/core functions
- Five-year analysis of county general fund contribution (2009-2013)
- Four-year analysis in FTE level from (2010-2013)
- Four-year analysis of adopted total budget vs. actual expenditures (2010-2013)
- FY 14-17 budget request submitted to Administration

These items are requested by Friday, August 2<sup>nd</sup>, with the understanding that much of the information has already been compiled for departmental budget meetings.

The accelerated budget process will run intensively through the month of August and September. Key dates and deliverables are as follows:

- **July 11:** Board Working Session to further discuss and refine the aforementioned policy areas, with a focus on priority areas that are currently under the county's control and purview.
  - o *Deliverables:*
    1. For 2014 Budget recommendation - The Board will assign four priority liaison groups comprised of one Board member, one member of the Administrator's Cross-Lateral Team, and a Business Analyst from the Finance Department. These liaison groups will review the information provided by the Budget Office against the Board's stated priorities, and will review each budget request made by county departments for the FY 14-17 cycle.
    2. For 2014-17 investment strategy development – Board assigned liaisons will engage relevant department heads, experts, and key stakeholders to refine community outcomes within each priority area, and begin to identify existing programs and services that contribute to achieving the outcome.
- **July 24<sup>th</sup>:** The board will formalize the priority areas discussed in the July 11<sup>th</sup> Working Session meeting and the accelerated budget framework by a vote.

- *Deliverables:* The Administrator will share the Board's priorities and accelerated budget process with the county organization. Staff are encouraged to ask questions about the process, and to share suggestions with the Board.
- **August 1-30<sup>th</sup>:** The liaison group meetings occur.
  - *Deliverables:*
    1. Recommendations for each county department 2014 budget will be crafted for review by the full BOC.
    2. Recommendations for specific outcomes to be adopted as part of the 2014-17 budget cycle are presented.
- **October 2<sup>nd</sup>:** The Administrator will present a draft of the FY 14-17 budget at Ways and Means.