Budget Task Force Meeting 04.04.2025

Determining Outcomes and Priorities: Framework and Discussion

Guidelines to Determine Outcomes (OBB Focus):

Strategic plan or mission statement. Ask what are the results we want to achieve?

Define outcomes in clear, measurable terms such as: "Increase affordable housing units by 10% in 3 years" or "Reduce emergency response time under 5 minutes citywide"

Break down outcomes into functional areas like Public Safety, Public Health, Infrastructure, Economic Development.

Guidelines to Determine Priorities (PBB Focus):

What are the most important services to achieve outcomes? Rank programs by their alignment with our values and goals. Evaluate programs for effectiveness, efficiency, and reach. Low impact high lift/effort? Develop a program inventory matrix.

1. Cost vs. impact
2. Mandated vs. discretionary
3. Broad vs. targeted benefit

What are the city's most pressing needs? What programs do we believe are highest-impact or most essential? Are there services we provide that no longer align with our goals?

Outcomes-Based & Priority-Based Budgeting: First Steps

What Is Outcomes-Based Budgeting (OBB)?

Definition:
A budgeting approach that allocates resources based on the results a program or service is expected to achieve. The goal is to fund what works and delivers value to the community.

- Focus on measurable results (outcomes), not just inputs or activities
- Departments align their budgets to specific goals
- Promotes transparency and accountability
- Shifts from "how much do we spend" to "what are we getting?"

Example:
Instead of budgeting a flat amount for a youth program, OBB asks: What is the program's goal? Is it improving graduation rates or reducing juvenile crime? How do we measure that success?

What Is Priority-Based Budgeting (PBB)?

Definition:
A framework that ranks programs based on how well they align with community priorities and strategic goals. Funding is directed toward the highest-impact programs.

Key Concepts:

Every program is evaluated and scored against a set of priorities.

Encourages resource reallocation toward what matters most.

Helps identify lower-value or duplicative services.

Increases flexibility and adaptability.

Example:
Rather than across-the-board budget cuts, PBB might shift funding from lower-impact beautification projects to a high-impact homelessness prevention initiative.

Early Implementation Steps (OBB & PBB)

1. Build Awareness and Buy-In
   o Engage leadership and departments in understanding the approach
   o Communicate clearly with the public
2. Clarify Strategic Goals and Vision
   o Revisit our mission and strategic plans
   o Identify what success looks like
3. Create a Program Inventory
   o List all programs and services
   o Include cost, purpose, service level, and outcomes (if known)
4. Define Outcomes and/or Priorities
   o Use community input, strategic goals, and data (if available)
   o Begin grouping services under outcomes or ranking by priority
5. Develop Evaluation Criteria
   o For PBB: create scoring tools
   o For OBB: define performance indicators
6. Pilot the Process
   o Start small (1–2 departments or priority areas)
   o Learn and adjust before full rollout

Determining Outcomes and Priorities: Practical Guidelines

How to Define Strong Outcomes (OBB)

- Start with what success looks like for the community
- Focus on results, not activities
- Use plain language – make it understandable to the public
- Make it measurable – identify ways to track progress

Sample Outcomes:

- "Reduce opioid-related emergency calls by 25% in three years"
- "Increase affordable housing units by 15% over five years"
- "Improve road condition satisfaction scores to 80% by 2026"

How to Set Clear Priorities (PBB)

- Reflect on community values and needs
- Use data from surveys, listening sessions, and service outcomes
- Rank services by:
    - Alignment with strategic goals
    - Legal mandates or regulatory requirements
    - Population served
    - Cost-effectiveness and efficiency
    - Program uniqueness or duplication

Priority Tiers Example:

1. Essential Services On Going Maintain baseline services (public safety, clean water, emergency response)
2. Asset Management
3. High Impact Services (early education, housing support, job training)
4. Valuable but Non-Essential (parks beautification, special events)
5. Low Impact or Outdated Programs
6. Asset vs. Programing

High Impact/Heavy Lift	**High Impact/Easy Lift**
Low Impact/Heavy Lift	**Low Impact/Low Lift**

Transitioning to Outcome-Based Budgeting (OBB): A Working Paper for the Controller, OOTM and Council

Introduction

This document provides an overview and working guidance for the City of Bloomington's transition to Outcome-Based Budgeting (OBB). As the city moves to align budgetary decisions with strategic outcomes that matter to residents, this paper outlines the principles, tools, and implementation steps necessary to support this transition.

Why Shift to Outcome-Based Budgeting?

Bloomington, like many cities, has invested significant time and effort into developing strategic plans—focused on climate, housing, transportation, and economic vitality. However, despite this visioning work, the budget process has remained primarily programmatic, siloed, and input-based.

In traditional budgeting:

- Departments request funding based on historical line items.
- Budget discussions revolve around what we spend, not what we achieve.
- Community impact is inferred, not directly measured.

Outcome-Based Budgeting shifts this paradigm by explicitly linking every dollar spent to a desired outcome. It reorients the budget to answer: **What results do we want to buy with public funds?**

Understanding the Disconnect

While strategic plans define **what we want to achieve**, traditional budgeting focuses on **what we spend**. The resulting disconnect is summarized below:

Strategic Plans	Traditional Budgeting
Define long-term goals	Fund past expenses
Look outward to the community	Look inward at departmental needs

Are interdisciplinary	Are department-based
Focus on outcomes	Focus on inputs and outputs

Inputs → Outputs ≠ Outcomes

To move toward OBB, we must distinguish between three core budgeting concepts:

- **Inputs**: What we spend (e.g., $500K for a sidewalk program)
- **Outputs**: What we produce (e.g., 2.5 miles of sidewalk built)
- **Outcomes**: What changes for residents (e.g., % increase in residents with walkable access to parks or schools)

Cities often track inputs and outputs, but fail to measure whether **outcomes**—real-world, community-level improvements—are achieved. OBB ensures that budgeting decisions are based on **value** and **impact**, not just volume or cost.

Bridging the Gap: Key Steps for Bloomington

Before beginning the steps below, it's essential to identify and organize our work around broad **outcome areas**—these are thematic categories that capture the city's strategic priorities. Outcome areas may include public safety, climate action, housing affordability, mobility and access, economic vitality, and community well-being. Each budget offer should align with one or more of these areas, and every outcome statement should be nested within a clearly defined outcome area. This structure ensures that all investments support the overarching goals of the city and enables cross-departmental collaboration.

Outcome areas serve as the connective tissue between strategic plans, department-level programs, and resident-level outcomes. By grouping work into shared categories, the city can more easily assess whether investments are balanced across key priorities, identify redundancies, and track progress over time. They also provide the common language necessary to facilitate cross-departmental collaboration, helping departments move from isolated programs to integrated strategies.

For example, the City of Fort Collins organizes its entire budget around seven outcome areas:

1. High Performing Government
2. Culture & Recreation
3. Economic Health
4. Environmental Health
5. Neighborhood & Community Vitality
6. Safe Community

7. Transportation & Mobility

Every budget offer in Fort Collins must align with one of these outcome areas, and ranking teams use these categories to evaluate the impact of proposed investments. This model helps ensure that strategic plans do not sit on the shelf, but rather drive resource allocation, program design, and performance measurement.

Similarly, the [City of Redmond, Washington](#) uses four outcome areas:

1. Healthy and Sustainable — prioritizing environmental preservation, climate action, and community well-being
2. Safe and Resilient — ensuring emergency preparedness, response, and public safety
3. Vibrant and Connected — supporting infrastructure, transportation, and quality of life
4. Strategic and Responsive — emphasizing fiscal responsibility, innovation, and leadership alignment

Redmond's outcome areas blend long-term planning with daily operations, ensuring every investment aligns with a broader vision. Their structure demonstrates how outcome areas can reflect local values while providing a framework for decision-making and accountability.

These examples provide a strong foundation for considering how Bloomington might define its own outcome areas. With these models in mind, the following steps outline a practical pathway for operationalizing outcome-based budgeting at the local level:

1. **Synthesize Outcomes Across Strategic Plans**
   Rather than funding every line of every plan, identify shared strategic outcomes. For example:

Climate Plan	Housing Plan	Economic Plan	Shared Outcome
Reduce VMT	Housing near transit	Lower transportation burden	More 15-min neighborhoods

2. **Develop Outcome Statements**
   For each outcome area, work with staff and community stakeholders to define a set of outcome statements that are ambitious, measurable, and specific. These statements should go beyond vague intentions and articulate what change the city aims to see in people's lives. Each outcome area may have multiple outcome statements to reflect different facets of success. For example, in an outcome area like "Mobility and Access," outcome statements could include: *"Increase the percentage of residents who live within a 10-minute walk of public transit by 20% by 2030"* or *"Reduce pedestrian-involved traffic accidents by 40% within five years."*

3. **Map Existing Programs to Outcomes**
   Conduct a comprehensive review of departmental programs and services and map them to the newly defined outcome areas and outcome statements. This process allows staff to identify which programs already support desired outcomes, where there are gaps, and where efforts may be duplicative. This mapping exercise will also highlight opportunities for cross-departmental collaboration. For example, a program managed by Public Works that supports safe routes to school may also align with outcomes in Education, Transportation, and Public Safety.

4. **Use Offers to Budget by Value**
   Transition to a system where departments submit "offers" instead of incremental budget requests. Each offer should clearly state what is being proposed, the associated cost, the outcomes it aims to impact, and how success will be measured. Offers may target one or more outcome statements and should include both quantitative and qualitative indicators. For instance, an offer might propose to "expand after-school programming in low-income neighborhoods" with expected outcomes including increased program enrollment and improved family satisfaction scores. Offers will be evaluated based on alignment with outcomes, feasibility, cost-effectiveness, equity, and innovation.

5. **Evaluate and Adjust**
   Implementation does not end when the budget is adopted. The city should track performance over time using a dashboard of metrics tied to each outcome area and regularly review progress. This includes reporting on what was purchased (offers), what was delivered (outputs), and whether the intended changes occurred (outcomes). Importantly, this process must be adaptive: if a program isn't producing the desired impact, resources should be redirected. Annual updates to council and the community should reflect not just what was spent, but what was achieved and what has been learned. This approach creates a culture of accountability, continuous learning, and shared responsibility for outcomes.

With outcome areas and measurable goals established, and with programs now mapped to these outcomes, the next step is to reframe how departments request funding. Traditional budget requests are replaced with clearly defined "offers"—detailed proposals that explain what service or initiative is being proposed, how much it will cost, and, most importantly, what impact it will have. Offers become the primary vehicle for connecting spending decisions to outcomes.

Offers: The Core Building Blocks of OBB

OBB frames each budget request as an **offer**—a proposal to deliver a defined service or program in exchange for public funds. Offers are reviewed and "purchased" based on how well they support city outcomes. Each offer type serves a different function:

Offer Type	Description	Example

Ongoing Offerso	Maintain existing services or programs at their current levels; core operational functions.	Fixed-route bus service, emergency dispatch, electricity delivery.
Asset Management Offers (Ongoing)	Maintain city assets like vehicles, buildings, and infrastructure to sustain service levels.	Repairing city vehicles, HVAC maintenance, park facility upkeep.
Enhancement Offers	Expand or improve an existing program or start a new program intended to be ongoing.	Hiring staff for homelessness outreach, expanding sidewalk snow removal.
One-Time Enhancement Offers	Fund one-time projects or purchases without ongoing costs.	Feasibility study, public facility remodel, one-time equipment purchase.
Continuing Enhancement Offers	Temporarily funded enhancements still in progress or not yet permanent.	Extending a pilot mental health team, pandemic recovery staff.
Enhanced Asset Management Offers	Increase investment in maintenance to improve performance or reliability.	Replacing old water mains, retrofitting buildings, preventive maintenance upgrades.
Capital Project Offers	Fund large, one-time infrastructure projects or new facilities.	New community center, arterial road reconstruction, park development.
Reduction Offers	Reduce or eliminate existing services in response to changing priorities.	Reducing library hours, cutting underused programs.
Redeploy Offers	Reallocate funds from lower-priority to higher-impact programs.	Shift funding from an old grant program to a youth employment initiative.

Tools to Support the Transition?

To assist councilmembers and staff in thinking through this transition, we may think of developing a set of worksheets:

- **Council Budget Priority Worksheet**: Guides members in framing 3–5 priorities using outcomes language.
- **Understanding Outcomes Worksheet**: Clarifies the difference between inputs, outputs, and outcomes.
- **Offer Types Table**: A quick reference of all offer types with descriptions and examples.
- **Bridging Worksheet**: Helps map a funding proposal from input to community outcome.

These tools could be designed to facilitate discussion and improve transparency, equity, and accountability in budget decisions.

Further Actions:
…Roadmap?