

Case Study Title: Exposing the Budget Illusion
Jurisdiction Name: City of Carlsbad, California
City Manager: Lisa Hildabrand

CASE STUDY SYNOPSIS

Program Intent

Develop and implement a real time hard and soft cost budget tracking program which provides on demand budget, expenditure and forecasted expense information for in-the-field decision making.

Actual Outcomes

Program has been developed, implemented and is now operational. Program Managers now have on-line, real time access to routine financial reporting, including forecasted and actual expenditures, and pre-prepared quick calculator functions providing the broadest on-scene budget capabilities. Budget considerations are now a routine part of the decision-making process, are now based on real time data and have been shifted to the lowest levels of the organization.

Costs and/or Savings

The program cost was strictly the staff time to develop and implement the Program and associated refinements to meet identified needs for a broad spectrum Program Manager budget delivery tool.

Innovative Characteristics

The Fire Department provides a unique budgeting environment in that it is operational 24/7 in a world of unfunded mandates and liabilities. Most existing business models have hard and soft costs (personnel and M&O) and, generally, control is achievable on at least one of these costs. The Fire Department is a third model in that it does not directly control either cost type. The nature of emergency responses takes the routine level of control away from staff and gives it to the incident. In the Fire Department, Fire operations are the primary function of the entire agency. Further, it also has a unique mandatory staffing requirement, which creates an on-going overtime requirement, generating routine overtime issues. If overtime coverage is lost, service is degraded. Further, over time costs associated with sick leave, vacation and Injury-on-Duty are non-discretionary, additionally diminishing overtime hour allocations and staffing flexibility. In order to make budgetary considerations a routine part of sound operational decisions, real time information regarding hard and soft business costs is critical.

The Fire Budget program provides (1) real time information; (2) a historical perspective; and (3) expenditure forecasting. This represents a proactive approach to management and budgeting. A mid-sized Fire Department has Program Managers in a number of positions who are empowered to run their programs and now have the financial information available to them to accomplish that task. Previously, the prior model used by Program Managers to make budget requests was to ask a supervisor. The new model replaces the prior model for making a request for funding in that, at the beginning of the fiscal year, for all Fire Department Programs the following occurs:



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- Program identified;
- Program Manager assigned;
- Historic project perspective presented;
- Program funding allocated;
- Program expenditure forecasted over the fiscal year.

Throughout the fiscal year, the Program Manager is provided real time information, feedback and accounting regarding their Program Budget.

The Fire Budget Manager has the same type of real time information and perspective but for all of the Fire Programs being managed, positioning the Budget Manager to respond to any instance or incident requiring a reallocation of resources.

Obstacles and Results Achieved

The challenges associated with the development and implementation of this Program included the following:

- The significant number of Program Managers involved
- The diversity of the Programs being managed
- Technology challenges
- The strength of each Program is predicated upon the accuracy of the initial budget and Program forecasts and typically forecasting is based upon historical perspective.
- Forecasting based upon historical perspective is viable if minimal change occurs within the organization, which was not the case for the Carlsbad Fire Department because:
 - The service delivery model had been altered;
 - Major staffing changes;
 - The age of the organization shifted significantly; and
 - Technological changes and adjustments
 - All making historical perspective far less reliable in predicting the future.

New Issues Encountered as a Result of the Program

Generated interest in other departments in the City regarding adaption of aspects of this program to their department/division.



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PRESENTATION COMPONENTS

1. Innovation and Creativity
 - The Fire Program Budgeting has improved the Carlsbad Fire Department by providing Program Managers with real time hard and soft cost data, which facilitates in-the-field decision-making to include budget and costing components
 - Were new technologies used? Yes
 - Datamart technology was implemented at a later stage of the Budget Program
 - Was a private consultant used? No
2. Outcomes Achieved
 - What customer needs and expectations were identified and fulfilled?
 - Identified customers were the Fire Program Managers
 - Identified needs of the Program Managers were:
 - Current budget information;
 - Presented in an immediately accessible format;
 - Expenditure forecast information;
 - Quick calculator feature
 - Year-At-A-Glance Budget
 - Has service delivery been enhanced? Yes
 - Fire Program Budgeting enhanced the ability to effectively deliver services to the community.
 - Did the initiative improve access to your government? No
 - Has the health of the community improved as a result? Yes
 - In regard to Public Safety, the Fire Department represents the City to the community. The appropriate and timely allocation of funds allows the Fire Department to maintain current service delivery levels.
3. Applicable Results and Real World Practicality
 - What practical applications could you share if selected?
 - The Fire Budget Program is applicable to the majority of government service delivery functions.
 - In tight economic times, having full and immediate access to macro and micro levels of hard and soft cost budget detail provides a sound basis for good decision making.
 - How applicable is the program to other local government? Extremely applicable
4. Case Study Presentation to include
 - PowerPoint with Video



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