

## Comments on the Mayor's Proposed Innovation-Based Budgeting Proposal

I chose to place my thoughts and comments on the Mayor's proposed "Innovation-Based Budgeting" system in an Addendum, so as not to detract from the primary points of my formal statement on the proposed budget. Innovation-Based Budgeting???

In 2007, I presented to the Finance Committee, at its request, a position paper on performance-based budgeting. For over a decade in my professional roles as administrator and consultant for behavioral health and social services, public and not-for profit agencies, I have created and managed performance based budgeting, a system that was required by state and federal funding sources. Today, performance-based budgeting is the fiscal system used by hundreds of cities across the country, large and small. The Board of Alders did not adopt this model in 2007, '08, and last year it was once again recommended by the Mayor's Blue Ribbon Budget Review Panel, but not implemented.

The hallmarks of a strong performance-based budgeting system for a municipality are- allocations are tied to outcomes measures of city services relative to their efficacy and efficiency, the process ensures accountability and transparency, in other words, residents know what they are getting for their tax dollars, and lastly, quality assurance is the process, which provides measurable indication of services making progress toward defined and desired goals. Currently, New Haven residents are voicing their concerns regarding hot button initiatives – public safety, educational reform, etc. Residents want and deserve measurable goals and expected outcomes that prove current administrative policies are utilizing tax payer dollars successfully and resourcefully to positively impact these vital issues.

The Mayor's 2010-11 proposal for an Innovation Budget Management Initiative (GF Expenditure entry #999) with a \$254,000 price tag, is the very antithesis of performance-based budgeting.

I read with wonder at the testimony of the city's finance managers quoting the city of Claremont CA as source material for the city's model. I referred to this municipality in my 2007 report to the Finance Committee. Unfortunately, the managers did not get the message. They reported that this new department and personnel would result in a 8 million dollar reduction by instituting a bureaucratic hodge-podge of savings, a storm waste authority, strategic privatization, Board of Ed savings, government reorganization, etc. The city finance managers propose this Velcro, stick-um fiscal spending without any defined goals, performance measures, and accountability tracking for the public and no method of quality assurance. That is not performance –based budgeting.

I cite a recent example of the success of performance-based budgeting in a municipality similar to New Haven. The Mayor of Somerset MA, who was elected several years ago on a campaign platform to end reckless city spending and taxation and institute performance –based budgeting set up a similar model, as the city’s proposed IBB. He and his top officials visited Baltimore, which operates the gold standard of performance –based budgeting. He then interviewed Boston-based universities’ Schools of Management for potential assistance and collaboration. He contracted with the Kennedy School of Government at Harvard University. For over two years, the students worked with all Somerset municipal managers with terrific cooperation. Working together, a performance-based budget system was created for the city.

To date, the system has saved the city millions of dollars in inefficient expenditures and saved the taxpayers from substantial tax increases. In its first budget cycle, the first major success of Somerset’s new performance –based budgeting was a **huge savings in police overtime**. In the current 2010 budget, overtime in the police and fire services continues to be chronic and massive over- spending problem that the city continues to be unable to solve.

In assessing the financial value and return, it is important to do a comparison of the Mayor’s highly touted *Innovation-Based Budgeting*, **new spending, almost \$300,000**. with the cost to the city of Somerset for the implementation of its performance-based budget- the cost was **zero Dollars! Now that is what I think that Innovation Budgeting is all about**.

In my ‘07 report to the Alders on the Finance Committee, I stated, “Based upon realistic goals, accountability at every fiscal decision matrix, and fueled by continuous quality-improvement activities , the Mayor and the Board of Aldermen, city managers, and most importantly, residents can depend on a performance –based budget process to direct and deliver the services for the public good”. I also warned that if there was not an alternative to the current status of fiscal management, “**...following the same budgeting policies will continue to undermine our economic viability as a city and will inescapably crush the public trust in the process**”. **With this current budget, if adopted, the time for that outcome has arrived.**