

ISSUE GROUP I
OBSERVATION II

USE THE "ESSENTIAL PROGRAMS" CONCEPT
IN DEVELOPING THE FY2008 BUDGET

Recommendation

Departmental budget submissions should define a "Base Budget" composed only of programs and related expenses necessary to provide essential county government services.

Discussion

There are three components to this recommendation:

- (1) A list of those services provided by County government that are deemed to be "essential" should be available at the start of each annual budget cycle.
- (2) a change to the "Segregation of Budget Submission" section of the Budget Instructions Manual for FY 2008 (see page B-4 for an overview of this instruction), as follows:
 - 1) **Base Budget** - The cost of providing in FY 2008 only those departmental programs that are consistent with the essential services guidance from the BCC.
 - 2) **Supplemental Budget** - The cost of all other programs that you are proposing for FY 2008.
- (3) Changes in instructions for other departmental spending submissions (e.g., capital projects) also would be necessary, to the extent that this other spending is encompassed within the BCC total annual spending guidance.

Ideally essential programs guidance would emanate from the BCC, and would be updated annually. Should this not be the case in any budget year, the County Administrator should recommend a list of essential programs for approval by the BCC.

In its Draft Report 1 dated February 21, 2007 the subcommittee recommended that the BCC develop a list of County programs that it regards to be essential to meeting County government's overall goals and objectives. (Issue Group I, Observation I). This Observation II recommendation is necessary fully to implement the earlier recommendation and to realize its full benefits.

Specifically:

- The exercise of defining its Base Budget will sharpen each departmental management's understanding of its role in meeting long term goals and objectives defined by the BCC, and will facilitate review of proposed departmental activity by County senior staff.
- Should it occur that the sum of all Base plus Supplemental budget submissions is greater than targeted annual spending, reduction discussions can focus on the Supplemental Budgets rather than incurring the risk of a reduction to essential services.
- In the event that the sum of all departmental Essential Services submissions is greater than targeted annual spending, the informational and communications groundwork established by this recommended process will facilitate the public's understanding of the difficult tradeoffs between reducing essential services and increasing revenue.

This recommendation has the potential to change the nature of the annual budget dialogue from purely financial to strategic and programmatic. It also can provide a method of communication that facilitates appropriate involvement of all stakeholders and that can build support for whatever plan and budget is finally adopted.

Current Status and Proposed Methodology

Based on vote of the BAC, an item recommending that the BCC establish its spending target for FY 2008 at the FY 2007 budget level was included on the Agenda of the February 27 BCC meeting. The BCC rejected this recommendation, and requested that BAC representatives attend a subsequent meeting to discuss the direction of the BAC's activities. At its March 13 meeting, the BCC received a proposal and explanation of this essential services concept from the Subcommittee. In discussion, the Commission referenced the fundamental role of County government, as set out in the County Charter, as one basis for identifying essential services:

It shall be the policy of the County to protect the health, safety and general welfare of all residents of Palm Beach County. (Sec 3.3)

The Commissioners requested that the Subcommittee develop the essential services proposal more fully, including working with the County Administrator to incorporate his input.

In response to this guidance form the BCC, the Subcommittee suggests the following approach to implementing this recommendation:

1. The County Administrator will develop a draft list of essential services at the program level, using the information provided in the FY 2007 adopted budget. The Subcommittee recommends that two criteria be used to identify essential county government services:
 - a. The service or program is essential to the health, safety or welfare of the citizens of Palm Beach County; and,
 - b. It is essential that the service or program be provided by the County.

If both of these criteria are not met, then the service is not essential.

Alternatively, if requested to do so by the County Administrator, the Budget Advisory Committee will develop a recommended list for his review and concurrence.

2. The County Administrator and BAC will propose this list to the BCC for their concurrence.
3. Concurrently, the County Administrator will develop a framework to identify essential (or non-essential) activities within each program.
4. The County Administrator will communicate these lists with revised budget guidance to county departments for their use in preparing their FY 2008 budget submissions. (See, Recommendation, page 1).
5. The County Administrator will use these lists to guide subsequent senior staff review and revision of the FY 2008 Budget in preparation for its presentation and discussion with the BCC.
6. The BCC will use these lists to guide their review and approval of the FY 2008 Budget.

A listing of FY 2007 operating programs with descriptive information is attached to this report.

Bibliography

Office of Financial Management and Budget, Palm Beach County (Budget Office), Budget Instructions Manual, Fiscal Year 2008, West Palm Beach, FL, 2007.

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