Councillor Triantafillou noted that she has difficulty with the different cost headings in the different departments. She stated that she is concerned about the budget in that she does not believe it is accessible enough to the people who are being asked to make decisions. Her hope is that mission-based budgeting, with some emphasis on goals, would make her job easier. Councillor Triantafillou added that she thinks that the budget preparers do a great job. She also said that finds it disconcerting that department heads must be grilled by City Councillors after they have already been grilled by Mr. Healy.

Councillor Duehay said that in some respects, it may be that the problem is that there is too much information, too many details.

Vice Mayor Russell noted that this is a opportunity for the public to get information as well.

Councillor Sullivan noted that the City Council would not want to give up its decision making authority over the budget.

James Maloney stated that the goal will be to provide more information in fewer pages. In less than eight years the narrative grew from 117 pages to 287 pages.

Mr. Healy stated that he has a concept of a budget-in-summary that would not be part of the actual budget but could be a more simple presentation to accompany the budget. Next year the budget will be a thinner document with more information.

Councillor Duehay stated that there are recurring questions, often from the press, about why Cambridge spends more in certain areas than other communities. It is difficult to pick out from the budgets the material that answers these questions.

James Maloney gave the example of the depth of cost allocation done for the pension fund.

Mayor Reeves stated that he would like to have more information about the mission of the departments and what resources are devoted to these goals. For example in the Police Department, what are the resources devoted to domestic violence.

James Maloney said that positions are allocated by department. It could be possible to move to allocation by cost center.

Councillor Triantafillou said that Mayor Reeves' example of the Police Department is an excellent example. She cannot tell from the budget what they are doing and whether they have enough resources to accomplish their goals.

Councillor Duehay suggested that City Councillors rank-order the departments with which there is a great deal of public concern and let the staff know what the public concerns are.

Mayor Reeves noted the example of Seattle, which set a funding priority for children, and now tracks the amount it invests in this area.

Councillor Sullivan brought up the issue of the "hot seat" that these meetings become for departments.

Councillor Triantafillou asked whether there could be a experiment of one department which is analyzed by functionality. James Maloney said that this would probably be possible; in addition a lot of that information is in the budget document now.

Councillor Born said that she has two major areas of concern: general "explainability," and the possibility for using the budget document as a tool for analysis of service and mission. The discussions preliminary to budget time should offer assistance to the elected officials in answering questions of the public in these areas. She noted the possibility of rewards for delivering services for less.

Mr. Healy said that the record keeping required for cross departmental analysis can be quite onerous and can actually get in the way of the delivery of services. In some departments recordkeeping is stringent. Police fill out an activity sheet for everthing they do that day. Public Works workers have work orders that are tied into the computer complaint system.

Mr. Healy said that the changes the City is making in the budget document will lead to more performance goals and quantitative measures.

Councillor Triantafillou asked whether the City Manager gets anything useful from the City Council meetings about the budget. Mr. Healy said that it would be more useful to get comments that looked at efficiency in financial terms.

Councillor Sullivan said that the City Council has to make policy decisions as to where it wants to spend its resources, particularly in light of the major federal cuts that are looming. The City Council has to look at it as a policy tool. If the City Council has to deal with federal cuts and decide where to put limited resources, it will need to make these decisions. It is not clear that the budget document as is will be that helpful.

Councillor Duehay noted the use of the budget as a planning tool. He suggested again that the City Council try to communicate its concerns about specific departments. What City Councillors in general want to know is whether more of their priorities can happen. This isn't just the money. It is also the employees and the attitudes of these employees. Perhaps there is confusion between budgeting and planning, and the City Council should put increased emphasis in participation in policy planning.

Councillor Born stated that she thought that last year the City Council had requested that the staff choose one department for performance based budgeting. Mr. Healy said that the budget staff is trying to present more quantitative goals for all departments.

Councillor Sullivan suggested a report back in mid January.

Councillor Duehay encouraged each City Councillor to meet with Mr. Healy and express their concerns about departments early on.

Councillor Sullivan asked what information would be available by mid-January. He noted that the City Manager begins his meetings with department heads on January 15. It would be helpful for Mr. Healy to have City Council concerns about departments before then.

Councillor Born said that it is difficult for elected officials to make cuts. The situation in Washington means that the City Council is going to have to make these very difficult decisions.

Councillor Triantafillou asked whether, if she knows from the newspaper that a federal program is being cut, she can tell in the budget whether services have been cut to reflect this.

Councillor Duehay said that there is only so much information that a budget can give. Washington is in the midst of a revolution. The federal decisions will not coincide neatly with the budget plans.

Mr. Healy said that in the existing budget, a big cut in existing services because of grant funding cuts would show up in the narrative. The new budget will address this issue to a certain extent.

Councillor Sullivan then requested that Mr. Healy give the Committee an overview of the budget message that he gave to department heads. Mr. Healy summarized the budget guidelines. He is requesting department heads to adhere to in preparation of their budgets. Next July 1, there is a three percent salary increase. Departments are being required to absorb one percent of this increase so that the budgets are being cut by one percent of the three percent salary increase. Other non-personnel accounts cannot increase. He will attempt to work cooperatively with the School Committee to try to achieve a similar result. The hospital may or may not be a part of the next budget. Under this scenario, the overall budget would increase about three percent.

Councillor Born asked whether this would mean for the overall levy an increase of three percent.

Mr. Healy said that this is possible.

Councillor Born asked about new growth, new development. Mr. Healy said that the two million for next year's City Home project is projected to come from new growth.

Councillor Born asked about projections for new constuction, not growth in value from formerly rent control property.

Councillor Duehay asked whether the budget will have a statement of Mr. Healy's objectives, and whether it can be used as a management tool.

Mr. Healy said that this will come in the commentary pages.

Councillor Sullivan asked what will happen if the City Council wants a budget that means no increase to the tax levy.

Mr. Healy said that no levy increase would mean approximately a four percent reduction in each operating budget; and application of any new growth funds to debt service.

Councillor Triantafillou suggested a meeting mid-January to have that discussion in greater depth.

Councillor Duehay agreed. He noted the importance of the capital budget.

James Lindstrom suggested looking at the material excepted from the Mass Municipal magazine "The Municipal Advocate," which was distributed by Mr. Healy.

It was agreed without objection that the Finance Committee will recommend to the new City Council that it meet as a Committee of the Whole on Finance in Mid-January to have an early discussion of the upcoming budget and a progress report on a performance-based narrative and specifically, to determine whether it intends to request that the City Manager prepare a budget that reflects no levy increase.

The meeting was adjourned at 6:55.

For the Committee,

Michael A. Sullivan DMD

Councillor Michael A. Sullivan, Chair

City of Cambridge

The Finance Committee held a public meeting on December 12, 1995, beginning at 5:12 pm in the Sullivan Chamber for the purpose of receiving information regarding mission-based and performance- based budgeting, and to consider a report from the City Manager updating the City's five year projection of revenues and expenditures and providing information requested by the City Council regarding possibilities for budget cuts.

Present at the hearing were Councillor Michael A. Sullivan, Chair of the Committee, Councillor Kathleen L. Born, Councillor Francis H. Duehay, Councillor Jonathan S. Myers, Vice Mayor Sheila T. Russell, Councillor Timothy J. Toomey, Jr., Councillor Katherine Triantafillou, City Clerk D. Margaret Drury and City Auditor James Lindstrom. Also present were Robert W. Healy, City Manager; James Maloney, Assistant City Manager for Finance; Louis DePasquale, Budget Director; David Holland, Budget Analyst; Lisa Peterson, Assistant to the City Manager; Jill Herold, Assistant City Manager for Human Services; and Ellen Semonoff, Deputy Director of Human Services and Assistant to the City Manager.

Councillor Sullivan convened the hearing and explained the purpose. He requested that Mr. Healy make a presentation.

Mr. Healy reported that he and his financial staff have met with department heads to begin the budget plan. In the initial meeting he stressed that there will be requirements for strengthening performance measures in the upcoming budget. Mr. Healy reported that Jim Maloney has been meeting all week with department heads in individual meetings to help them present the kind of information that the City Council is seeking. Mr. Healy explained that "mission-based" budgeting is an outgrowth of performance-based budgeting.

Councillor Sullivan noted that some departments have budget descriptions which incorporate performance material, but others are more "puff" pieces which are public relations oriented.

James Maloney noted that mission-based budgets in general eliminate a great deal of narrative and utilize quantitative measures. He described the process that Cambridge is utilizing to make these changes. It is being done inhouse, rather than by expensive outside consultants. The City has hired one part-time person to assist in the process, Claire Spinner, former employee of the Finance Department.

James Maloney stated that Cambridge will be attempting to utilize benchmarks - other similar communities. He noted that there are so many factors that go into budget decisions that costs can be difficult to compare across different localities. He gave the example of pension costs.

Committee Report #1

S-411

The Finance Committee held a public meeting on Tuesday, December 12, 1995 for the purpose of receiving information regarding mission-based and performance-based budgeting and to consider a report from the City Manager updating the City's five year projection of reviews and expenditures and possibilities for budget cuts.

In City Council December 18, 1995

Report Accepted
Recommendations Adopted
to refer to New City
Council