



Legislation Text

File #: 120109, **Version:** 1

Amending Title 21 of The Philadelphia Code, entitled "Miscellaneous," by requiring the Finance Director to provide to Council, by the time of the submission of the Mayor's proposed annual operating budget, program-based budgeting detail that identifies both the cost of performing specific functions funded by appropriations made by the City as well as the effectiveness of such functions, following procedures to be adopted by the Finance Director, all under certain terms and conditions.

WHEREAS, The City of Philadelphia continues to face ongoing budgetary pressures due to multiple factors including the recent recession, increased fixed costs, and reduced funding from other levels of government, thereby increasing the need for the operations of City government to be efficient, effective, and deliver the most value possible to citizens; and

WHEREAS, Testimony during annual budget hearings highlights potential areas for increased efficiency and cost-savings in the operation of City government, including through the implementation of technology; and

WHEREAS, For example, the Human Resources department testified that it was able to eliminate three unfilled, full-time positions, saving over \$100,000 per year, by moving to an on-line job application system and the Pension Board testified that it too had realized efficiency savings through the implementation of technology; and

WHEREAS, Additional, significant efficiency savings can be realized through methods including systematizing work-flow processes, increasing the use of technology, and moving toward a paperless City government, reforms that could and should be accelerated with the City's ongoing \$120 million investment in technology; and

WHEREAS, The City's ability to take advantage of these potential savings is constrained by the extent to which job titles, Civil Service classifications, and job descriptions do not necessarily reflect the actual job functions of City employees - making it difficult to determine what functions are essential and what ones should be eliminated, including through the use of technology; and

WHEREAS, The lack of complete interoperability between the various systems used to develop the annual budget and Five-Year Plan and manage the City's payroll also poses an impediment to maximizing efficiencies and savings; and

WHEREAS, Furthermore, due to these system constraints, the substance and structure of the budget detail presented during the annual operating budget hearings does not identify the cost of the various functions performed by City government (for instance, the amount spent per year on cleaning and sealing vacant lots, picking up trash, or maintaining recreation centers) or any revenue generated by the same; and

WHEREAS, From both a budgeting and a management perspective, it is essential to have information about the job functions that comprise a particular service or program, as well as the true cost of delivering that

service; and

WHEREAS, Program-based budgeting would enable the City to make more strategic decisions based on program cost, performance, and priority, which is a necessity given the increasing budgetary pressures; and

WHEREAS, Program-based budgeting has been implemented in the private and public sectors (including Washington and Iowa states, Dallas, Texas and Somerville, Massachusetts) and generated both budgetary savings and improved services for citizens; and

WHEREAS, Philadelphia should utilize program-based budgeting to maximize the efficiencies, savings, and improved service delivery enabled by its ongoing and significant technology investment; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Title 21 of The Philadelphia Code is hereby amended to read as follows:

TITLE 21. MISCELLANEOUS

* * *

CHAPTER 21-2100. PROGRAM-BASED BUDGETING.

§21-2101. Required Submission of Program-Based Budgeting Data.

(1) Beginning with the submission of the proposed Fiscal Year 2015 operating budget ordinance, the Finance Director shall submit to Council, together with the Mayor's proposed annual operating budget ordinance, a pilot of program-based budgeting that will include both cost and performance data, with a goal of moving towards a zero-based budgeting approach rather than allocating funds incrementally based on previous year funding levels, following the program-based budgeting procedure adopted by the Finance Director pursuant to Section 21-2102.

(2) Beginning with the submission of the proposed Fiscal Year 2016 operating budget ordinance, the Finance Director shall submit to Council, together with the Mayor's proposed annual operating budget ordinance, complete program-based budgeting data for each function for which appropriations are made in the proposed budget, including both cost and performance data, with a goal of moving towards a zero-based budgeting approach rather than allocating funds incrementally based on previous year funding levels, following the program-based budgeting procedure adopted by the Finance Director pursuant to Section 21-2102

§21-2102. Adoption of Program-Based Budgeting Procedure.

(1) To satisfy the requirements of Section 21-2101, the Finance Director shall adopt a program-based budgeting procedure. Such procedure shall provide a method to identify, for each function performed by a City department, the necessary resources to perform and/or complete such function as well as a method for measuring the effectiveness and performance of the function.

(2) The program-based budgeting procedure shall determine the component costs of each function

performed with City funding, such as:

(a) Direct salary costs, including the number of full-time equivalents (FTEs) performing the function;

(b) Fringe benefits costs;

(c) Space rental and maintenance costs, listed separately for each building or other facility used;

(d) Materials, supplies, and equipment costs;

(e) Fleet costs;

(f) Energy costs; and

(g) Any revenue generated by performing the function.

(3) The program-based budgeting procedure shall determine and specify the funding source(s) - including general fund, grant funds, enterprise funds, or any other funds - from which appropriations are made by the City for performing the function.

(4) The program-based budgeting procedure also shall determine metrics for measuring the effectiveness of each function funded by appropriations made by the City, which shall include specific performance goals. The program-based budgeting data provided with the proposed operating budget ordinance for Fiscal Year 2016 and each year thereafter pursuant to Section 21-2101 shall include data regarding the performance goals for the current fiscal year, the projected performance for the current fiscal year, and the performance goals for the next fiscal year.

SECTION 2. This ordinance shall take effect if and when the voters approve the amendments to Sections 2-310 and 6-105 of the Philadelphia Home Rule Charter proposed by Resolution No. 120119.

Explanation:

Italics indicate new matter added.