

Getting Started with Program Offers

Beginning in FY 2019-20, bureaus will develop their budgets in a “program offer” format. Program offers combine program descriptions, budget, and performance data for a set of services into a brief and concise document. The goal of program offer budgeting is to succinctly describe how bureau resources are allocated to deliver services back to the community.

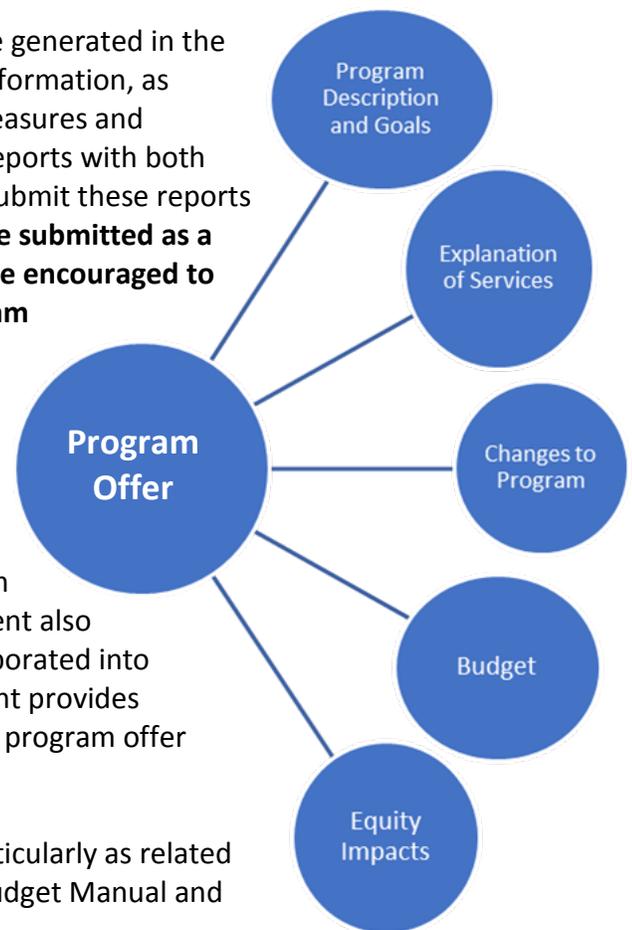
Changing to program offer budgeting marks a transition from prior practices and will require new ways of thinking about how budgets are developed and how this information is shared with the community. It is expected that it will take a couple of years to fully and accurately build requested budgets in this new framework. **For this year, CBO is asking that bureaus first focus on providing a clear and concise program description for each program so that Council and the public can easily understand how resources are aligned to achieve service goals.**

A program offer will be a short (2-3 page) document that will be generated in the budget system. It will include ‘program description’ narrative information, as described in this guide, and tables for program performance measures and budget information. The system will generate ‘program offer’ reports with both the qualitative and quantitative information, and bureaus will submit these reports as part of their requested budgets. **While program offers will be submitted as a budget document, bureau leadership and finance managers are encouraged to work with program managers and staff as they develop program descriptions.**

To help program and finance managers understand how to prepare a program offer, this “Getting Started” document includes guidance on the five primary sections of the program offer description: (1) program description and goals, (2) explanation of services, (3) changes to the program, (4) program budget, and (5) the equity impacts of the program. This document also provides guidance on how performance measures will be incorporated into program offers. The hope is that this “Getting Started” document provides bureaus with sufficient, initial direction to begin developing the program offer description narratives.

To support the development of bureau’s base budgets, and particularly as related to program offers, CBO will provide additional instructions in Budget Manual and upcoming trainings.

Please contact your CBO analyst who are available to assist with questions and specific challenges. This will be an iterative process and open communication around challenges is essential to improvement going forward.



Stages to Program Offer Development



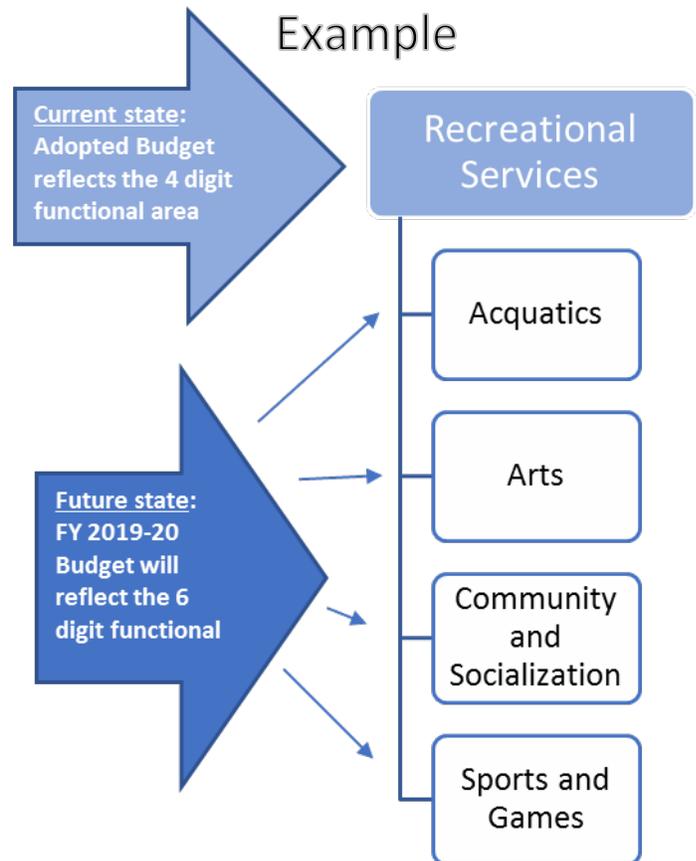
What is a program?

Generally, a program is a series of activities intended to achieve a goal or service objective. A program may be supported by multiple organizational units to achieve this goal. From the budgetary perspective, a program will be defined at the 6-character functional area – or the ‘subprogram’ level.

Currently, bureaus describe their base budgets at the 4-character level in their requested and adopted budgets; moving forward, program offers will describe base budgets at the 6-character level. To see how your bureau currently uses the 6-character functional areas in your base budget, please see this [file](#).

This new way of budgeting may daylight issues with how bureaus think about program budgets. In some cases, a program defined at the 6-character may be too broad, too narrow or mispresent how the nature of the program.

For the FY 2019-20 process, CBO encourages bureaus to fix those functional areas which overtly mispresent the program budget. Over the next few years, bureaus are encouraged to chart a comprehensive plan for their functional area needs in consultation with their CBO analysts. The goal is that functional areas are accurately used to describe how resources are budgeted to achieve program service outcomes and goals. CBO and the Mayor’s Office recognize the effort required and that it may take several years to incorporate these changes and improvements.



Preparing Program Offer Descriptions

A program offer should provide Council and the public with an explanation of what we do as government by concisely summarizing key program information. Program offers should contextualize the many decisions that go into building bureau budgets and clearly address the following questions:

- What are the goals of each individual program?
- How are specific activities, and the program, structured to accomplish those goals? Why is this work important?
- What are the levels of service the public should expect to see given the bureau's allocated resources towards that program?
- What are the resources allocated to that effort?
- How are communities differently impacted by programs?

Detailed below are directions and prompts that are intended to help bureaus address and craft each section of the program offer description narrative. Program and finance staff should begin preparing their program offer descriptions by developing narrative for each of the five sections discussed below. To keep the program offer reports succinct and focused, only a paragraph or two is needed for each section. This narrative can then be added into the budget system later in the budget process.

Section One: Program Description and Goals

Bureaus should use this section to describe the key goals of a program, using performance measures and other data to quantify the effectiveness.

Highlighting performance trends and key outcomes is recommended. Questions to consider when drafting this narrative include:

- What are the key performance trends of the program? Have results changed from previous years? How do results compare to strategic targets?
- What data indicates that this program is successful?



Reminder:

Program offer descriptions should be clear and concise, and easily understood by all Portlanders.

Section Two: Explanation of Services

This section should explain why this program exists and why it is important, focusing specifically on how resources and activities are used to achieve program goals:

- **Defining the context.** Bureaus should begin by describing the need for a program. Which problem exists that demands a City of Portland service? Why is this particular service in demand from Portlanders and customers?
- **Description of activities.** This section should explain how the program activities are intended create positive impact or address an identified issue or problem. Why is this program best suited to address this need? What are the direct results of program activities? How much work is required for these results?
- **Program results.** This section should explain how program results (or "outputs") impact the intended audience. In what ways is the intended audience better off as a result of the program activities? How much better off is the intended audience (relative to if the program did not exist)? Why are the outcomes important?

Section Three: Changes to Program

Bureaus should use this section to describe how a program is being impacted due to changes in external factors, the environment, and increases or decreases in resources/staffing.

- **Changes due to external factors.** How have the external factors or environment in which the program operates changed since the prior year? How has the demand for program services changed?
- **Changes to resources.** How has the reallocation of bureau resources to the program changed as compared to prior years? If this program has been impacted by the 1% constraint requirement or as a result of other significant internal reallocations, this section should describe the change in resources, the reasoning for this change, and the expected impact.
- **Changes to organizational structure.** In what ways has organizational structure or activities of the program changed over the past year? What are staff doing differently to achieve their goals?

Section Four: Program Budget

This section should describe the program budget and key fiscal constraints according to the following areas:

- **Resources:** Within the 'Program Budget' section, this 'Resources' subsection should describe the primary resources that support the program (e.g. General Fund discretionary, user fees, interagency revenues), the sustainability of the resources, and prior year/forecasted trends in the resources.
- **Expenses:** This subsection should describe the primary expenses of the program, including which types of expenses are fixed, predictable, and necessary as compared to expenses where there is greater discretion. Bureaus should identify the greatest expenses and those expenses which are most critical to delivering program services.
- **Staffing:** This subsection should briefly describe how many staff members are associated with program and the general role of these staff members. This section should also briefly discuss staffing trends. How has staffing changed over the past five years? What are the forecasted staffing needs?
- **Assets and Liabilities:** This subsection should identify the key assets that are owned and/or operated by program, the current condition of the assets, and a summary of the financial plan for repair, renewal and replacement.



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Section Five: Equity Impacts

Bureaus should use this section to describe how programs benefit and/or burden communities, specifically communities of color and persons with disabilities. Moreover, bureaus should use this subsection to clarify how resources could be reallocated within the base budget in order to achieve more equitable outcomes.

To note: The Office of Equity and Human Rights will be providing additional direction for this section along with any updates to the Budget Equity Tool.

Using Performance Measures to Describe Programs

In addition to the program descriptions discussed above, program offers will also include a table of annual performance measure data. This portion of the “Getting Started” guide describes how performance measures should be incorporated into program offers.

A primary focus of the program offers is communicating the quantifiable outcomes to Council and the public via performance measures. For the FY 2019-20 process, bureaus should first associate existing performance measures to their programs. The budget system offers the flexibility to associate performance data with budgeted resources, in that a single performance measure can be associated with more than one program.

Because measures can be shared between programs and between bureaus in system, there are likely existing performance measures that describe program results, especially “outcome” type measures. However, it may be necessary to create new measures or refine current measures for some programs, especially “output” measures that describe specific program activities.

Over the long-term, the goal is that each program should be associated with multiple measures, including at least one outcome measure and one output or efficiency measure. Achieving this level of performance measurement may take several years, and require additional planning and consultation from program staff and your CBO analyst. For the FY 2019-20 budget, CBO recommends the following guidelines.

Types of Performance Measures

- **Workload measures** describe a quantity of work performed.
- **Output measures** specify quantity or number of units produced. Outputs are activity-oriented, measurable, and usually controllable.
- **Outcome measures** are qualitative consequences associated with a program/service (i.e. the ultimate benefit to the customer). External forces can sometimes limit managerial control. Outcome focuses on the ultimate “why” of providing a service. These include measures of service quality.
- **Efficiency measures** are inputs used per unit of output. They tell us “at what financial cost” were these inputs, outputs, and outcomes reached.

FY 2019-20 Guidelines for Program Offer Performance Measures

Best-Case Scenario: Programs should be associated with 3-7 measures, ideally with more than one of the performance measure types listed below.

Basic Scenario: Each program should have at least one **outcome** measure with the program.

Alternate Option: If there is not a performance measure available to associate with the program, bureaus may include a **narrative description** (one-two sentences) of how the success of program activities are quantified.

The City Budget Office has a variety of resources to support measure changes or creation, including the [Citywide Performance Management Manual](#) in addition to your CBO analyst who is ready and willing to assist. Bureaus that wish to create, archive, or modify their performance measures should contact their CBO analyst.