MULTNOMAH COUNTY

FY2005 BUDGET PROCESS REVIEW

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FY2005 Budget Process Review

Multnomah County's Budget Office conducts an annual review of the budget development process in an effort to continually improve procedures and operations. Surveys requesting feedback about their experience were sent to a total of 97 county employees who participated in developing the 2004-2005 Budget. Participants were asked to rate the outcome and importance of various aspects of the budget process such as preparation, procedures, and county objectives. Participants were also asked to identify changes that would improve the budget process and to specify what they most appreciated about their experience. Finally, participants were asked to rate the efforts of both the Budget Office and their own departments.

Summary of Results

- Although participants gave relatively positive overall satisfaction ratings to the budget process, the ratings for some issues were significantly lower than those of the last year. The lowest ratings came from participants in Public Safety Service Area and financial managers.
- A GAP analysis revealed that the levels of satisfaction agreed with the levels of importance for all the elements of Budget Preparation. However, some of the issues in the **Budget Process** and the **County's Objectives** had large gaps. The largest gaps between satisfaction and importance were found for clear policy direction, multi-year funding strategy, reflection of the County's priorities, and the strategic direction for resource allocation decisions.
- Participants gave the highest importance ratings to the accuracy of financial information, reasonable timelines, access to budget detail, confidence in projections, and clear County policy direction.
- Participants were most satisfied with the instructions for the budget process, use of a shadow/supplemental budget system, and access to budget detail.
- Participants were satisfied with the reciprocal efforts between the Departments and the Budget Office during the budget process.
- Participants identified clearer policy direction, better understanding of strategic direction, and increased communication among the Chair's Office, the Board, and the County employees as areas for improvement.
- Of the 25 measures assessing the budget process, the following were predictive of overall satisfaction ratings:
    - The strongest predictors were satisfaction with understanding the strategic direction driving resource allocation decisions, having a clear policy direction, and being able to trust the accuracy of financial information.
    - Other significant predictors were satisfaction with organized/informative budget documents, coherent organization of the budget in understanding policy objectives-resources link, instructions for the budget process, and collaborative decision making.
    - Timeliness of document submission to and from the Budget Office and the amount of information received from the Budget Office were also strong predictors.
- Thirty-one percent of the participants reported that the FY2005 budget process was better than previous years, while 25% said that it was worse.
- Sixty percent of the participants provided suggestions to improve the budget process. The majority of these comments were related to better communication of the County's policy direction, the strategic direction of funding allocation decisions, and better data management system.

- The majority of the participants, who offered comments as to what they appreciated most, cited the efforts of the Budget Office in terms of willingness to provide support, collaboration, expertise, and professionalisms.

Survey Results

The survey was sent to two groups of Multnomah County employees: 1) 91 departmental employees and 2) 6 Budget Office employees, all of whom were identified as participants in developing the 2004-2005 Budget. A total of 42 surveys were returned from Group 1 and 10 from Group 2, at response rates of 51% and 77% respectively[1].

The following table displays the demographic characteristics of the respondents. Budget Office employees are over-represented in the Public Safety Group (33% compared to 19% of the total population) and in the General Government Group (27% vs. 19%). In addition, over one-third of those who identified as Budget/Finance Analyst (n=9 surveys) came from the Budget Office employees.

Table 1

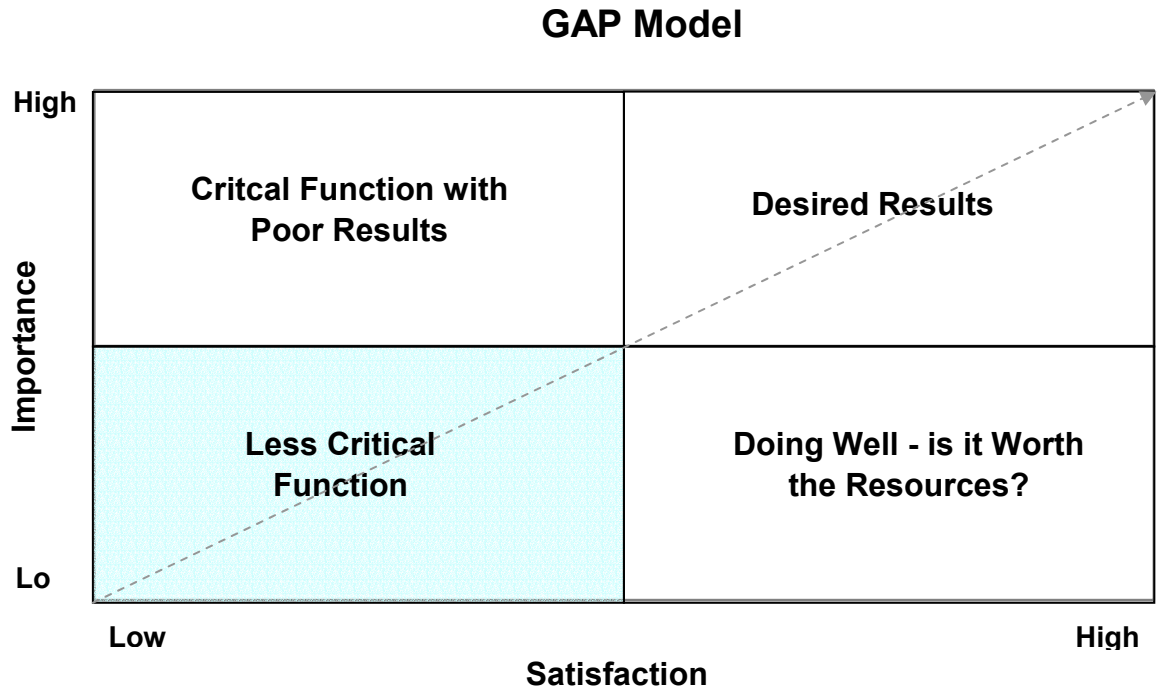
Demographics					
Service Area	**N**	**%**	**Responsibility**	**N**	**%**
Public Safety	12	23%	Department or Division Dir.	15	29%
Health & Human Services	14	25%	Budget/ Finance Manager	12	23%
General Government	18	35%	Budget/Finance Analyst	24	46%
Other	4	8%			
(Missing Data)	4	8%	(Missing Data)	1	2%
Total	**52**	**100%**	**Total**	**52**	**100%**

GAP Model

The budget process evaluation data collected from the surveys was analyzed using a GAP model procedure. The GAP model is a tool that is used to help identify priority concerns that need the most attention for improvement. The model can also be used to make decisions about shifting resources. This model is produced by mapping a series of metrics onto a graph using two related variables and evaluating them in relation with each other (i.e., satisfaction versus importance, seriousness of a problem versus ease of solution) to leverage the best plan of action. The model is illustrated in Figure 1. The left side of the model identifies areas that may need improvement; the top left quadrant is a higher priority than the bottom left. The right side of the model indicates high performance; the top right is optimum performance while the bottom right models performance levels that go beyond needs or expectations. Resources that are being spent on items that fall into the bottom right quadrant might be shifted to other areas needing improvement. In addition, the diagonal line illustrated in the GAP model displays the congruency between the two related variables. If the variables are equivalent, they will fall on or near the line. The relative position from the line (i.e., above or below) displays which variable was higher or lower; and the further away from the line, the greater the discrepancy between the two variables.

[1] Of the 91 employees who were sent surveys, 8 were unavailable. The 51% return rate is calculated using 83 as the total population of this group. The Budget Office employees were asked to fill out a survey for each department they supported, a total of 13 possible returns. The response rates were substantially higher than the previous year's 39%.

Figure 1



For the current evaluation, the mean levels of satisfaction and importance for various aspects of the budgetary process were used to determine which areas would need improvement. Optimal performance is indicated when high satisfaction levels are congruent with the values or importance of the process. This is illustrated in the quadrant labeled "Desired Results" in Table 1 above. Areas of potential improvement would fall into the quadrant labeled "Critical Function with Poor Results" because there is low satisfaction for functions that are rated high in importance. Of less concern are functions that fall into the lower left quadrant labeled "Less Critical Function" because although there is low satisfaction, these functions are also rated as less important. Finally, items that fall into the area labeled "Doing Well – is it Worth the Resources?" are those that need the least attention and resources to improve. Additionally, the GAP score (satisfaction score minus importance score) identifies areas that have the greatest incongruence. Both the placement of the GAP (illustrated in the model) and the size of the GAP (indicated by the score) are important indicators of performance.

Budget Preparation, Budget Process, and Multnomah County Objectives

Based on their experience developing the current budget, participants were asked to rate their satisfaction by responding to a series of statements that assessed the budget preparation, budget process, and Multnomah County objectives reflected in the budget. Participants also rated each statement for importance[2]. Table 1A in the Appendix displays all of the statements as they

[2] The satisfaction and importance of budget preparation, process, and Multnomah County objectives were rated on 4-point scales with lower scores indicating less satisfaction or importance. The scales appearing on the survey were reverse coded to clarify the interpretation of the results.

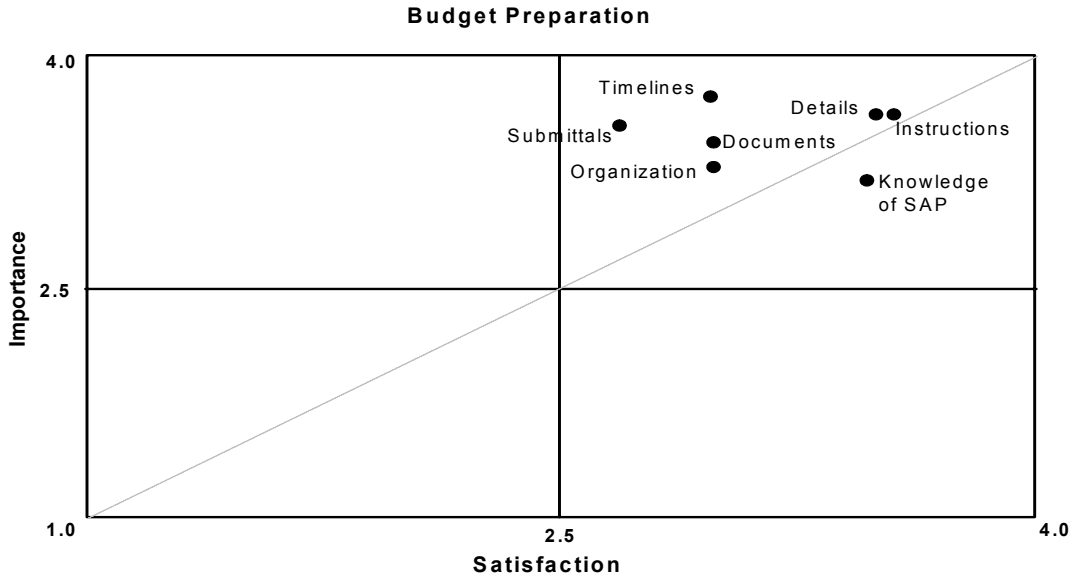
appeared on the survey as well as the means for satisfaction, importance, and their overall GAP scores.

To determine the congruence between what budget the participants value and what they experienced, the mean levels of satisfaction were plotted against the mean importance ratings. As reviewed above, this method helps to identify areas of improvement that leverage the best overall results.

Budget Preparation

Figure 2 displays the GAP model for the series of statements related to the budget preparation. All seven statements assessing the aspects of budget preparation reflect desired levels of performance. Compared to the FY2003-2004 review, this year's participants gave lower satisfaction ratings for "Organization" (i.e., organizing the budget by programs within departments/divisions helps in understanding how resources are linked to policy/program objectives) and "Submittals" (i.e., department budget submittals are of high quality). The participants were more satisfied with the other five issues this year.

Figure 2



Budget Process

Figure 3a displays the GAP models for the series of statements related to the budget process for FY2005. Three of the statements assessing the aspects of the budget process reflect desired performance levels. Trusting the accuracy of the financial information was rated the highest in importance. The highest satisfaction rating for using a shadow budget system in addition to SAP seems to be an interesting result, given the fact that participants' comments indicated that the need to use a supplemental system delays the budgeting process (see review of the comments later in this report).

Compared to last year (Figure 3b), four issues of the budget process received significantly lower satisfaction ratings this year. In particular, the ratings for Multi-Year Funding Strategy, Strategic Direction for Resource Allocation Decisions, and Collaboration and Shared Decision-Making worsened substantially this year. Participants' comments as to areas in need of improvement support these ratings: the majority of comments were related to understanding the strategic direction driving resource allocation decision making.

Figure 3a. FY2005 Budget Process

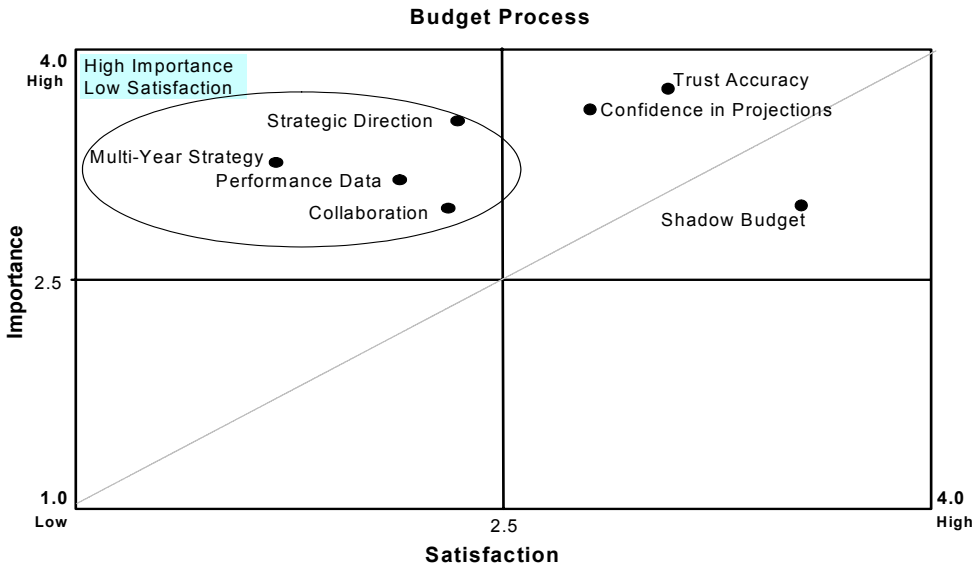
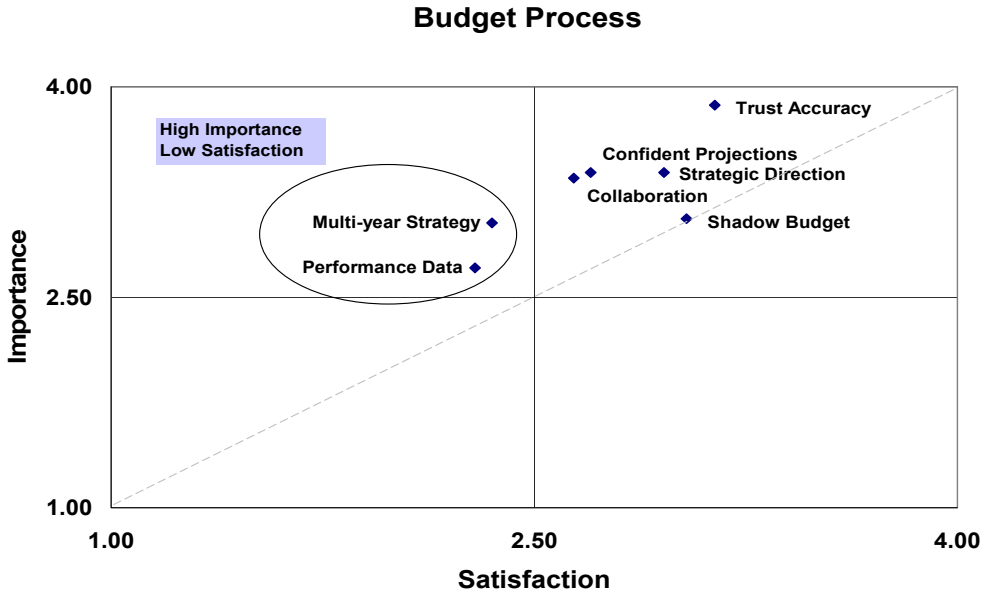


Figure 3b. FY2004 Budget Process



Multnomah County and the Budget

Figure 4a displays the GAP model for the series of statements assessing how well Multnomah County objectives are reflected in the budget for FY2005. Clear policy direction received the highest rating for importance, and yet received the lowest in satisfaction. As mentioned above, this is the issue that had the largest satisfaction-importance gap score last year (Figure 4b). In addition, the gaps between satisfaction and importance became much worse this year. The comments from participants reflect that lack of clear policy direction affect all the other areas of the budget development process. Reflection of priorities in the County's budget was also rated as a highly important issue. But, participants gave a low satisfaction rating for the issue. While the stakeholders' involvement in the development of the budget received a low satisfaction rating, participants also gave it a low importance rating (two people commented that there was less active involvement by stakeholders this year).

Figure 4a. FY2005 County Objectives

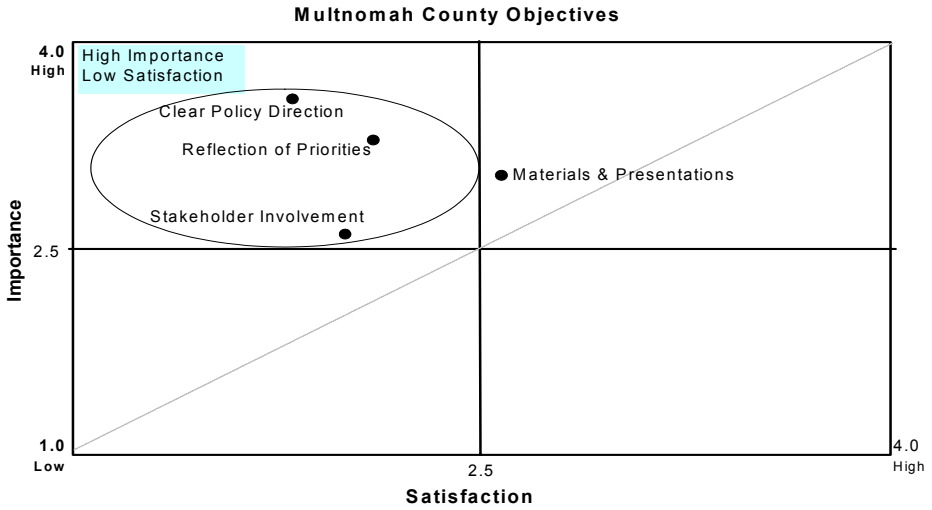
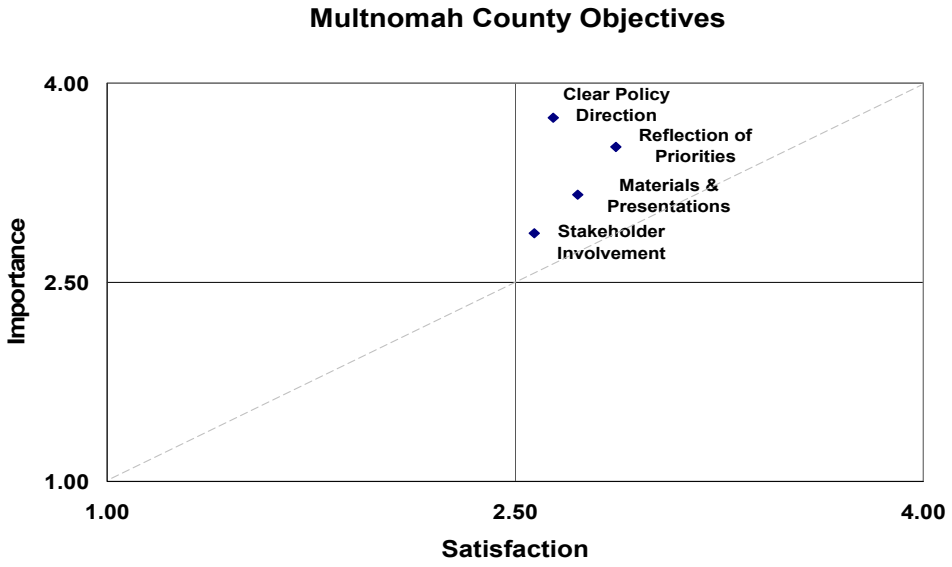


Figure 4b. FY2004 County Objectives

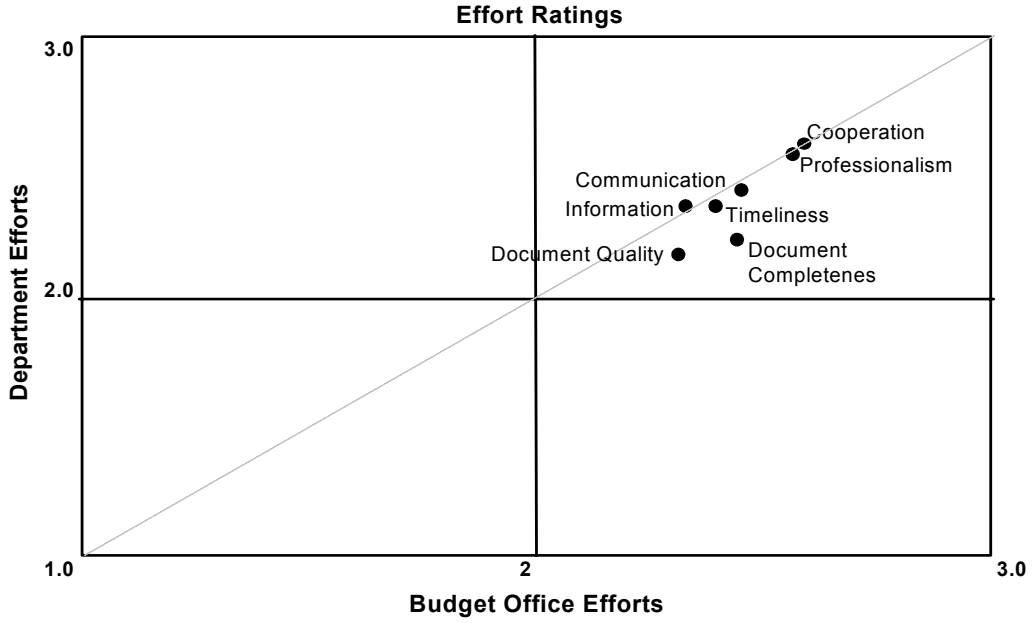


Budget Office and Departmental Efforts

Survey participants were asked to respond to a series of statements that asked about the efforts of the Budget Office and the efforts of their own department using a 1-3 point scale (1 = needs improvement to 3 = excellent)[3]. The mean ratings for these statements are listed in the Appendix (Table 2A).

Figure 5 displays the results of the GAP model. For this analysis, the model is used to evaluate the perceived reciprocity between departments and the Budget Office, therefore, mean scores in the top right quadrant indicate that both department and Budget Office efforts are rated high while mean scores in the bottom left quadrant indicate that both department and Budget Office efforts are rated low. Mean scores in the bottom right quadrant indicate that the majority of the participants rated department efforts lower than the Budget Office and mean scores in the top left quadrant indicate that the majority of the participants rated the Budget Office's efforts lower than the departments'.

Figure 5



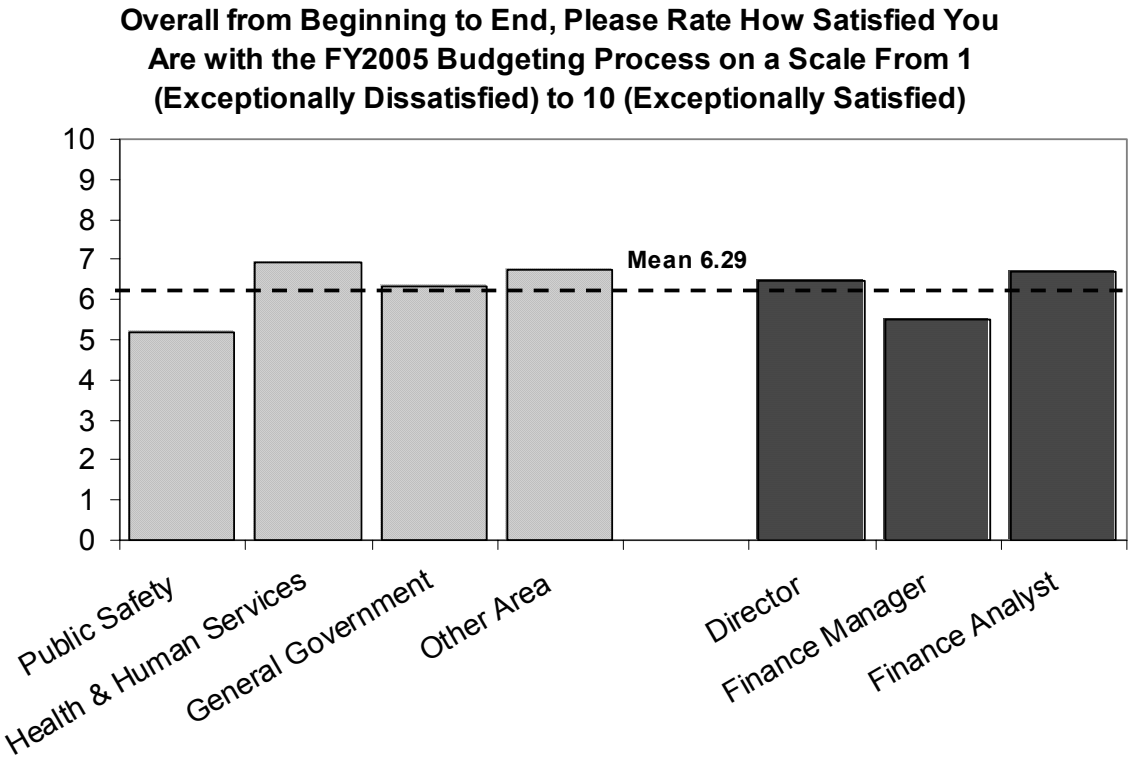
Participants gave high effort ratings to both their own departments and to the Budget Office indicating reciprocity. Professionalism and cooperation received the highest ratings. The Budget Office received higher effort ratings than the departments on all but one issue (i.e., the amount of information you received from/you shared with the Budget Office). All in all, however, all seven elements received very similar ratings, indicating congruence between the two groups of staff. Comments made by survey participants reflect this finding: Department employees appreciated the Budget Office staff's responsiveness, helpfulness, and expertise.

[3] Surveys sent to participants who work for the Budget Office were reworded to reflect efforts extended to and received from the departments they worked with. The results were combined and are presented together. The 3-point effort scale appearing on the survey was reverse coded to simplify interpretation of results.

Overall Ratings

Participants were asked to provide an overall rating of the FY2005 budget process from beginning to end using a 1 to 10 satisfaction scale (1 = not satisfied to 10 = exceptionally satisfied). Figure 6 shows the mean results by service area and role in budget development.

Figure 6



The overall mean rating for all participants was relatively high, 6.29 out of 10. The lowest overall ratings came from financial managers and participants who work in the Public Safety area. The highest ratings came from participants in the Health and Human Services area and financial analysts.

Predictors of Overall Satisfaction

A series of regression analyses were modeled to determine which of the preparation, process, objective, or effort satisfaction ratings were most critical to the overall satisfaction rating. This analysis identifies the aspects of the budget development process that have the strongest influence on the participants' satisfaction with their overall experience[4].

[4] Five sets of stepwise regression analyses were performed, which represented the four areas of budget process (Preparation, Process, Objectives, Effort). For the analysis of Effort, items were divided into two groups to run the analyses: 1) cooperation, communication, and level of professionalism, and 2) completeness of the documents, amount of information, and quality of the documents.

Of the 18 satisfaction and 7 effort measures that assessed the budget development process, 10 were found to be significantly related to overall satisfaction.

The strongest predictor of satisfaction was understanding the strategic direction driving resource allocation decisions. Other significant issues were the clear County policy direction, trusting the accuracy of the financial information in the budget document and support materials, organized and informative budget documents, organization of the budget, helpful instructions of the Manual, and collaboration and shared decision-making[5]. The key effort measures were: the timeliness of the documents to and from the Budget Office (reciprocal effort) and the amount of information received from the Budget Office. Of these, the strongest driver of overall satisfaction was the timeliness of the documents received from the Budget Office[6]. No differences were found in the average satisfaction ratings of the above predictors among any of the service area groups or different roles.

Participant Comments about the Budget Development Process

Suggestions for Improvement

Participants were asked to identify important changes that they felt would improve the budget process. Sixty percent of the participants offered comments (31 out of 52). The most common theme was related to clarity of priorities, policy and strategic directions, and communication (10 of 27 who offered comments for this question). Participants commented that a clearer direction with priorities, that reflected county policy and better understanding of funding strategy from the Chair's Office and the Board would help improve the overall experience of the budget process. Increased collaboration, better communication, and sharing of information among the Chair's Office, the Board, and the employees were also mentioned. These comments are consistent with the results of the evaluation described above. Participants gave some of the lowest satisfaction ratings to policy direction, strategic direction, and priority setting. Regression analyses also revealed that strategic direction and policy direction were the two strongest predictors of how participants rated their overall satisfaction level for this year.

On a more technical side, participants (8 out of 27) commented on data management issues. Specifically, the need to use supplemental software, rather than just using SAP, added significant amount of time which affected meeting the deadlines.

What Participants Most Appreciated

Participants were also asked to identify what they most appreciated about the budget process. Fifty-four percent of the participants (28 of the 52 survey respondents) offered comments. The majority of these participants most appreciated the efforts of the Budget Office in terms of helpfulness, responsiveness, and expertise. This is reflected in the relatively high satisfaction

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[5] R^2=.56, F(2, 46)=29.643, p<.001; □ =.710 for Strategic Direction and β=.277 for Collaboration; R^2=52, F(1, 45)=16.41, p<.001, β=.517 for Clear County Policy Direction, R^2=.25, F(1., 42)=14.138, p<.001, β=.502 for Trust Accuracy, R^2=.14, F(1, 37)=6.113, P<.05, β=.377 for Organized/Informative Documents, R^2=.22, F(2, 47)=6.730, P<.005, β=.342 for Organization of the Budget and β=.300 for Instruction; and R^2=.56, F(2, 46)=29.043, p<.001, β= .373 for Trusting the Accuracy of Financial Information.

[6] R^2=.62, F(2, 45)=15.739, p<.001; β=.511 for Timeliness of Documents Received from the Budget Office and β=.316 for Departments.

scores the participants gave the Budget Office for their efforts. The Budget Office staff, in return, mentioned that they appreciated the Department staff's willingness to work collaboratively. Other comments also related to individuals' effort, but without specifying either the Department or the Budget Office staff (e.g., responding to questions promptly, analysts' expertise, working with County staff).

Budget Process FY2005 Compared to FY2004

Participants rated their experience for the FY2005 budget process in comparison to the FY2004 budgeting process (worse, no different, or better) and to explain why. Table 2 displays the frequencies of the ratings.

Table 2

Budget Process FY2005 Compared to FY2004		
	Number of Responses	**Percentage**
Worse	**13**	**25%**
No Different	**22**	**42%**
Better	**16**	**31%**
Total	**51**	**100%**

Participants who reported that this year was better cited a number of reasons such as sticking to timeliness better, more stable process, analysts' increased, active involvement, and cooperation/collaboration among staff. Participants who reported a worse experience this year cited lack of clear policy direction, delay in the Board's involvement during the process, worse communication, and increased amount of time needed "due to the effects of shared services.".

Last year, three issues were raised as areas for improvement by the survey participants. This year's participants were asked to rate how these issues have changed, using a scale from 1 (Substantially Worse) to 10 (Substantially Improved). Table 3 shows the issues and the participants' mean rating.

Table 3

	Mean	**SD**
Clear County Policy Direction	**3.16**	**1.88**
Reasonable and Stable Timelines	**4.92**	**2.47**
Ease of SAP	**5.92**	**1.97**

Conclusion

The overall results of the FY2005 Budget Process Review indicate that in general, participants reported having a relatively positive experience. A highlight of the results this year was the high reciprocal effort rating between Department and the Budget Office staff. Comments reflected each other's helpfulness, collaboration, expertise, and professionalism.

The evaluation revealed a number of important drivers of overall satisfaction. The strongest were related to understanding the strategic direction and having a clear policy direction. Timeliness of document submission to and from the Budget Office was also closely related to how satisfied participants were with the overall budgeting process. These findings were supported by the results of the GAP analyses that examined the differences between satisfaction and importance of the issues. Other significant drivers were trusting the accuracy of the information, organized and informative budget documents, organization of the budget in understanding funding allocation decisions, instructions in the manual, and collaboration and shared decision-making. All of these issues were reflected in the comments offered by participants who made suggestions for improving future budget processes.

It is interesting to note that most of the issues that were identified as areas for improvement this year were the same issues from the last year. Some of them actually received lower ratings than last year which had more challenges with revenue uncertainty and multiple timeline changes. It seems that, regardless of challenges that may or may not exist each year, the bottom line issue is the same: Participants want to know what the County's policy direction is and how resource allocation decisions are made in order to develop their budget. Along with participants' comments, the findings from this evaluation suggest a need to find a way in communicating these main issues more effectively. When employees have a better understanding of them, other issues that received lower satisfaction ratings (e.g., reflection of priorities in the budget, coherent organization of budget) may improve as well.

Suggestions for Future Process Reviews

Future budget process reviews will help the Budget Office continually improve the overall budget process. The following suggestions will help improve the quality of the evaluation itself.

- Increase the response rate: It was much better than last year (39% vs. 51%). Further increase will allow more sophisticated analyses.
- Vary the order of wording in some of the scales to reduce bias.
- Increase response scales to increase variability. Rather than including a response of "N/A", a more meaningful point of choice should be incorporated into the scales.
- Continue using the same survey statements in order to make yearly comparisons. The fact that all statements were rated relatively high in importance indicates that all statements are relevant.
- In addition, specific concerns may be addressed by forming focus groups.

Appendix

Table 1A

Statements	Satisfaction		Importance		GAP
Budget Preparation	***Mean**	**SD**	****Mean**	**SD**	**S - I**
The instructions in the budget process were helpful.	3.54	.50	3.65	.59	-0.11
I'm satisfied with the level of budget detail to which I have access.	3.45	.58	3.67	.65	-0.22
I have the knowledge I need to budget in SAP.	3.41	.73	3.19	.95	0.22
Organizing the budget by programs within departments/divisions helps in understanding how resources are linked to policy/program objectives.	2.98	.80	3.27	.82	-0.29
The budget documents are well organized and informative.	2.96	.71	3.43	.70	-0.47
Budget timelines are reasonable.	2.96	.79	3.71	.46	-0.75
Department budget submittals were of high quality.	2.64	1.03	3.54	.54	-0.90
Budget Process					
I use a shadow/supplemental budget system in addition to SAP to build our budget.	3.52	.78	2.88	1.05	0.64
I trust the accuracy of the financial information contained in the budget document and support materials.	3.08	.55	3.77	.43	-0.69
I have confidence in department and grant revenue projections.	2.82	.74	3.63	.53	-0.81
I understand the strategic direction driving resource allocation decisions.	2.33	.88	3.48	.85	-1.15
The process supports collaboration and shared decision making.	2.31	.91	3.00	.91	-0.69
I use quality program performance data in the budget process.	2.20	.83	3.17	.88	-0.97
The budget reflects a multi-year service and funding strategy.	1.78	.89	3.25	.81	-1.47
Multnomah County Objectives					
Supporting materials and presentations adequately support the Board's decision-making needs.	2.54	.77	3.21	.67	-0.67
The priorities of the County as an organization are clearly reflected in the County's Budget.	2.10	.85	3.35	.81	-1.25
Citizens, Contractors, and other stakeholders were meaningfully involved in the development of the County's FY04 Budget.	2.10	.81	2.67	.93	-0.57
The County's policy direction was clear.	1.82	.83	3.54	.83	-1.72

*1 = strongly disagree to 4 = strongly agree ** 1 = not important to 4 = very important

Table 2A

Effort Statements	Budget Office		Departments		GAP
	*Mean	SD	Mean	SD	B – D
The level of cooperation (you received from/you extended to) the budget office.	2.56	.64	2.56	.61	0
The level of professionalism (you received from/you extended to) the budget office.	2.55	.68	2.52	.65	0.03
The level of communication (you received from/you extended to) the budget office.	2.45	.61	2.41	.70	.04
The completeness of the documents (you received from/you submitted to) the budget office	2.39	.70	2.19	.79	0.20
The timeliness of the documents (you received from/you submitted to) the budget office.	2.33	.66	2.33	.72	0
The amount of information (you received from/you shared with) the budget office.	2.29	.65	2.33	.59	-0.04
The quality of the documents (you received from/you submitted to) the budget office.	2.27	.64	2.18	.69	0.09

* 1 = needs improvement to 3 = excellent.