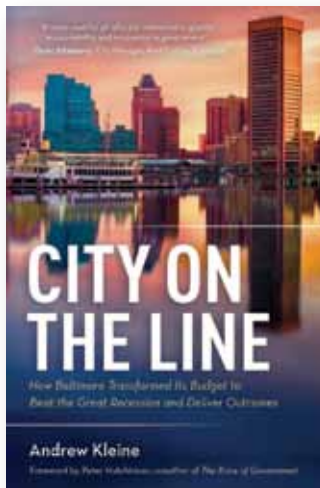




Self-Help for Governments That Might Actually Work

By Craig Lesner



City on the Line

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RL, October 2018

292 pages, \$35

Self-help books of all shapes and sizes sell millions each year by promising to help you make your problems go away. Whether your problem is your weight (generally too much as opposed to not enough) or that you need to save more money or that your kids aren't doing what you want, self-help books are there to help you focus on the source of your problems and get on a path toward becoming a better you. There's a new one each year, touting a new method or a new special sauce. And you buy it, because the last one worked for a while — until it didn't.

The problem is that these books often “work” by offering an easy way out of a problem that we all know, deep down, doesn't have an easy solution. The way to lose weight is to burn more calories than you ingest, eat a balanced diet, and work out. Personally, this is in direct conflict with my desire to eat all the steak and bacon I want while thinking I can actually lose weight as long as I don't eat any carbs along with them.

Government self-help books don't tend to be much different.

Take the No. 1 bestseller, *Good to Great: Why Some Companies Make the Leap...And Others Don't*, by Jim Collins. It's a great book, and you should read it — but think about the following excerpt: “You are a bus driver. The bus, your company, is at a standstill, and it's your job to get it going. You have to decide where you're going, how you're

going to get there, and who's going with you.”

Most people assume that great bus drivers (read: business leaders) immediately start the journey by announcing to the people on the bus where they're going — by setting a new direction or by articulating a fresh corporate vision.

In fact, leaders of companies that go from good to great start not with “where” but with “who.” They start by getting the right people on the bus, the wrong people off the bus, and the right people in the right seats. And they stick with that discipline — first the people, then the direction — no matter how dire the circumstances.”

I can read about about buses and understand pretty easily who should get on and where they should sit. Implementing what I just read is the hard part. The point is, how can I get 20-year tenured government employees to change? What happens, for example, if they don't like buses? (Look it up — it's called trochophobia.) Most books gloss over this vital discussion for those who know what we're supposed to do but can't seem to “make it happen.”

CHANGE IS HARD

Andrew Kline's book, *City on the Line*, is self-help for governments. But unlike typical self-help books, this one might actually be helpful those of us who face a mountain of resistance when we try to implement new things in our organiza-

tions. It's helpful is because the author doesn't pull any punches — this stuff is hard, and the process of making government "better" is painful. But by having honest conversations about this inconvenient truth, he stands a chance of offering some real answers.

Kline's version of special sauce is a concoction of several methods that boil down to Budgeting for Outcomes (BFO).

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BFO is a relatively new concept that many government finance officers are already familiar with. It's supposed to make governments think more like citizens in terms of focusing on services that matter and talking about them in language that makes sense to most people, instead of using terminology from the string of fund-department-division-object codes that most line-item budgets and appropriation ordinances are written in.

In other words, my mother doesn't care what department the parking tickets writers are in, but she does care that no one is writing tickets to the jerk who keeps parking in the handicapped zone on her block that was created for Mrs. Pasklow.

This designed focus on outcomes and results feels perfectly natural on paper, to the point that many current

public administration students seem puzzled when they learn that BFO is an approach that is seldom employed. "How else are you supposed to do it?" more than one graduate student has asked.

But that's the issue. BFO, once up and running, feels like the way budgeting should always been done. So why isn't it used more?

HOW BFO WORKS

BFO is a strategy for improving accountability and transparency, closing large budget deficits, and creating sustainable budgets that position the government to deliver the services citizens demand and expect.

BFO doesn't have a concrete, set structure, but we can still identify several common elements of a good process:

1. Determine the Price of Government. The traditional form of budgeting often splits services and programs and buries them across several funds, departments, and programs. The standard BFO process asks what results the government is buying with its dollars. For example, how much would it cost to catch everyone who illegally parks in handicapped parking space, 24-7?

2. Support the Priorities with Funding. Start out by determining what percentage of the budget will be spent on priorities the community identifies. Word of caution: You will generally have more priorities than you have money. Rank these starting at the top and working your way down.

3. Identify the Community Priorities. Make a list of all the com-

munity's objectives, and rank them. How should you do this? Ask people. Write down the responses. Now take the top three to five. These are the ones to focus on.

4. Compete for Success. Issue a request for results (RFR) that enables departments to submit proposals that speak directly to one or more of the identified community priorities. These RFRs are similar to traditional budget submissions but are much more focused on the outcomes and results expected.

5. Evaluate Proposals. Collect, review, and rank samples. This should be done by a working group of organization members and, often, citizen volunteers.

6. Make Decisions. Build the high-level budget. This part is done by the same working group, which passes the budget down to staff to be implemented and tracked throughout the year

This all sounds fairly straightforward, as in "follow these six easy steps to greatness." But not so fast. As Michael J. Mucha, director of GFOA's Research and Consulting Center, wrote in a previous *Government Finance Review* article, "BFO is generally considered a best practice but it isn't for every government — or, put differently not every government is ready for BFO."¹

That is a key statement.

It also directly ties in to Kline's approach and how a best practice like BFO came to life in the real world during his tenure as budget director for the City of Baltimore, Maryland. *City on the Line*, Kline's self-help book for longing budgeteers, portrays his personal journey of changing a city's organizational cultural away from being a collection

of departments and toward an organization committed to results.

City on the Line is, basically, the collective comments of a person who committed himself to climbing that mountain.

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THE MEANING OF VALUE

What permeates the book is the author's concept of "value" as results divided by cost. In other words, BFO seeks out results for the money spent. This tends to be an elusive concept, but the point is that most government budgets don't tell you how much services really cost. Appropriation ordinances highlight spending by fund, department, and object codes, not by services.

This concept is also part of GFOA's recommended chart of account structure, which keys in on the word *program*. (See "Implementing a New ERP System? Take the Opportunity to Develop a New Chart of Accounts" on page 28 of this issue of *Government Finance Review*.)

TAKEAWAYS

The book is fairly easy to read, at least for those with an interest in the subject matter. Each chapter keeps a discussion flowing, focusing on people and how they enacted the process, not just the process itself. Chapters end

with five takeaways, five questions, and five resources to help readers connect with the material in a way that brings it to life.

Not to ruin it for you, but here are some of the major lessons to take away from the book:

- Leadership isn't enough — it can set the tone, but staff needs to be committed and able to do the real work.
- Commitment is crucial — if the organization isn't all in, it's already out.
- Keep an eye on the forest through the trees — that is, through the process.
- Keep your friends close and don't make enemies.
- Listen.
- Don't make outcome budgeting the outcome.
- Involve civilians.
- Don't psych yourself out.
- Be persistent and consistent.
- Communicate as much as possible — it can never be enough.

- Understand that it's going to take a while.

CONCLUSIONS

BFO is a best practice. In fact, logical-minded people who aren't in government are often surprised that it's not the default way of doing things already. As those of you who are reading this article will know all too well, however, that just because something makes sense doesn't mean it's easy.

Andrew Kline has done his best to inform and encourage you to climb the mountain of government budgeting, but he doesn't sugarcoat it. Whether its losing weight or implementing BFO in your organization, you're facing a ton of work and it's really hard to do — but you'll be better if you can do it. ■

Note

1. Michael J. Mucha, "Budgeting for Outcomes: Key Findings from GFOA Research," *Government Finance Review*, October 2012.

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