

What Is Program-Based Budgeting?

Program-Based Budgeting is a budgeting tool where all budgetary information is organized around the City's programs and services. The budget will show the costs of the program, the revenues that the program generates, as well as showing a way to evaluate the program's effectiveness and outputs through performance metrics. Organizing the information in this way, rather than at the department and division level, provides a clearer picture of how much money is being spent on each program, the services that program delivers to Philadelphians, as well as how well the program is performing.

What Is the Value of a Program-Based Budget?

Transparency- The program-based budget will provide a fuller picture of performance, revenues and costs (including indirect and capital costs) associated with each program.

Accountability- The budget will include measurable objectives and performance measures for each program. Progress towards these goals will be a factor considered in determining future funding levels. Funding may be increased where additional resources are needed or decreased if there is insufficient justification for continued funding.

Data-Driven Decision Making- Understanding the full costs associated with each program, along with the value of that program and whether the program generates revenue, will enable better decision-making throughout the budget process.

How Is Program-Based Budgeting Being Implemented?

In order to fully support departments through this process and ensure a high-quality product, the Administration will implement Program-Based Budgeting over a four-year timeline. Beginning with the upcoming budget, 10-20 departments will transition over to a program-based budget each year.

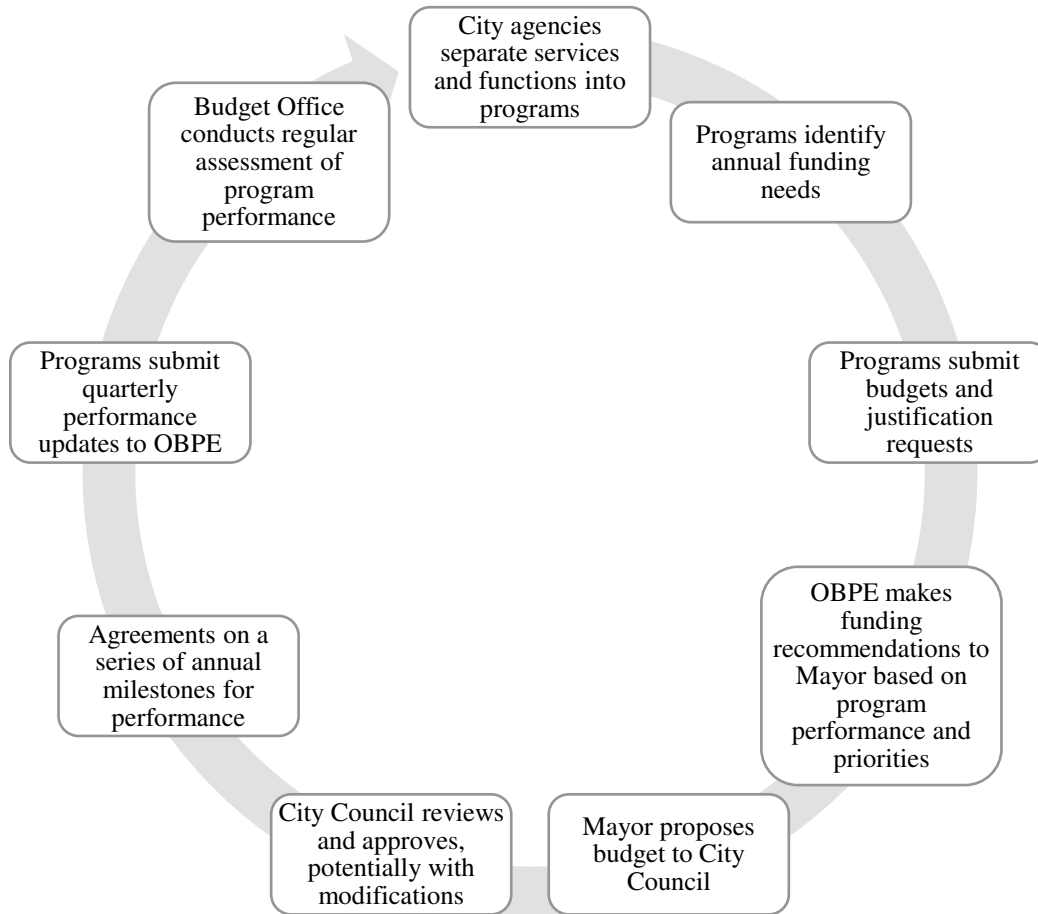
Which Departments Plan to Present a Program-Based Budget in FY18?

20 departments will participate in the first year of the roll-out. These departments were chosen to represent a range of services, sizes and fiscal complexity. 10-12 additional departments will be selected to participate each year, based upon departmental readiness and available resources.

- Streets
- Managing Director
- Revenue
- Finance
- Pensions and Retirement
- City Treasurer
- Records
- Fleet Management
- Commerce
- Chief Administrative Officer
- Parks and Recreation
- Mural Arts
- Licenses and Inspections
- Public Health
- Procurement
- Community Schools and Pre-K
- Mayor
- City Representative
- Sustainability
- Labor

Will the Budget Process Change?

The budget process will largely remain the same. Below is a diagram of the annual budget cycle under Program-Based Budgeting:



Budget Detail: As each department transitions to program-based budgeting, its budget will be displayed by program, rather than by division. Some additional information (such as indirect costs, associated capital projects, associated revenues, and performance measures) will be included in the program summary.

Five Year Plan: As each department transitions to program-based budgeting, it will present its plans, accomplishments and performance by program in the Five Year Plan. A summary of the recommended budget will also include program information and will address the relationship between operating funding and department service levels, revenues, and associated capital projects.

Will Program-Based Budgeting Lead to Cost Savings in the FY18 Budget?

The Administration's focus in the first years of the roll-out will be primarily on establishing the structure for Program-Based Budgeting. While some cost savings and investments may be identified in the first year, it is more likely that the short-term benefits will be in better understanding the true costs of the services we provide and in setting and evaluating measurable performance goals for each program.

Eventually, Program-Based Budgeting will allow department heads and City leadership to better understand the implications of funding individual programs. This will allow the City to make investments in programs and services that yield "higher returns" for the residents of Philadelphia. Efficiencies may be identified and cost savings may be achieved, however it is too early to know what the net effect will be on the City's budget.

