

**The Sound of the City - Decatur’s Collaborative Budgeting Process**

**City Overview:**

The City of Decatur, Georgia is a city of 20,000 people living within 4.25 square miles in a large, urban county in the Atlanta metropolitan area. Citizens are predominately well-educated, informed, engaged and progressive-minded. The City has a thriving downtown business district surrounded by stable, beautiful, historic neighborhoods. The quality neighborhoods, strong sense of community, attention to quality of life and a nationally recognized public school system continue to make Decatur a popular place to live for young families and empty nesters alike. The City combines a traditional small-town atmosphere with the sophistication and vibrancy similar to a college community along with all of the benefits of living in a major metropolitan area.

**Redesigning the City’s Budget Process:**

**Overview:** Educated and engaged residents expect information and want to be involved in the governing process. It became clear that the traditional budgeting process was not meeting this need. The City initiated a series of changes to the budget process and the budget document designed to make it more open and easier to understand. In 2002, the City initiated budget focus group meetings to share relevant budget and financial information in an informal environment and help participants better understand the City’s budget process. As a result of these meetings, the City added “strategic linkages” to the budget document to explain how each department’s budget supported the specific goals and objectives of the city’s overall strategic plan.

Even with these small improvements, the City’s budgeting process and the public budget document remained relatively unchanged. The City of Decatur transformed its budgeting process beginning with the Fiscal Year 2007-2008 budget by replacing its traditional and linear process with a process that is creative, inclusive, consensus-based and set to music. This collaborative budgeting process shifted decision-making from the City Manager and individual department heads to the city’s management team which shifted the focus of the process from individual departments to the city organization as a whole.

**The Challenge:** The City’s budgeting process had not changed in decades. The process was traditional and linear. Simply, the departments would submit budgets to the City Manager’s Office where they were reviewed. Department heads met with staff from the City Manager’s Office to justify their budgets and negotiate any changes to their budget requests. Ultimately, the City Manager’s Office would make the final decision on the departments’ budgets and submit a final recommendation to the City Commission.

In the meantime, the City would hold the legally required public hearings and submit all legally mandated advertisements. This ensured an efficient and orderly process but also one that : 1) encouraged a department-centric approach by the department heads; 2) promoted competition instead of cooperation for resources between departments; 3) focused on inputs instead of measuring success towards implementing and supporting the City’s strategic plan; 4) undervalued department heads by centralizing decision-making instead of putting the decisions in the hands of the experts; and, 5) resulted in a budget document that lacked a cohesive plan for implementing the organization’s vision and related goals.

The City’s budget process was sufficient from year to year in providing the resources the departments needed to continue providing services. There was, however, recognition by the Assistant City Manager that the process could be improved and awareness that the timing was appropriate. The risk associated with a process change was seen as minimal especially considering that the organization had a history of supporting fairly high levels of calculated risk. The greatest concern was that the departments would resist the change and resent the additional time in meetings, thus ultimately rejecting the process.

**The Approach**: To avoid any early resistance, the Assistant City Manager pitched the idea to a small group of employees who had been asked to assist in improving budget process. The group had been carefully assembled to represent diverse personality types, job responsibilities and experience with the budgeting process. The group reacted positively to the proposal from the Assistant City Manager for a new, collaborative budgeting approach and brainstormed changes to the process. With the buy-in of this group as well as the City Manager, the risk of rejection was minimized. Also, the Assistant City Manager was confident that once the department heads went through the process they would experience benefits that would outweigh the drawback of a investing more time in a collaborative process.

The resulting process is one in which the department heads participate in a budget review meeting in which each department presents its budget recommendation before their peers. Included in each presentation is a discussion of the past year’s accomplishments and an explanation of how the department’s proposed budget and work plan support the City’s vision. Ultimately, the group must develop a city budget that supports the City’s vision while remaining within the City’s fiscal constraints. Instead of making recommendations and forcing the City Manager’s Office to make the cuts when necessary, the department heads make these decisions. Finally, the departments present the budget to the City Manager. The City Manager receives a cohesive picture of the departments within the organization working together to achieve common goals. There are still opportunities for the City Manager to make modifications to this budget document but these adjustments can now be more strategic as opposed to dealing with department-specific operational issues.

**The Internal Benefit:**  The collaborative process resulted in immediate benefits to the departments and city. Department heads gained a deeper knowledge of the operations of other departments resulting in increased interdepartmental cooperation, elimination of duplication of efforts and even some revenue enhancement opportunities that otherwise would not have occurred in the more traditional, linear process that kept departments and their budget requests isolated from each other. The departments now have a greater appreciation for how each department strives to achieve the City’s vision and a clearer understanding of how they each interact to accomplish these goals. The change has been liberating because departments know that they have the opportunity to be creative, to ask for help from their peers and to hold each other accountable for moving the organization forward.

As a result of these collaborative, interdepartmental budget discussions, several critical cost saving opportunities were discovered. During the presentation of the Police Department’s budget, they included a $50,000 cost to provide security at the City’s many festivals. The Community & Economic Development Department knew that the festivals were required to include covering security costs in their budgets. It was determined that due to a change in police administrative staff, the department had stopped invoicing the festivals and instead was budgeting $50,000 to cover festival overtime. Now the police department bills each festival and the $50,000 cost as been eliminated from their budget. Planning, Zoning and Inspections discovered that the police investigators could train them on the use of their new digital cameras thus eliminating money spent on outside training. When the City Manager mentioned Police Background Fees being charged in other cities and discovered that for some reason (no one knew why), our Police Department had discontinued this practice, we re-instituted it and brought in over $4,000 the following budget year. The Fire Department offered to hang city festival banners eliminating the need for an outside contractor and saving the Community & Economic Development Department approximately $4,000. These are a few of the many examples of savings and information-sharing that came out of the new collaborative process.

**The External Benefit:** Just as valuable as the benefits to the internal organization have been the benefits to the community. The budget document was re-designed to incorporate ‘budget narratives’ for each department that tell the “story” of the department and how expenditure requests were determined and how they address the larger goals of the organization. Let’s face it, when a budget document contains only columns of numbers, few people read it and those who do are given no information about how spending decisions are made. Taxpayers often assume they can spend money more efficiently, easily find ways to cut costs and ultimately lower taxes. The budget narrative explains how the City provides services, how expenditure decisions are made, and explains innovations we have tried to reduce costs and improve services. The readable format invites citizens to learn more about our resource decisions and ultimately reduces the tendency to second guess and play armchair quarterback in the budgeting process. The use of color photographs create visual interest and show departmental staff interacting with citizens and involved in the community. The budget document is still a financial tool but by providing a readable context for the more traditional “bottom line” approach its value is enhanced as a communications tool for the elected officials, staff and community.

**Project Summary**: This process has been truly transformative for the city organization. City department managers now look at their budgets in terms of the total organization and work together to share ideas to provide services more effectively and identify cost saving opportunities. This collaborative approach gets city staff to think collectively about the most efficient way to provide the highest level of service for the least possible cost rather than focusing on winning as much as they can for their department. Instead of competing with each other for limited resources, managers are now empowered to work together for the good of the organization and the citizens we serve. The city management team now has the opportunity to see themselves as a team of innovative and creative people who play an important role in achieving the goals of the City.

The management team has been influenced by a number of readings but one in particular applies to this process change. Daniel Pink, the author of A Whole New Mind, introduced us to the six senses that need to be mastered for success in the Conceptual Age. Interestingly, this simple change from a linear budgeting process to a networked, collaborative approach incorporated Daniel Pink’s recommendations:

1. **Design**-The City was deliberate in focusing on a new design for the budget document. The design improvements are ongoing but just the focus on the design represents a dramatic shift in thinking.
2. **Story**-The budget narratives allow the City to use the budget document to tell its story. The document personalizes the financial aspects of the budget by sharing the City’s history, presenting the thought process that goes into spending recommendations, discussing the strategic plan and providing photos of public service in action.
3. **Symphony**-This budget process represents the concept of symphony in that the departments are like the members of the orchestra. Previously, these members had been performing in isolation but now perform together resulting in a product that is greater than their individual parts.
4. **Empathy**-This process has revealed the great aptitude for empathy among the department heads. In listening to each other, and hearing each other’s challenges, hopes, successes and disappointments, the department heads have exemplified empathy. They have supported and inspired each other and worked together to figure out how each can meet their goals given limited resources.
5. **Play**-One might think that Play would be a difficult concept to achieve within the context of a budget. Each department was asked to provide the name of a song that exemplified what they do. Departments had fun narrowing down their selections while trying to figure out how this bit of information was going to be used. When the final budgets were distributed to the management team, each team member received a CD of all songs. The “A” side of the CD included the songs submitted by the departments; the “B” side songs were chosen by a couple of people in the City Manager’s Office – selections were made in fun and were definitely tongue-in-cheek. The budget “soundtrack” CD has already been replicated in Montgomery, Ohio and Charlottesville, Virginia.
6. **Meaning**-This process could not have occurred without a management team of people who value the meaning and importance of their job within the community of Decatur. Because this group is dedicated to continuous improvement for the betterment of the community and they feel a real connection to the people they serve, this process change was able to occur with the support of everyone involved.

It is important to note that since we implemented the new budget process, we have received numerous compliments from individual City Commissioners each year such as “I like reading the narrative. It helps me understand the numbers better;” “It is helpful to know the overall vision of the departments.” The new budget narrative format makes it easier for the Commission to focus on the philosophy of where we are going rather than counting how many pencils we need to get there. That doesn’t mean they don’t look at the numbers but now they can read the “why” that supports the “how” the numbers were developed.