



COOK COUNTY

Implementing Best Practices in Budgeting and Performance Management to Advance Good Government



March – 2018



Contents

- 1. President leads by bringing changes to Cook County Code to implement governing best practices**
- 2. Progress of Implementation of Best Practices**
- 3. Commitment to Continuous Improvement**

Cook County Government

Second most populous U.S. County

- 5.2 million people

Government Structure

- Executive: President Toni Preckwinkle
- Legislative: 17 Commissioners
- 10 Other Elected Officials

County Government

- \$4.3 billion budget
- Approximately 70 departments (including separately elected officials)
- 23,000 employees



Cook County Board President Toni Preckwinkle



“We often hear talk about responsible spending and cutting waste, but what are needed are practices that reinforce these principles. The planning process for future county budgets must include meaningful, objective performance measures.”

“You cannot manage without measuring. This performance management effort is about improving services. Businesses and municipalities have implemented similar programs and have had great success with improving services to customers and residents.”

Best Practice Models



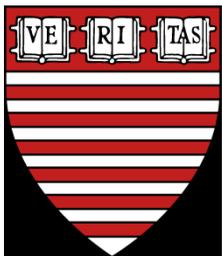
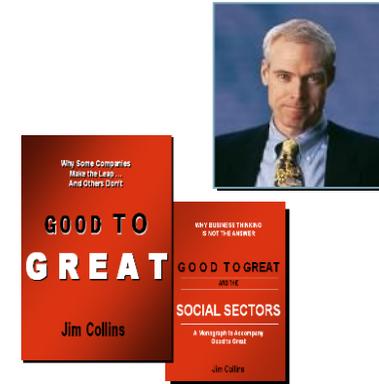
General Electric

“Improves customer experience, lowers your costs, and builds better leaders.”

Former General Electric CEO, Jack Welch

“Greatness is not a function of circumstance. Greatness, it turns out, is largely a matter of conscious choice, and discipline.”

Jim Collins



“Real ‘performance management’ requires active leadership. It is not a mere data-collecting chore that can be delegated to a few measurement wonks. If a leadership team is truly doing performance management, it needs to be actively engaged in performance leadership.”

Bob Behn, Harvard Kennedy School of Government

Best Practice Models

“Program based budgeting is designed to be meaningful to the Governing Board and the public because programs are directly relevant to they experience public services. A program budget is organized into service areas, rather than just departments or agencies, objects of expenditure, and line items.” *Government Finance Review 2015*



“A program budget shows exactly what the government does, how much it costs and what the trade offs are.” *Government Finance Review 2015*

Major Legislative Changes

- Article X of Cook County Code (Performance Based Management & Budgeting Ordinance) passed on January 19, 2011
- Revised Article X on June 29, 2016 in conjunction of implementing Oracle E-Business Suite ERP system - transition to Program-based, Performance-based and Zero-based budgeting

Article X passed on January 19, 2011

The use of performance measures and standards in the planning and resource allocation processes, as well as the public reporting of performance information, will result in a **more efficient and effective utilization of County resources** and improved results for the public and will ensure that the County as a whole is addressing its core functions and mission.

Purpose of the Article is to:

1. Improve public service delivery through deliberate planning and an emphasis on **accountability and results**;
2. **Improve managerial and legislative decision-making** by promoting the gathering of meaningful and objective performance information;
3. Ensure that all departments and agencies are **fiscally accountable** and are primarily addressing statutory operations and functions; and
4. **Improve public trust** in County government by holding the County and its departments accountable for achieving results

Revised Article X on June 29, 2016

- In conjunction with the redesign of key financial business processes across the County through the implementation of the Oracle E Business Suite ERP System and result in an annual budget based on administrative units called “programs”
- Program based budgeting is
 - more coherent structures focused on particular objectives,
 - presents information in ways that make it easier to relate allocations to the goals of spending
 - improved service delivery, while grouping budgetary inputs around objectives

Cook County Ordinance

Performance Based Management & Budgeting

Sec. 2-934. - Annual Budget Request Preparation and Submissions

In preparing the Budget Request form, the Budget Director shall take into account Performance-Based, Program-Based and Zero-Based Budgeting concepts.

Each County Department and Agency shall provide the following information:

..... A Program Inventory, which includes an allocation of all requested budgetary costs and all requested employment positions...

.....Data associated with specific metrics for each program set forth in the Department's Program Inventory, including Outcome Metrics, Output Metrics and Efficiency Metrics...

Sec. 2-936 - Annual Report and Performance-Based Program Review.

- Within 45 days of Fiscal Year end, each County Department and Agency shall prepare an Annual Report providing year-end values for the data for its performance metrics and shall be sent to the President or his or her designee

... Budget Director, who shall prepare a summary report of these values to be presented to the Board at a Board meeting to occur no later than the Month of March.



PROGRESS WITH IMPLEMENTATION OF BEST PRACTICES



Progress with Implementation of Best Practices

Developing performance-based, program-based and zero-based budgeting

Program-based Budgeting

- Developed Program Inventory (transition from old business unit into Programs)

Performance-based Budgeting

- Developed output, efficiency and outcome metrics by each programs
- Identified Targets/Goals for each performance metrics
- Performance metrics are scored based on their targets and Programs are scored based on their performance (OuP)

Zero-based Budgeting

- Execute Zero based budgeting exercises in STAR sessions for OUP
- Include “Cost per” metrics as part of budget submission

Budget Submission

- For 2018 budget, the departments are required submit their budget by programs
- Performance data as well as “cost per” budget metrics are submitted as part of Budget request

Annual Performance Report

- First Annual Report is submitted to the Commissioners.
- All Offices are required to report their performance data quarterly and “Annual Performance Report” should be published every year

Program Inventory

Business Units of Old BR System VS

Programs in New Oracle E Business Suite ERP

Draft – For discussion only



Example: FY2017 administrative units of the County Public Defender as represented in the Budget Reporting (BR) system versus FY 2018 “Program” administrative units

Old BR System (by Business Unit)
Administration: 22 FTE
Chicago Operations Unit: 47 FTE
Municipal Districts: 70FTEs
Suburban Operations Division: 34 FTE



Program Title	FTEs	Program Description
Administration	33	Supervises departmental programs and manages administrative functions including financial and procurement activities.
Civil Representation	42	Provides legal services to individuals facing charges of abuse, neglect, or dependency, individuals who the State seeks to involuntarily commit to a mental health facility.
Felony Representation	185	Provides legal services to individuals facing felony charges other than homicide charges.
Homicide Representation	50	Provides legal services to individuals facing homicide charges.
Juvenile Representation	37	Provides legal services to individuals facing criminal charges who under 18 years of age at the time of the offense.
Misdemeanor Representation	144	Provides legal services to individuals facing misdemeanor charges.
Multiple Defendant Representation	31	Provides legal services to individuals in felony and first degree murder cases where more than one person is accused.

Note: New Oracle E Business Suite ERP System requires descriptions in the system itself for programs

Previous Quarterly Reporting (Not tied to Budget) VS New Annual Reporting Process (tied to Budgeted Programs)

In the previous STAR quarterly reporting, performance measures were not directly tied to funded Administrative units. Most of the measures were general or department wide and cannot be tied directly to budgeted cost. The example below shows how the Annual Reporting Process provides more detail related to cost.

Public Defender Previous Quarterly Reported Performance Measures
% of open cases for which client filed complaint
% of open cases complaints found warranted
% of warranted open case complaints resolved
% of cases where more than one motion defendant continuances requested
% of cases where more than one motion defendant continuances requested were appropriate
of non-complex cases
Number of dispositions
% of attorney's requests completed per month
% of subpoenas delivered on time
% of witnesses found



Mitigation Program	Number of cases referred to Internal mitigators Output
	% of cases referred to External mitigators Outcome
	Cost per External mitigation case Efficiency
	Cost per Internal mitigation case Efficiency
Investigations Program	Number of Investigation Requests Output
	Average case load per investigator Efficiency
Forensic Science and Trial Technology Program	Number of cases referred to Internal Forensic Output
	% of cases referred to External Forensic Outcome
	Cost per External Forensics case Efficiency
	Cost per Internal Forensics case Efficiency

Performance Measures are scored based on their target



Misdemeanor
Representation

Performance Measure	Series	December 2016	January 2017	February 2017	March 017	April 2017	May 2017	June 2017	YTD FY2017
Number of Misdemeanor cases appointed per month (output)	Actual Value	7,704	7,179	7,965	8,806	7,753	9,476	8,016	56,899
	Goal	7,900	7,900	7,900	7,900	7,900	7,900	7,900	55,300
Number of Misdemeanor dispositions	Actual Value	2,734	6,205	6,026	6,474	6,362	6,653	5,859	40,313
	Goal	6,200	6,200	6,200	6,200	6,200	6,200	6,200	43,400
Average Misdemeanor cases disposed per attorney (efficiency)	Actual Value		51.2	49.8	53.5	52.25	54.9	48.4	310.05
	Goal	50	50	50	50	50	50	50	300
Number of Misdemeanor cases pending (output)	Actual Value	8,796	7,731	7,312	8,692	8,512	8,518	7,551	57,112
	Goal	8,000	8,000	8,000	8,000	8,000	8,000	8,000	56,000
% change in pending Misdemeanor cases (outcome)	Actual Value	8.03%	12.11%	5.42%	-18.87%	2.07%	-0.07%	11.35%	15%
	Goal	10%	10%	10%	10%	10%	10%	10%	10%
Clearance rate Misdemeanor representation - cases disposed/new appointments (outcome)	Actual Value	35%	86%	76%	74%	82%	70%	73%	71%
	Goal	100%	100%	100%	100%	100%	100%	100%	100%

Programs are now scored based on their performance



Public Defender



Civil Representation



Investigations



Homicide Representation



Juvenile Representation



Felony Representation



Multiple Defendant
Representation



Mitigation



Misdemeanor
Representation



Forensic Science and Trial
Technology

STAR Sessions

Cementing a Culture of Accountability

PMO has worked to hold departments accountable for their use of public funds through a more transparent (program-based) budget, the collection and use of performance metrics, zero-based budgeting exercises, and inventory management exercises.

All data is housed in the QuickScore PM software that automates charts and tables of the stored performance metrics along with other functionality.

STAR sessions have been the main venues where many of these issues are identified and are subsequently addressed.

- STAR sessions consists of two concise, one-hour presentations by two different departments.
- All discussion points are paired and presented with relevant metrics to ensure all discussions are rooted in data (2 screens are used so talking points are always paired with data displayed live from QuickScore which allows for drilling down if warranted).
- All departments present at least twice each year.
- During the meeting, action items are documented with owners, deliverables and due dates. Each meeting begins with a report on the previous meeting's action items.

The frequency and regularity of STAR sessions helps cement a culture of accountability in County departments.

Stewarding County Resources

Zero-Based Budgeting Exercises

Every STAR session, departments identify a non-personnel object budget account and use zero-based budgeting practices to justify their expenditures. These departments are held accountable for these expenditures as a result of these sessions.

Based on the initial PresRec annual budget for FY18, these zero-based budgeting exercises resulted in approximately **\$356,522.46** in savings from the Offices under the President which themselves account for only 8% of total County budget.

For FY18, PMO analyzed the number of supervisors and the number of administrative support staff of many independent elected officials' offices. This analysis asked and answered the following questions:

- What is the ratio of supervisors to non-supervisors in a given County office? What is the ratio of administrative support staff to supervisors in a given County office?
- How many supervisors and administrative support staff should a given office have (based on best practice ratios and the number of non-supervisors)?
- What would the savings be if a given County office implemented these best practice ratios?

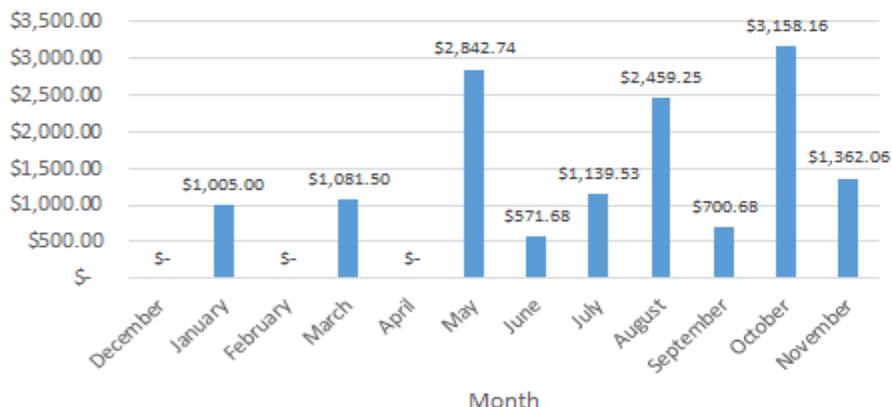
Effectively, PMO provided the number of supervisors and the number of administrative support staff a given office should have if that number started from **zero**.

Zero Based Budgeting Exercise for OUP

example: identifying what their future expenses might be from a zero base, the proposal of alternative funding levels and detailed justification of costs.

ACTUAL OVERHEAD EXPENDITURE REVIEW: OFFICE SUPPLIES

FY15 Office Supplies Expenditures



Please include discussion points detailing how the OCPO can reduce office supplies expenditures by 3%:

- Removal of printing PO's (additional encumbrances)
- In March 2016, we eliminated providing contract hard copies to user departments
- We plan to eliminate providing hard copies to partners for review (i.e. OCC)
- Capital dollars have been identified for a filing system which may reduce office supply spend.

FY 2015 Year End	
Total Expenditures	\$14,320.60
Original Appropriation	\$13,860
Adjusted Appropriation	\$19,097
% of Adjusted Appropriation	72.5%

Expenditures by Vendor		
Vendor	Amount	Percent
Office Depot Inc.	\$8,906.29	62.19%
Montenegro Paper	\$4,785.00	33.4%
MCPCC Inc.	\$287.37	2%
Inter City Supply Co.	\$160.68	1.1%
(BLANKS)	\$102.21	.71%
Notary Public Assn.	\$57.80	.4%
CDW Government LLC	\$21.25	.1%
Grand Total	\$14,320.60	100.00%

Stewarding County Resources

Asset Management

PMO has been able to improve the County's asset management by:

- Identifying the need for County policies surrounding the use of personal printers and personal cellphones
 - Helping maximize the savings from the Countywide Toshiba printer contract
 - Increasing savings from the allocation of cellphones
- Assisting departments meet the updated requirements regarding their Annual Capital Asset Inventory which now also include non-capitalized information & technology and telecommunications network equipment assets (Ordinance #16-3977)
- Helping achieve 100% compliance for all Offices under the President with State records and document destruction statutes

2018 STAR Session Updates

Overview



STAR sessions have been updated based on feedback from departments participating in STAR, the changing needs of the County, and best practices/trends in performance management. These updates were made to ensure STAR sessions continue to achieve results.

Departments are expected to be prepared for more operational/discussion-oriented STAR sessions.

Re-Engineered Format

- First round of operational focused STAR sessions will have attendance limited to the focus department and leadership to promote open discussion and problem-solving
- Leadership will now include CAO/Industrial Engineer to address operational goals
- Second round of operational focused STAR sessions will have wider attendance including departments related to action items generated from first round STAR sessions to ensure the resolution of action items

2018 STAR Session Updates

Agenda

1. Action Items Resolution Review

- (Always lead off with this item)

2. Measure Review

- (PM analyst identifies PM data for review, including administrative)

3. Story behind the Curve

- (Priority-Based Budgeting Exercise)

4. Evaluation of Programs / Mandate

- (Priority-Based Budgeting Exercise)

5. Update 2018 Strategic Initiative and its Connection to Mission

- (Look at how 2018 Strategic Initiative is connected to department/county mission and how it is progressing, in addition to identifying a relevant outcome metric)

6. Housekeeping

- (Contracts expiring, Record retention, Audits, Physical Inventory)-(Checklist slide and additional slides only included if warranted)

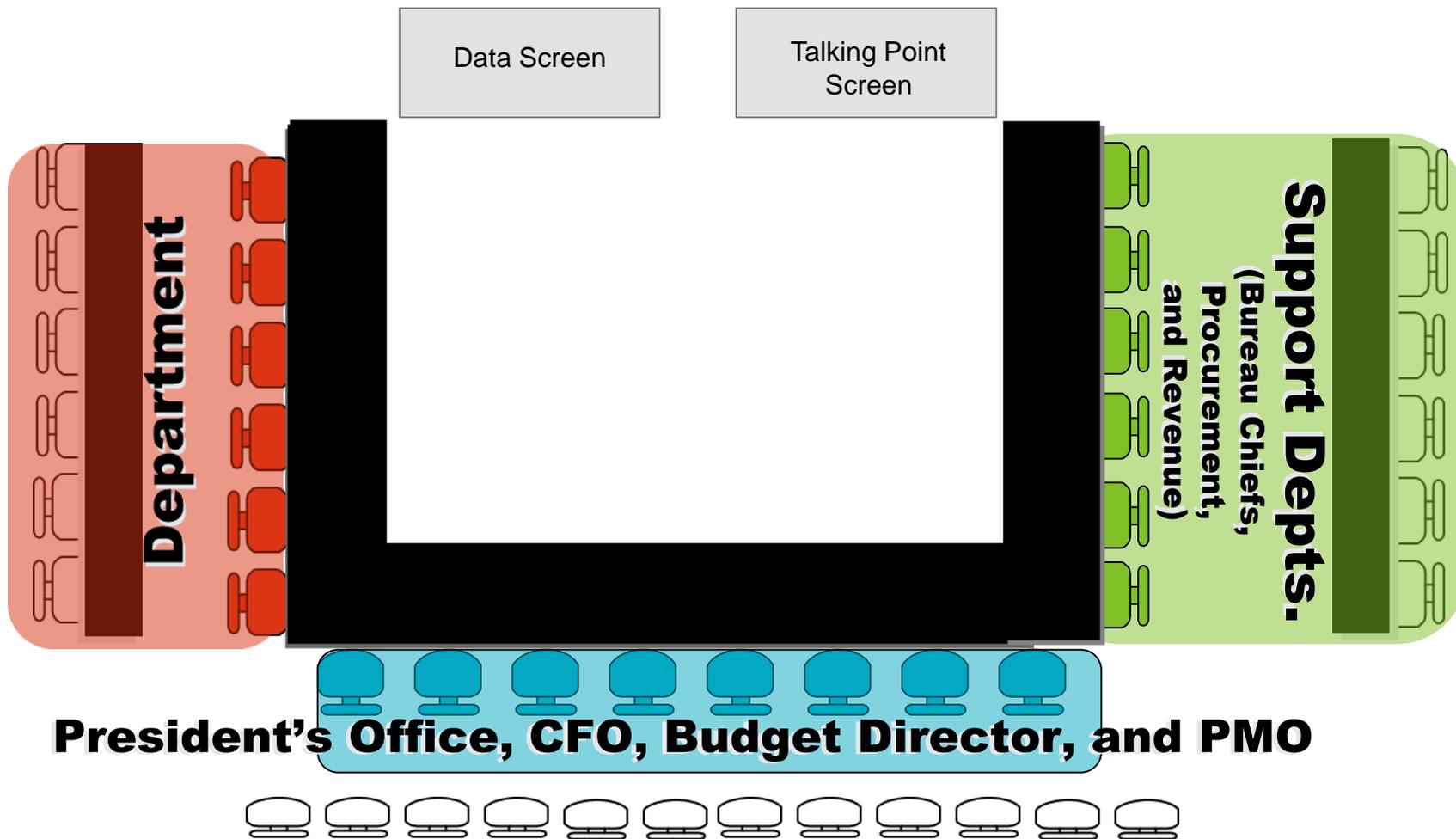
7. Budget:

- (Zero-Based Budget Exercise, YTD Expenditures)

STAR Sessions

Cementing a Culture of Accountability

Seating Arrangement



PM Sessions Reinforce Culture of Accountability and Data-Based Management

Decisions based on anecdotes	Decisions based on brutal facts
I think...	My analysis reveals...
Information in “clumps” in different departments	Information shared throughout the County
Analysis of year’s activity	Analysis of last week’s activity
Individual accountability	Individual AND process accountability
Workers doing what they’re asked to do	Workers solving the problem
Diffused accountability	Focused accountability
Measured activity	Measured outcomes

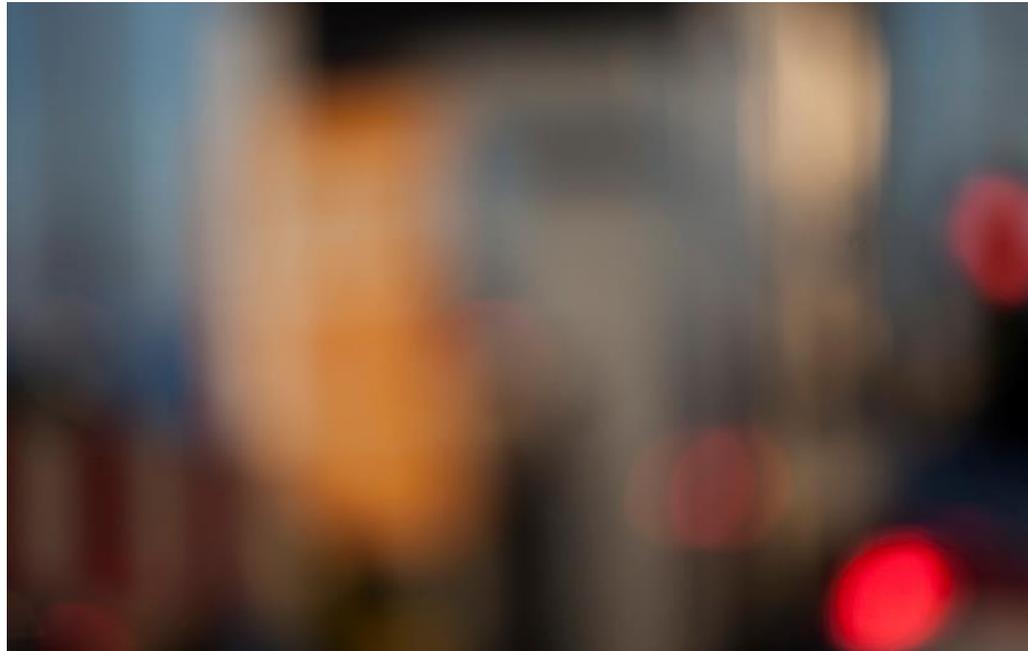


SUMMARY



Summary

Before President Preckwinckle initiated governing best practices of performance management and program based budgeting this is what our perception was of what County funded agencies and departments do and what that costs.



Where We Are Now

We have advanced our understanding of County funded agencies and departments from an extremely blurry picture to a much less blurry picture.



Where We Are Headed – Continuous Improvement

As we complete the transformation to a program based budget and extend the scoring of programs to the entire County government we will have achieved transparency and enabled continuous improvement in efficiency and success of County operations.

