COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON FINANCE

Room 400 , City Hall
Philadelphia, Pennsylvania
Friday, February 1, 2013
10:11 a.m.

PRESENT:

COUNCILMAN BILL GREEN, CHAIR
COUNCILMAN KENYATTA JOHNSON
COUNCILMAN WILLIAM K. GREENLEE
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN DENNIS O'BRIEN

BILLS: 120109

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COUNCILMAN GREEN: Good morning. This is a hearing of the Finance Committee. Would the clerk -- present are Councilmembers Blackwell, Johnson, Greenlee, O'Brien and Brown.

Would the clerk please read the title of the bill.

THE CLERK: Amending Title 21 of the Philadelphia Code, entitled "Miscellaneous," by requiring the Finance Director to provide to Council, by the time of the submission of the Mayor's proposed annual operating budget, program-based budgeting detail that identifies both the cost of performing specific functions funded by the appropriations made by the City as well as the effectiveness of such functions, following procedures to be adopted by the Finance Director, all under certain terms and conditions.

COUNCILMAN GREEN: Thank you.

We will call our first witness Rebecca Rhynhart, the Budget Director of the City.

MS. RHYNHART: Good morning, Chairman Green and Members of the Committee. My name is Rebecca Rhynhart, and I'm the City's Budget Director. I'm here today to testify on Bill No. 120109 which proposes to require submission of program-based budgeting data and adopt program-based budgeting procedures for the operating budget. The Administration supports this bill with proposed amendments that we have discussed with the sponsor including the year of full implementation changing to Fiscal 16.

An amendment to the Home Rule Charter was passed by voters in November 2012 that requires the Finance Director to provide additional information on the annual operating and capital budgets. Specifics about the type of information to be required with the submission of the operating budget and the timing of these requirements are included in this Bill No. 120109.

As I have previously testified, the Administration fully supports moving to program-based budgeting and has taken several steps towards this goal. The proposed Fiscal 13 Budget was the second year -- and that actually should be the Fiscal 13 Budget -- was the second year in which the city produced a separate report detailing the cost of both direct and indirect costs for each department.

In addition, the Mayor's Fiscal 13 through 17 five-years financial and strategic plan was the first Five Year Plan to include a section on performance measures titled "Performance Measures and Budget Trends," which details performance measures for many city departments alongside budget amounts from Fiscal 08 to the proposed budget for 13 so the reader could see how funding and performance measures trended over a several year period.

The Fiscal Year 14 through 18 Five Year Plan will further build on this approach by discussing performance trends and department accomplishments in the context of each department's total operating budget, not just their general fund budget and reporting on performance and budget trends for a much larger set of agencies. The Quarterly City Manager's Report continues to include data on performance measures for many City departments.

To achieve the goal of implementing program-based budgeting, we are working with the Chief Innovation Officer to procure a new budget formulation system. Which is expected to completely transform and modernize our antiquated budget process. Our current process relies on many manual steps to process information and produces the budget on roughly 2000 separate Excel spreadsheets. This new budget formulation system will involve a significant change management process to the current budget process and is expected to yield significant time savings. We are expecting to have a contract in place this summer and implement select modules for Fiscal Year 15's budgeting cycle with full implementation occurring in time for the Fiscal 16 budgeting cycle.

Based on demonstrations of four software providers, we are confident that the solution the City will procure will be fully equipped to enable program-based budgeting by allowing output and outcome measures to be tracked and reported side-by-side budgetary information and making it easier to manipulate budgetary information to attribute cost to specific programs associated with those outputs and outcomes.

It is important to recognize that moving to program-based budgeting is a second change management process that will take place alongside the technological modernization of the budgeting process as a result of the new budget formulation system. We are planning to pursue these two change management processes in parallel. We expect the pilot program-based budgeting in Fiscal 15 in order to develop and refine the approach in time for citywide implementation for the 16 budgeting cycle.

This concludes my testimony. And I'm happy to answer any questions you may have at this time.

COUNCILMAN GREEN: Thank you very much. This -- I never thought that I would find the kind of patience that this job has required of me. In 2007 during the campaign -- my first campaign for council, I wrote a policy paper saying we should go to program-based budgeting. And in the Mayor's Transition Report in 2007, also which you didn't mention in your testimony, Mayor Nutter committed to going to performance-based budgeting.

We both -- it's taken a long time, but I'm really, really happy that we are here. So, I want to thank you for -- for you and the Mayor for the cooperation with this and for supporting the charter change and this bill because I know it was part of his agenda from the beginning, as well. I just want to acknowledge that.

MS. RHYNHART: Thank you.

COUNCILMAN GREEN: So, at any rate, it's been great to work with you. I don't really have any questions. I want to thank you for all your help.

I guess I do have one question.

MS. RHYNHART: Sure.

COUNCILMAN GREEN: Can you talk about the zero-based budgeting aspect of the program-based budgeting that you will be putting together?

MS. RHYNHART: Sure. What program-based budgeting will allow us to do, as you know but just for everyone's benefit, will be to look at the full cost of programs, not just looking at the departmental budgets.

So once we look at the full cost of programs, for example, if you look at police, you would add in the fleet cost for the police vehicles. You would add in electricity and overhead. Once you have a program-based budget, then you can analyze if money is being -- the budget is being spent appropriately.

The goal of zero-based budgeting is to look at everything -- everything in the budget basically from scratch. Saying, let's start from the place where no funding is allocated and build the budget from there. And program-based budgeting leads us to the same goal, which is enabling us to look at programs and see how we can best utilize the funds.

COUNCILMAN GREEN: And in the amendments you mentioned that there will be a goal of looking at things from a zero-based approach once the program-based budgeting is put in place.

MS. RHYNHART: That's right. That's right. It's the same goal.

COUNCILMAN GREEN: Thank you.

Anybody have any questions?

COUNCILMAN JOHNSON: Hey, Rebecca.

MS. RHYNHART: Hi.

COUNCILMAN GREEN: Councilmember Johnson.

COUNCILMAN JOHNSON: Rebecca, how you doing?

MS. RHYNHART: I'm good. How are you,

Councilman?

COUNCILMAN JOHNSON: That's good.

In terms of performance-based budgeting, when you're currently allocating resources and making budget decisions for the individual departments, just give me an idea on how the results driven data that you currently do have go into the decision making process that will determine L&I should get X, Y, Z amount of dollars, Streets Department and so forth.

Can you elaborate on that please?

MS. RHYNHART: Sure. So your question is, what is our current budgeting process?

The current budgeting process is what we would call an incremental budgeting process. So, we look at the budget, for example, of L&I and look at the justifications for increase spending that the department sends in. And we also look at the cut scenarios that the department sends in. And we make the best decisions based on that information.

But I would say that while we're making the best decisions given the information, the information could be better. And what this technology as well as program-based budgeting will enable us to do is give us the information to allow us to even make better decisions.

COUNCILMAN GREEN: Thank you very much for your testimony.

MS. RHYNHART: Thank you.

COUNCILMAN GREEN: Next we have, I hope I get this right, Gary VanLandingham from the Pew Center on the States.

Please, state your name for the record and proceed with your testimony.

MR. VANLANDINGHAM: Thank you, Mr. Chairman and Members. I am Gary VanLandingham. I am the Director of the Results First Initiative of the Pew Center on the States.

And prior to joining Pew, I was the Research Director for the Florida legislature for many years and was deeply involved in Florida's efforts to implement program-based budgeting in that state and also was a consultant to several other states that were working on this. So, I have a historical knowledge of how these efforts have played out.

There is a lot of interest across the

country in performance and program budgeting these days. And I think that reflects the fact that coming out of the great recession when everyone had to make several rounds of deep and painful cut, leaders such as yourselves were challenged by not knowing where those cuts should be directed and a general feeling that there's got to be a better way of doing this.

Because while everybody understands that we should make strategic cuts when things have to be cut, the challenge is always, well, what are those programs that are most effective programs that should be preserved? What are the relatively ineffective programs that should be cut? The challenge is, there is no comprehensive list of those programs. As you know, probably very few people come before you and say, please stop giving me all of this money because I am really not accomplishing much with it. I don't think I ever heard that in listening to about 30 years of testimony in Florida. I think that's a very rare occurrence.

So, everybody fights for every dollar that's in the budget. But we understand that some things are simply more effective than others there is a lot of research that shows some things are more effective than others, but it doesn't come out in the budget deliberation. It's not easy to identify those things. So as a result, what everybody tends to do is to make across the board cuts and then make a few targeted cuts. And at the end of the day say there's got to be a better way. We never want to be in this position of having to make cuts in a vacuum again.

So right now, there is a lot of interest in -- in doing this. Because if you think about this as sort of a business of government, there are several things that ideally that we want to know.

Which is, one, what are we doing? What programs are we operating out there?

And traditional budgets don't give you that information. Instead, budgets are allocated by agencies and programs are established and they sort of vanish from view after a few years. They sink into the appropriation base of every agency. So as an enterprise, most governments, whether it's at local level or at the state level, simply don't really have a comprehensive list of everything that we are doing or what we are trying to accomplish, what each individual programs cost because we don't track money by programs. If we don't really know what we're doing and we don't know how much we are spending on different programs and we don't know what those programs are accomplishing, it's very difficult to make good strategic decisions. And performance budgeting and program budgeting initiatives are designed to answer those questions.

So in terms of what this is, it really just is a different way of allocating money that focuses on what we are trying to accomplish rather than how much money we are giving to various boxes in the organizational chart.

A classic performance budgeting system and program budgeting system focuses really on a couple of things. What programs are we accomplishing and what are we trying to achieve with those programs. And typically, a performance budget or program budget will identify both the programs that are being administered but also state what purpose and goals are being achieved as well as metrics that give you an idea are we getting there, that allows you to identify what challenges are we running into and have discussions on what problems are there and what solutions that we can see. It really focuses attention on what we are trying to accomplish rather than simply how we are spending the money.

Traditional line in a budget is what you see and what most governments see that allocates money by line items. So, there is a line in the budget that says here is the agency. Typically, that breaks that out into things like salaries and budgets, salaries and expenses, maybe broken out into more areas such as travel, supplies and utility and sort of a bottom line that here is what this organizational entity is.

That budget process was established well over a hundred years ago. It was really established for a couple of reasons. Traditional budgets are a control document designed to prevent overspending in certain areas to say, hey, we don't want to have a situation where we run out of money at the middle of the year because over time it's getting out of control. It's also designed fundamentally to help prevent corruption by saying, hey, this money has to be spent in a certain way that can be audited. But the challenge is that's all the document really can do for you. It doesn't really help you address the questions of what are we trying to achieve as a government.

Even though these documents have existed for well over a hundred years, starting about ninety years ago there were calls of we really need to do things differently. We need to pay more attention to what we are trying to accomplish rather than simply how we are spending the money. So, this is not a new initiative to try to do this.

There have been a number of budget initiatives over about the last fifty years designed to crack this nut to give you better information of what's going on. Program-based performance budgeting came out in the '60s. Zero-based budgeting in the '70s. Rightsizing and performance budgeting came out in the '80s and '90s. This is something that tends to flow through the system on a regular basis.

As you can see, what a performance budget can do is really give you much better information on what we are trying to accomplish and are we getting there. I have an example in the handout of what a performance budget can look like in a different jurisdiction.

Why use performance budgeting? It can inform the budget and policy in a new and more powerful way, and to give U.S. policymakers much better information on what the enterprise of the city is trying to accomplish and is it doing this well. It's very useful on the executive side because it really focuses the attention on managers on what they are trying to accomplish rather than just asking them, hey, are you online with your quarterly spending targets. It says, how are you doing on achieving what we are paying you to accomplish for the citizens of the city. Provides more flexibility in achieving goals. Frequently performance budgeting is tied to more budget flexibility allowing managers to transfer money between organizational units to achieve that overall goal.

It's designed to solve problems where money is allocated for certain purpose. Things change during the year. And then sometimes managers are hamstrung in the ability to solve the problem because of the way that the money was allocated at the beginning of the year.

Sort of the equivalent of you have a very precise family budget and your car breaks down, but you've already spent all your car repair budget. But you have a lot of money sitting there in your movie budget, but you can't transfer because it was allocated for a different reason.

In real life, we move money around to solve problems. Performance budgeting can give you more flexibility while having the accountability of are we really accomplishing what we are trying to accomplish. That is what we are holding managers accountable for rather than just how we are spending every dollar that is there.

There are limitations on performance budgeting that I want to bring to your attention. Primarily, this isn't easy to do. It really represents a culture shift. It represents an organizational shift of how the city spends money and how it manages. It takes time to do that.

This is not something that can be done overnight. It's not something that can be done in one budget cycle. Primarily because typically governments learn that they have to collect different types of information than they've ever collected before.

Typically, agencies don't have good information on outcome information. They have a lot of information on process. How many people did we give a license to rather than are we really achieving the economic development goals, which is why we are licensing businesses. That requires a lot of research. It requires evaluations. It requires time to develop the data systems necessary to collect that information.

Tracking money by program rather than organizational unit requires changes to financial systems. Typically, we don't track things like marginal cost and unit cost in government accounting systems. To do this well, that is something that you may want to pay attention to. So, this does require changes to the information systems of the city which is why it takes time to do this.

It also takes time just to change the

conversation from are you overspending your budget on utilities to how are we doing on solving the programs that your agency is established to do. That really just takes time.

Another thing to pay attention to is this does not take the politics out of the budget process. Sometimes it's sold as doing that. As you know, the allocation of resources is inherently a political process. It needs to be because this is where all the citizens of the city with you as their elected representatives have to come together with all their diverse wants and needs and come together with a document that everybody can live with. This will not solve all the problems of the city, but it does focus attention on a new and powerful way.

A few lessens learned on seeing this being done for many years.

First of all, the systems can drive performance. If this is done well, it can be transformational to the city because it focuses attention on results rather than processes. There are other cities out there in jurisdictions that are doing this. I will encourage you to learn from the exemplars out there. There are cities who are doing parts of this very, very well. There is no need to reinvent the wheel.

Data quality is very important because this is based on giving you information that is being accomplished. It's really important that those measures be valid and validated. To prevent a garbage in/garbage out situation where people gain numbers, it would be important to set this up so that there is a check and balance on this data quality. Making sure that you can count on the information that's being reported back to you.

Strong leadership is vital on this. This has to come down from the top. It has to be reinforced throughout the process. The more questions that you ask of department managers when they come before you, the more they will pay attention to this because they know it's not something that just comes and goes. It's something that you will pay attention to and do this. That top down leadership is important.

And the way this information is reported to you is also important. I have seen systems crash and burn because what agencies come forward with is a document about this thick with computer printouts and Excel printouts and say, well, the measures will speak for themselves. As you know, data doesn't usually speak for itself. It has to be reported in a way that is user friendly with graphics and flow charts and things like that. Because if it can't be communicated to you, it can't be communicated throughout an agency and it can't be communicated to citizens. So, that is something that is very important to do.

Just recognize that this does take time to do. It can't be done overnight. It requires sustained commitment. But it can be very important in helping move the government forward to giving you a much more powerful tool, making the budget be something that really drives policy rather than driving decisions.

Again, this takes time and effort and some resources to do.

COUNCILMAN GREEN: Thank you very much for your testimony. Just if you wouldn't mind stating for the record the cities that you think have done this very well that we should be looking at as potential models especially in the metrics that they have chosen to use for the goals of different programs that they have.

MR. VANLANDINGHAM: Mr. Chairman, I'm not an expert on cities. Sunnydale, California has always held as an exemplar. They are out in Silicon Valley. They have a lot of money, but they have a very robust data system.

I think folks like the City Managers Associations can give you some of that information. I think the jurisdictions like in the policing area that have done city stat-type programs have done some exemplary work. There is good state systems out there.

Again, I would just encourage you to reach out to those organizations and see what they are doing.

COUNCILMAN GREEN: Okay.

MR. VANLANDINGHAM: There are some academics who track this pretty well, too, who I think would be available to help.

COUNCILMAN GREEN: On any level of government, can you give us an example of how program and performance-based budgeting has -- has caused a major change in the way somebody does a particular program or the cancellation or expansion of programs as a result of gathering this data in a different way.

MR. VANLANDINGHAM: The example I used would be back in Florida where our Department of Management Services, which was basically one those administrative services that runs the buildings and handles purchasing and handles the personnel policies of the state really embraced this. They spent a couple of years really going through and asking themselves the question, what are we doing and what are we trying to accomplish.

They did a process mapping exercise where they really brought everybody in the agency together and said write down what it is you do. And we are going to then try to flowchart what you are doing. And what that allowed them to do is really streamline a huge amount of the activities that they are doing by saying we are doing a lot of things that really add very little value to taxpayers that then freed up resources that they can do for other things.

They found, for example, that they were entering into term contracts for lots of things that they could go to Office Depot and buy off the shelf for cheaper than what they were paying. And therefore, they should have those contracts on things that they could save a lot of money on. And they were able to offer those same contracts to local governments allowing them to have savings. And then by putting a very small administrative charge on those contracts basically paying for their operations rather than having the taxpayers fund this because of the value that they were adding.

The same thing happened with the State Police Agency, the Florida Department of Law Enforcement. They used this to reorganize and to reenergize their operations. Had some fairly major improvements in efficiencies and getting everybody on the same page, improve morale. Those, I think, are the big success stories.

On the other hand in Florida, there are agencies that didn't take this seriously, went through the motions. Threw a few things up there and hoped that nobody noticed.

COUNCILMAN GREEN: With respect to policing in particular, I understand that where this has been implemented well -- and I want to note that we have the testimony of Nola Joyce our Deputy Commissioner who couldn't be here today due to an illness. And we wish her the best recovery -- is being submitted for the record.

But with respect to policing, it's my understanding that one of the meth -- one of the results of this kind of budgeting and activity has been reducing unnecessary time off the streets. In other words, increasing police man hours in the field as opposed to doing things in other places.

Is that -- was that the experience in Florida?

MR. VANLANDINGHAM: Again, I'm not an expert on policing. But that is one of the things that I know that we paid attention to in Florida was we found that our troopers were spending probably about 30 percent of their time patrolling because of various administrative duties that had been layered on. We were trying to change that system so that they could spend much more time doing their core functions.

COUNCILMAN GREEN: Do you know what that increased to?

MR. VANLANDINGHAM: I don't have that information. It was fairly substantial.

COUNCILMAN GREEN: Yeah. In cities like Oklahoma where they have eliminated paper-based processes and other things, they have actually increased police manpower on the street by 25 or 30 percent, which is the equivalent of an increase in force in Philadelphia of 1,500 full-time officers. That's fairly significant.

Councilmember Johnson.

COUNCILMAN JOHNSON: Thank you, Mr. Chair.

One, I want to thank you for your testimony. I've always been a fan of performance-based budgeting. It reminds me of the time when -- and I commend Councilman Ken -- Councilman Green, Green, for his insight in looking at how we can really find ways to have a more efficient government in the context of saving dollars and how we operate.

And so one of the things that I've always paid attention to with performance-based budgeting, if you can elaborate on, you talk about that cultural shift -- and this is really a top-down issue -- the role that unions play in this context. Obviously, if you are going to start looking at each agency individually, looking at their outputs and then make your budget decisions based upon how effective they are, there has to be a conversation with management and also those who are part of the union environment. And then, that's the first thing you can elaborate on.

Then the other component is when you talk about performance-based budgeting, one thing I pay attention to is the social issues and how do you really begin to gauge the effectiveness of like you may have DHS, Department of Human Services, may be a program where you have to come up with metrics that you can be supportive of their programming but at the same time, obviously, it's going to take a longer period of time to help individuals to get some type of success in helping individuals who have social needs.

So, how does that -- should be incorporated into how we look at performance-based budgeting?

MR. VANLANDINGHAM: Excellent question, sir.

In terms of unique contracts, again, I'm not an expert on that. But that is a conversation that would have to happen because sometimes this requires changes and how work is done, which can get into work rule negotiations.

I think the best case scenario it can sort of bring everybody along and get people working cooperatively to solve problems so there is that potential, but I won't pretend that it's always easy. Change never is. But I think that it is a conversation that needs to happen. Because if we are asking people to do things differently, that is always going to be somewhat threatening. That just takes time, again, to do this.

In terms of measuring things, particularly social services, this is one of the areas where this can be challenging because it asks the question for social services, are we being effective in addressing the needs of the citizens that we are trying to serve. And that requires, you know, collecting different types of information.

For example, in Florida with some of the mental health programs, the question came up not just, well, it's great to know how many people you are serving in the mental health program. Are they getting better?

COUNCILMAN JOHNSON: Yes.

MR. VANLANDINGHAM: Well, how can we track that while maintaining patient confidentiality. We don't want to be, you know, getting names of that. It took some time to develop a system where that information changes and functioning scores was being reported back to the state but without identifiers but still a way that selected individuals could go and make sure that information was being collected effectively.

I think that there are issues that you will deal with in terms of citizen satisfaction. Do you want to have surveys go out? Some jurisdictions do that to say, hey, are we doing a good job in this program? What suggestions do they have?

It does require a certain openness on frontline staff throughout the organization to say is there a better way of doing this. Again, that's a culture shift.

COUNCILMAN JOHNSON: Okay.

COUNCILMAN GREEN: Councilmember Blackwell.

COUNCILWOMAN BLACKWELL: Thank you.

Do you know if this has been tried in various school districts across the country?

MR. VANLANDINGHAM: I haven't looked at that. I'm not aware of a lot of them that this has been fundamental part of the reform process. But I think that's a good question to ask, you know, the state school associations.

COUNCILWOMAN BLACKWELL: Thank you.

COUNCILMAN GREEN: Councilmember O'Brien.

COUNCILMAN O'BRIEN: I am intrigued because we always used term like zero-based budgeting, performance budgets. I can empathize with our Budget Director on how difficult it is to project what your program is going to look like in the City of Philadelphia until you know what the state is going to do.

I love the archaic way that you look at line items because they really don't mean anything. Even the line items don't mean anything because you have a fiscal code. And the fiscal code is if you don't have what we used to call "walking around money" in Harrisburg where you give that to a certain group and you make sure that those issues are taken care of, what you do now is you just write it into fiscal code. So, I am giving you this money, but I want to tell you in advance how I want you to spend it whether it's effective or not. Then you come up with these scenarios where we're just going to cut across the board. And usually, the good stuff goes before -- the most creative stuff disappears before the waste.

When you do performance, you look at those -- we should look at outcomes. We should track it with epidemiology. We should look beyond the instant line items and look at those conversations where we say it's easier to take it out and put in the private sector rather than do it in the public sector. We can always do it cheaper.

I can tell you right now that there is a lot of not for profits that are paying themselves multi-million dollar salaries for the CEOs. That is going on right now. And that's an issue that this council has to look at and this budget -- I am going to ask directly to the Budget Director, look at those providers that are contracting with our city and our state and social services. And look at those obscene salaries. That factors into the administrative costs. And those dollars quickly disappear from very fragile line items.

We did -- I will just submit this, because what I would respectfully like to do is ask the Chairman, the Budget Director and your resources from Pew, in the world of autism in Harrisburg, we created two programs. We created an Adult Waiver and an ACAP Program.

The ACAP Program, I respectfully request, that you look on CMS' website. The agreement took five to seven years to implement. It was signed at the very last minute before Obama raised his hand and the Bush administration signed off on it. Hopefully, that will be -- the goals in the two programs were similar. The funding streams were substantially different. They compete against each other. But the ACAP Program as opposed to the Adult Waiver takes the physical behavior on community supports that an individual adult needs to be successful. It's a contract with CMS that involves tens of thousands of waivers that were negotiated over that time.

The integration that takes place, I don't know if that's appropriately reflected in the budget making process, where various agencies then come to meet with that adult on a regular basis and they set new goals on a monthly basis. Then they appropriate those new resources in a comprehensive, collaborative and inclusive conversation that make it better. That information, those outcomes are then tracked by epidemiology.

I don't know that we've had any successful epidemiology models except what David Mandel does at University of Pennsylvania/CHOP on a number of those health and human service issues. I would like to have that incorporated in these discussions going forward. I think if you don't have the epidemiology, if you don't have ongoing discussions on what the outcomes have to be based on the epidemiology evidence that you're collecting, then you're not moving forward. And we are fragile to all of these boutique kind of recommendations that somebody wants to make because we say there's waste, fraud and corruption.

I can tell you I'm a Republican that came from the legislature in Harrisburg. And the administration keeps talking about waste, fraud and corruption. They haven't found a dime. And I will tell you that the Former Secretary of Welfare Estelle Richmond made sure that there wasn't any waste, fraud or corruption because she cut $3 billion in growth out of that budget. And she protected the most vulnerable. That's a conversation that we in City Council have to push back and the Mayor has to push back in this conversation.

Because the forecast -- I am using this as a forum and a podium because I don't know where else to do it. But there are going to be dramatic cuts that have nothing to do with outcomes, that have nothing to do with epidemiology. It has to do with making cuts so we don't have to raise additional revenues.

We always go for the low hanging fruit where we say, you know what, let's get rid of the cars. Well then, let the employees get reimbursed for mileage. That's exponentially more expensive. You have in various departments, they are told spend the money or you lose it. That happens in the City and it happens on the State. God knows what's going on in the Federal Government. But the reality is that you have austere programs that try to reapply these dollars. And unless you have an ongoing conversation that's energized, that's about outcomes, and it's tracked with epidemiology, and through those conversations you have integrity of data that everybody believes is reliable for that conversation to take place, it's the only way you can push back on these extraneous a la cart kind of impacts that we have to then collaterally deal with.

And so, I'm all for zero-based budgeting. And I know that this is -- and I congratulate how the Budget Director and my colleague Councilman Green for advancing this. But I would respectfully like to have a follow-up conversation with the Budget Director, the Councilman and Pew and just look at some of these innovative programs.

I can tell you with Estelle's leadership and our ongoing negotiations with CMS, that agreement -- if you look, it's on CMS' website -- it not only is good for the ACAP Program, any state that wants MA dollars going forward has to create an agreement like that going forward with all those component parts. I'd like -- I'm not saying that that is the end all for these conversations, but I would like to audit it because I'm encouraged to be better. Because in these trying times, for the people -- the Kenyatta and Jannie Blackwell and Councilman Brown who was just here and Councilman Greenlee and Green -- we all want more for the most vulnerable. And the only way that we can really protect those is to make sure that the programs that we advocate for are efficient, that there's efficacy, that there's epidemiology and performance built into that.

I would like to -- what I offer to you, an opportunity where we can discuss this and look at the efficacy of those kinds of programs that we're -- and how we can transfer that kind of discipline into this process as we go forward.

COUNCILMAN GREEN: Actually, maybe you want to briefly comment on how performance-based budgeting will, in fact, by 2016 have outcome-based results in the DHS budget that don't currently exist. The perform metrics choosing them are going to be what -- choosing those are probably the most important part of the task, and then being able to measure the results effectively. But I think going forward in future budgets, you are going to see that.

And I do want to say, the administration in DHS but especially in Community Behavioral Health, Dr. Evans really -- not only does he understand the performance of the vendors to his organization, his actually is -- we have a very sophisticated budgeting process there where that department actually pays vendors based on their results, not based on the number of people they serve as part of a formula. And it's extremely effective.

So in the areas where you are most interested, the administration and Dr. Schwartz and Dr. Evans are all thinking about that direction. So, I think an offline discussion between --

COUNCILMAN O'BRIEN: I would like to have that offline.

COUNCILMAN GREEN: -- probably worthwhile for you to understand that. Thank you.

MS. RHYNHART: Yes. You said that quite eloquently, actually. I am happy to have a conversation. I think that as Chairman Green said, that that is a big part of the process. And that's what we will be doing and giving a lot of thought to is the performance measures and metrics.

COUNCILMAN GREEN: Thank you.

Any further questions?

COUNCILMAN O'BRIEN: Can I ask --

COUNCILMAN GREEN: Thank you very much.

COUNCILMAN O'BRIEN: Can I ask one more question?

COUNCILMAN GREEN: Councilman O'Brien.

COUNCILMAN O'BRIEN: Are you familiar with the City's famous accounting software?

MS. RHYNHART: I am familiar with it. I am not a user myself, but I am familiar with it, yes.

COUNCILMAN O'BRIEN: Okay. That is what I was just going to ask. If it's a good program or you had mentioned that you were looking at other --

MS. RHYNHART: My understanding is that it's a stable program.

COUNCILMAN O'BRIEN: Okay. Thank you.

MS. RHYNHART: Thank you.

COUNCILMAN GREEN: I will not follow up on that. It will scare me.

Thank you very much for your attendance today. We very much appreciate your testimony.

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(Public Hearing ends; move to Public Meeting.)

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COUNCILMAN GREEN: With that, we will move from the Hearing into a meeting. And I'd ask, I guess, Councilmember Greenlee to move the amendments to the bill which have been circulated and are before everybody.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman.

I move the adoption of the amendments to Bill No. 120109 be approved.

COUNCILMAN JOHNSON: I second it.

COUNCILMAN GREEN: It's been moved and seconded that the amendments to Bill No. 120109 be approved.

All in favor?

(Chorus of Ayes)

COUNCILMAN GREEN: All opposed?

The ayes have it.

I would ask Councilmember Greenlee to please move the bill as amended.

COUNCILMAN GREENLEE: Thank you, Mr. Chairman.

I move that Bill No. 120109 as amended be reported out of this Committee with a favorable recommendation, and that the Rules of Council be suspended to allow for first reading at our next session of Council.

COUNCILMAN GREEN: Thank you. Is there a second?

COUNCILMAN JOHNSON: Second.

COUNCILMAN GREEN: It's been moved and seconded that Bill 120109 be reported from this Committee with a favorable recommendation and a suspension of the rules.

All in favor?

(Chorus of Ayes)

COUNCILMAN GREEN: All opposed?

The ayes have it. And the bill is reported out of Committee with a favorable recommendation.

(Committee on Finance Meeting adjourns 10:50 a.m.)