County of Fairfax, Virginia

MEMORANDUM

DATE: July 8, 2014

TO: Senior Management Team

FROM: Edward L. Long Jr.
County Executive

SUBJECT: Budget Strategy and Development

Although the FY 2015 Adopted Budget Plan has just been put to print, staff is already turning to analysis and strategy development related to budget formulation for the next several years. Based on a fairly sluggish economic recovery, complicated by increasing needs in both the Fairfax County Public Schools and County services and programs, and now the revenue shortfalls that the State is experiencing, there is limited flexibility to provide required resources. Both the County and Schools have experienced many consecutive years of slow revenue growth, and program reductions and further cutbacks without significant programmatic impact are unlikely. **As such, the limited revenue growth outlook and pared down budget baseline will challenge our ability to maintain the status quo in service delivery as well as our capacity to confront emerging needs, issues and opportunities**. The County is not alone in facing a limited revenue growth forecast. I have attached an October 2013 article from PM Magazine, a publication of ICMA, which talks about similar challenges facing local governments over the next decade (Attachment A). Nevertheless, significant work is required over the next several months and years to address this budget reality. I have summarized below some general themes and strategies for budget development as well as a description of staff and agency work for each of the next several fiscal years.

- We Must React to the Reductions at the State level in the Short-Term
  A State budget has been adopted and a shutdown has been avoided; however, there are significant short term issues posed by the projected revenue deficit at the state. Little information is available about the specifics of any reductions approved to address lower state revenue but clearly these reductions will have some impact on both the County and the School system.

- We Must Budget Within Modest County Revenue Growth
  At the current tax rates, General Fund revenues are expected to grow only moderately over the next several years. Investments made in economic development will hopefully shore up some portions of the County economy yet even with this market growth, total County revenue will grow only between 3-4% annually in the near term. Variations will occur from year to year but clearly our current revenue mix will not provide the resources necessary to address all of our spending requirements. As part of our regular budget

development process, staff will be working to analyze and evaluate revenue trends to hone our revenue estimates and provide more predictive information on changing revenue trends. We will also be looking at our current fee rates to determine if increases are warranted.

- We Must Continue Important Investments
During the FY 2015 budget process, the County/Schools Infrastructure Financing Committee presented a series of recommendations about the condition and needs of our public buildings and capital improvements. The Committee validated funding requirements for a wide array of neglected infrastructure funding and recommended the establishment of ongoing funding sources, including year-end balances and new annual funding to address the backlog of renovations and repair work in County and School facilities. Also as part of the FY 2015 process, the Board of Supervisors endorsed the 5 Year Public Safety Staffing Plan which identified required new resources in our police, fire, and other public safety departments and began the multi-year investment in meeting our stormwater requirements. In addition, the FY 2015 budget commits to a multi-year approach to focus our benefit-related resources on adjusting our current corridor methodology to funding retirement costs to ensure adequate funding of County pension funds.

  The Board currently has an Employee Compensation Work Group comprised of Board of Supervisors, staff and employee representatives which is reviewing the compensation pay plans for our non-public safety staff and will likely be recommending compensation adjustments broader than those currently included in our FY 2016 forecast.

  In addition to these identified investment requirements, we will be reviewing opportunities and needs in other areas of our organization such as human services and Information Technology. These investment challenges must be adequately resourced to support the County's ability to continue high quality service provision. The School system is currently undertaking a strategic planning process and reviewing system investments such as later high school start times and full day Mondays. The budget preparation, discussion, and evaluation must include options to fund investments supported by the Board and the community.

- We Must Focus on Strengthening Reserves
In addition to resourcing essential investments in County and School services, programs, infrastructure and staff, the work ahead will also require tackling some fundamentals of sound financial management, specifically the identification and adequacy of reserves, and the use of one-time money included in the FCPS budget. Work over the next several months will focus on analysis of appropriate reserve and replacement fund requirements noted as a necessity during recent meetings with the bond rating agencies.

  One way of strengthening reserves is to use one-time funds available at year end to fund increased reserves rather than using that funding to support ongoing requirements. Although the FY 2015 Fairfax County General Fund budget does not rely on one-time resources, the FCPS budget still includes a large one-time funding component which will complicate their decisions on FY 2016 budget development. A significant portion of any new funding available to the Schools will need to be used to replace the one-time funding used in the FY 2015 budget to support ongoing requirements. More importantly, the use of one-time funds to support recurring expenses must be curtailed and eliminated.

- <u>We Must Review County and School Services and Programs and Prioritize Any Reductions in County and School Services and Programs.</u>
  It has been a number of years since we completed a programmatic review of County costs and resources. A comprehensive Lines of Business review of all County services provides the Board and community with valuable information regarding our services including information on costs, customers, constraints, outcomes, and performance measures. Information and analysis from a programmatic approach to the budget will assist in the prioritization of County services and provide a framework for the development of longer term budgeting decisions. The work of analyzing and evaluating service quality and effectiveness must also engage our residents, customers, and workforce.

As a result of these budget themes, I am directing the following strategies and actions to provide the Board with the information necessary to evaluate spending requirements and resources over the next several months and years:

<u>FY 2014:</u> With the fiscal year over, year-end closing procedures are in place to complete financial and procurement processing and to record transactions appropriately. In addition, the Carryover Review and Annual Financial report will present and explain FY 2014 revenues and expenditures. It is anticipated that FY 2014 Year-End will result in a balance primarily as a result of lower agency expenditures and savings from managed position vacancies.

Strategy: Retain savings to offset potential revenue losses as a result of State budget changes or lower performing economy.

Analyze revenue and expenditure actuals to determine if FY 2015 changes are necessary.

Actions: **As a result, very little unencumbered carryover or other budget adjustments are anticipated to be included in the *FY 2014 Carryover Review*.** Carryover balances not anticipated to be necessary for critical, high priority items will be held in reserve to offset potential budget shortfalls resulting from the state budget difficulties, revenue shortfalls anticipated in other categories, to support the creation of an infrastructure replacement sinking fund per Board adopted guidelines, or to bolster our long-term reserves. In addition, agencies will be required to review and evaluate encumbered carryover to make sure encumbrances have been minimized and only those critical encumbrances are carried forward.

FY 2015: The most recent revenue estimates for FY 2015 are already indicating revenue will be slightly below the FY 2015 adopted estimates based on year-to-date trends in FY 2014 and our econometric modeling. In addition, the recently announced revenue shortfall at the state level of approximately $1.6 billion is anticipated to impact the availability of state funding in FY 2015 and FY 2016 as the General Assembly considers what reductions are necessary to address this shortfall. These reductions will likely impact Fairfax County in the form of reduced revenue or County residents in the form of reduced programs and services.

Strategy: Identify potential revenue shortfall based on most up-to-date information including available information regarding state resources which will likely be impacted by the state budget reductions.

Evaluate savings opportunities in FY 2015 by agency which can be identified and held in reserve to offset potential revenue loss during FY 2015.

Actions: Each General Fund and General Fund supported agency will identify savings opportunities of approximately 1%. Your budget analyst will contact you very soon with a target for savings. **Savings opportunities should avoid significant program or service reductions but can be identified through savings based on position management, reduction in supplies, contracts or operating expenses or deferral of capital equipment purchases.** Each agency will complete Attachment B for submission by September 1. It is anticipated that once these savings opportunities are reviewed they will be held within your agency to address short-term requirements such as state or other revenue loss and will be taken at the *FY 2015 Third Quarter Review* as necessary.

FY 2016: As presented in the multi-year budget adopted by the Board of Supervisors, the FY 2016 budget plan projects a shortfall of approximately $37 million. It is important to note that this is based on current revenue estimates and does not yet include assumptions of less state revenue that is now being forecasted. The FY 2016 plan also includes a 3% increase projected for the School Operating Transfer. In addition, the FY 2016 forecast has not incorporated final cost requirements associated with the work currently being conducted by the Employee/Board of Supervisors Compensation Working Group. In order to address this shortfall and other funding requirements, reductions must be considered.

Strategy: Identify programmatic reductions by agency.

With input from County employees, evaluate cost savings opportunities and efficiency measures by agency that will reduce costs without reductions in County service levels.

Review current and historic budget spending for opportunities to reduce budgeted resources based on actual costs of services.

Include a transparent evaluation of the merits and impacts and priorities of each reduction recommendation.

Actions: The approach identifying reductions to the FY 2016 planned budget will involve 3 separate but related activities. **First**, agencies will be asked to identify *programmatic reductions* resulting in savings of 3% of the annual General Fund budget. These reduction options will include information on savings, potential position eliminations and impact of service reductions on the County and community. It is anticipated that identification, prioritization, and evaluation of these programmatic reductions will be completed by agency leadership with input from agency staff. This list of programmatic reductions may include reductions that have previously been considered. The justification of why these previously considered reductions are again proposed for elimination needs to very clear. Please make sure you work with your Deputy County Executive in identifying reductions. Programmatic reductions must be prioritized within each department and then by Deputy Area and ultimately Countywide. Attachment C provides the forms necessary to submit these reductions with your annual budget submission. **Second**, each agency will constitute a small team of employees at varying levels within the agency to identify cost savings or efficiency measures which can save money. Programmatic impacts are not necessarily projected as a result of these suggestions. A savings target for this work is not defined, however it is anticipated that every agency will have some level of savings in this category. See Attachment D for more information on submitting and quantifying these suggestions. **Third and finally**, staff from the Department of Management and Budget will be reviewing centrally managed or budgeted accounts, including personnel services and fringe benefits, to determine if reductions in budgeted funds are appropriate based on prior year spending and variances.

FY 2017: The FY 2016/FY 2017 Multi-Year Budget will be developed this Fall. The process of developing this budget will include revenue projections and spending requirements. These projections will be impacted by the reductions proposals being considered for FY 2016. In order to ensure a comprehensive dialogue in the community and for the newly elected Board to use in evaluating upcoming budget recommendations, an update of the Countywide review of programs and an emphasis on program evaluations will be undertaken.

Strategy: A programmatic review and evaluation of all County services will provide the framework for analysis on the effectiveness of each County program as well as how closely services impact Board goals and priorities.

Action: Beginning later this year, agencies will begin working on a new Lines of Business Review and Evaluation. During the summer of 2014, specific instructions will be distributed outlining the process. During the fourth quarter of 2014 agencies will meet both internally and with their Deputy County Executive and Budget staff to ensure that the preliminary list of programs and performance elements of the review are consistent and meet the objectives of this review. Using the FY 2016 budget, once adopted in April 2015, as the basis for the funding levels for each program, each agency will complete a Lines of Business Review and Evaluation of each of their programs and services by early Fall 2015. This information will include program resources, customers, outcomes, unit costs, performance measures, and challenges/constraints. Each program will include evaluative data that provides the cost of service and outcomes. This information will be presented by agencies at a series of budget meetings to be scheduled during the first quarter of 2016, for review by the new Board. **Unlike previous Lines of Business exercises, this review must focus on performance measures to include efficiencies and outcomes. Benchmarking measures of similar jurisdictions will also be required and emphasized.**

To address the budget challenges that are before us will require a total Team Fairfax effort. I strongly encourage you to engage and utilize the employees in your agency. Our employees are our greatest asset and strength.

Community engagement is also critical and we will make sure we reach out for feedback and comment at the appropriate time.

There is no doubt that our budget difficulties are challenging. However, I have every confidence that we will undertake this challenge enthusiastically and develop a sustainable plan that will position the County for many years to come. I look forward to working with everyone and I appreciate your efforts.

Attachments

cc: Board of Supervisors

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COVER STORY

Embracing the "Decade of Local Government" - How to Face Challenges and Seize Opportunities

By Jon Johnson, Chris Fabian, and Cheryl Hilvert

The next 10 years will most likely be a defining period for local governments, including your own. In a June 27, 2012, *Governing* magazine article, ICMA Executive Director Bob O'Neill declared this time as "the next decade [for local government] will be a time in which the fiscal woes of federal and state governments will leave local and regional governments on their own, struggling to balance the need for innovation against the necessity of making tough choices.

"It will also be a decade in which local government will lead the way in developing creative solutions to extraordinary problems. There are a number of reasons to be optimistic about this coming decade of local government."[1]

Even op-ed columnist David Brooks published an editorial in the June 6 *New York Times* entitled "The Power Inversion," in which he echoes O'Neill's observations. Brooks writes, "Washington paralysis is already leading to a power inversion. As the federal government becomes less energetic, city governments become more so."

Notwithstanding all the extraordinary opportunities ahead, there are also extraordinary challenges that will need to be confronted by all who serve as local government leaders. In a substantial number of communities, the scarcity of available resources is painfully apparent and has visibly impacted managers' ability not only to preserve and maintain the status quo but also to tackle emerging issues and address the day-to-day needs of residents, businesses, and visitors.

This scarcity can only be made worse by the problems plaguing federal and state agencies that now might be landing at local government's doorstep.

A NEW ENVIRONMENT

The recession may officially be over according to economists, but unlike the normal ebb and flow of the past, the picture is dramatically different than anything managers have experienced during other

economic cycles. Local governments are realizing that they will not simply return to the status quo that existed before the recession.

Managers are coming to grips with an environment in which:

- Revenues will at best remain flat or continue to decline.
- Costs associated with energy, fuel, health care, and basic supplies will continue to grow.
- Taxpayers can't afford to pay more because of the recession's impact on their own personal finances.

Taxpayers are perhaps expecting local government to provide even more support in meeting their social, physical, environmental, and economic needs, especially with the declining assistance in these same areas from federal and/or state sources.

How does local government seize this incredible opportunity, embracing O'Neill's decade of local government, but still continue to offer the important, even vital, services required by communities in a responsive and timely fashion?

What can managers do to successfully navigate these challenging waters so that their communities become better, stronger, and more relevant than ever before?

Let's consider a completely different perspective. In order to achieve success and accept the challenges that are ahead, we must see more clearly how to manage, use, and optimize resources in a much different way than has been done in the past. This new environment demands a new vision of the future.

For managers, resources can appear to be scarce because of our tightly clenched grasp on some commonly held assumptions from which they need to break free. Perhaps there is a different way to see things.

FISCAL TRANSPARENCY

First and foremost, local governments must be clear and transparent about what truly is their picture of fiscal health. Communicating that picture simply, clearly, and understandably without volumes of numbers, spreadsheets, tables, and an endless series of charts is frankly a challenge that has plagued managers for years. If managers are going to be able to demonstrate financial reality internally to elected officials and staff, and externally to residents, they have to find better ways to make fiscal situations understandable and transparent to everyone.

Finding creative, clear, and nontechnical ways to demonstrate what the next five to 10 years might look like is a must if people are going to address fiscal concerns. All too often, local governments are unable to make sound, timely decisions regarding investing in new resources, starting new programs, or initiating major capital projects because elected officials, local government managers, and staff members are paralyzed by the uncertainty of whether they actually have enough money to appropriate for these purposes. Developing a long-term financial forecast is key to gaining a better understanding of what the future might hold.

Prepare for a Better Future

This list can help managers outline what local governments are able to do to fiscally survive and also take advantage of future opportunities.

- Provide a clear, transparent, and easily understood single picture of your community's financial position.
- Develop a multi-year financial forecast that demonstrates clearly a projected financial position for the next five to 10 years.
- Be intentional about differentiating between one-time and ongoing revenues and expenditures.
- Ensure spending is within your community's means by first asking the question "How much do we have?" rather than "How much do we need?"
- Devote more time to revenue analysis and understanding what factors truly drive individual revenue streams.
- Ensure projected budget amounts are more aligned with actual anticipated revenues and expenditures.
- Analyze and explain all budget-to-actual variances, eliminating those variances that continue to reoccur year after year.
- Prepare and maintain a comprehensive program inventory that lists everything the organization provides and indicates the estimated cost associated with those programs or services.
- Maintain fund balance reserves even when times are tight.
- Prioritize programs and services to identify which ones offer the highest relevance to the results the community expects to achieve and which are of lesser importance to the community.

Differentiating between *one-time* and *ongoing* revenues and expenditures to clearly understand how finances are aligned and where they might be out of alignment is a critical element in eliminating this uncertainty. Managers understand this principle but rarely make a concerted effort to be deliberate about depicting this separation in financial forecasts or budget documents. The need for this separation is understood but without actually "seeing it," managers may not be aware of its impact on the ability to manage and maximize resources. Not clearly separating the picture into these two revenue categories may obscure some serious looming fiscal problems.

How many officials, for example, have approved a capital project without considering the implications of the associated ongoing costs? Newly constructed public facilities have sat vacant because of a failure to separately identify and depict the impact of ongoing operational costs.

Adhering to this philosophy of differentiating between one-time and ongoing revenues and expenditures also helps ensure that an organization *"spends within its means."* This concept is not just about balancing the budget but allows managers to be clear that ongoing operational expenses are funded through ongoing revenue streams. Using such one-time monies as fund balance or grants to support ongoing operations is an unsustainable practice. "How much do you need?" Isn't this the question that leads off most local government budget discussions? It's certainly a far easier question to answer, but shouldn't the conversation begin with the more difficult and oftentimes nebulous question of "How much do we have?"

Devoting more time to revenue analysis is a critical element in gaining a clearer understanding of 1) what factors truly drive our individual revenue streams; 2) how to develop more meaningful and accurate multiyear forecasts, and, most important; 3) how much is actually available to spend. If managers have more clarity about what factors might impact revenue sources, they can improve their ability to foresee those changes before they happen and react to them before they arrive on the doorstep. By taking a more diagnostic approach, it isn't terribly difficult to determine where revenues specifically come from and assess what internal or external forces might cause them to grow and shrink.

PRECISE PROJECTIONS

Exercising care in ensuring that budgets are more closely aligned to actual spending plans is another essential element in optimizing our resources. In the *"decade of local government,"* can managers afford to appropriate resources in the budget when they really never intend to spend those dollars?

Inflated budgets in a time of flat or declining revenues could lead to making decisions about staff reductions, program eliminations, and reductions in levels of service to residents that would not be required if budget dollars were more closely aligned with actual, anticipated expenditures. Budget to actual variances—the difference between what was anticipated in the budget plan and what actually occurred—must be analyzed and understood if managers are to truly manage resources in a responsible manner and dispel the perception that our budgets are riddled with fluff and fat.

It's imperative that there is more precision in expenditure projections—especially related to salary and benefit costs—as contrasted to budgeting for contingencies that have a slim chance of occurring or to provide a massive safety cushion.

In addition, just as important as having a revenue manual is the development of a program inventory. While managers do a great job of establishing an organizational structure that identifies departments responsible for delivering services, they don't always articulate well what services departments actually provide. Do most residents really know what the public works department does? By taking the time to clearly list everything that is done at a program and service level, local governments can achieve true transparency and residents can gain a better understanding of exactly what a local government does for them.

Determining the estimated costs and required number of full-time employees necessary to provide these programs just adds to the transparency. Imagine providing a list of all the programs that are offered along with their costs as part of a budget book. Cincinnati, Ohio, included in its budget document a complete listing of all of its programs and their associated costs to offer residents a clearer understanding of exactly how tax dollars were used.

For the first time, residents (and elected officials) had a more transparent understanding of everything the city provided. According to the budget director, the city received accolades for this level of transparency.

It's also important to avoid focusing on the financial picture one year at a time. This approach creates tunnel vision and prevents people from seeing how the choices made today can compromise long-range plans or worse yet, endanger long-term financial sustainability. Keeping a focus on the future and seeing what lies ahead might cause us to pause and actually make a different choice.

Finally, even when times are tight, a local government needs to maintain reserve funds to ensure it can maintain services during emergency situations, whether of an economic, a natural, or a man-made origin. Too often, the temptation is to spend down these important reserves to avoid making spending reductions. It is critical to an organization's fiscal health that reserves are established through a written policy and then monitored to ensure those reserve balances are maintained.

PINPOINTING PRIORITIES

With a clearer, more transparent picture of an organization's fiscal health, a manager is better equipped to address fiscal realities and seize opportunities to better serve a community's needs. But what do you do when those ongoing revenues are not sufficient to support the ongoing costs of the programs needed and desired by residents, businesses, and visitors?

It becomes imperative that there is a way to establish priorities and be able to divest an organization of programs and services that are of a lower priority. In order to do this, you first have to answer the question, "What are we in business to do?" "What are the results or outcomes expected by community members?"

When evaluating priorities, it is critical that an internal examination is conducted at a program or service level rather than try to identify which department is more of a priority than another department. Most governments offer hundreds of services.

Prioritizing services will help focus decisions on eliminating those services that are not as important in terms of achieving results as are other programs. This will help avoid across-the-board cuts that can make managers mediocre at delivery rather than excelling at delivering programs that are clearly of a higher priority.

In your personal finances, for example, would you cut all of your household expenses by 10 percent across the board or would you eliminate things like movie rentals and dining out in favor of paying your full mortgage and entire array of utility bills? With a clear understanding of what local governments "do" (the programs they offer) and what they are in business "to do" (the results a community wants a manager to achieve), it becomes easier to prioritize services and determine those that are highly important to the community and what are of lesser importance.

With this information, it becomes even clearer where lower levels of services can be explored, when to develop partnerships with the public or private sector, and even eliminate less relevant programs.

A BETTER FUTURE

The opportunity is at hand for local governments to truly be the leaders on which people depend. In Peter Diamandis' book *Abundance: The Future Is Better than You Think,* the author promotes an idea that is imperative for our time—the idea that scarcity can be contextual. It may be true that certain resources are scarce, or it may be that they're simply inaccessible.

Writes Diamandis: "Imagine a giant orange tree packed with fruit. If I pluck all the oranges from the lower branches, I am effectively out of accessible fruit. From my limited perspective, oranges are now scarce. But once someone invents a piece of technology called a ladder, I've suddenly got new reach. Problem solved. Technology is a resource-liberating mechanism. It can make the once scarce the now abundant."

People and money are among the resources that appear to be scarce for local governments these days. There isn't enough money to maintain services, and there aren't enough people to do the work. Tax increases are floated because inherently managers feel that more is needed to do the job.

But what if they actually had all the resources really needed? What if scarcity issues were merely contextual? What if managers discovered there were sufficient resources available to build successful communities?

Is it possible that human and financial resources (people and money) are literally tied up in providing services that may be of lesser priority to communities or in offering services that other service providers—both public and private—are willing and able to provide?

Through the lens of fiscal health and wellness, managers are finding ways to challenge assumptions on the approaches to resource allocation and budgeting. They are seeing more clearly the picture of fiscal health and recognizing the difference between the ongoing and one-time sides of the world.

They are truly addressing variances between budgets and actual spending patterns. They are clear about the programs they offer and how much those programs cost. And finally, they are prioritizing their resources and reallocating them to new and extremely important programs and initiatives. The "decade of local government" requires it.

ENDNOTE

[1] O'Neill, Robert J. Jr., "The Coming Decade of Local Government"; *Governing*, June 27, 2012.

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FY 2015 BUDGET REDUCTIONS

Agencies are required to complete the reduction impact template below for any prospective FY 2015 budget reductions based on the target of approximately 1% provided to agencies by their DMB analyst. Separate templates should be completed for each unique reduction and be submitted with your annual budget submission to DMB. Savings opportunities should avoid significant program or service reductions, but can be identified through savings based on position management; reduction in supplies, contracts, or operating expenses; or deferral of capital equipment purchases.

FY 2015 Reduction Impact Template and Instructions

FUND/AGENCY NAME	
Title of Reduction	
Anticipated Savings:	$XXX,XXX
DESCRIPTION	
Briefly describe the proposed reduction, including a short description of the impact.	

FY 2016 PROGRAMMATIC REDUCTIONS

Agencies are required to complete the reduction impact template below for any prospective FY 2016 budget reductions based on the target provided to agencies by their DMB analyst. Separate templates should be completed for each unique reduction and be submitted with your annual budget submission to DMB. Reductions should be programmatic in nature and should be recurring. Positions proposed for reduction should be identified as either vacant or filled, and any proposed position reductions that may have RIF (Reduction in Force) implications should be identified in the impact statement. In addition, if an agency wishes to propose a revenue option as an alternative to one of its proposed reductions, this should be addressed in the memorandum.

FY 2016 Budget Reduction Impact Template and Instructions

FUND/AGENCY NAME					
Title of Program Reduction					
Expenditures	**Revenue**	**Net Reduction**	**Vacant Positions**	**Filled Positions**	**Total Positions**
$XXX,XXX	$XXX,XXX	$XXX,XXX	0 / 0.0 FTE	0 / 0.0 FTE	0 / 0.0 FTE
Has this reduction been proposed in prior years? ☐					
If applicable, explain why this reduction is being proposed again if not taken in prior years.					
IMPACTED PROGRAM/SERVICE					
Please provide the name of the program or service impacted by the reduction.					
DESCRIPTION OF REDUCTION					
Briefly describe your reduction. If proposing position reductions, please note the total positions currently performing the function (i.e. of the 5 positions performing this function, 2 are proposed for elimination). If applicable, provide position numbers and job titles, if known.					
IMPACT OF REDUCTION					
Describe the specific impact that the proposed reduction will have on your customers (internal and external) or residents. "This reduction impacts…" Please provide at least four quantitative measures (specific numbers, counts, or percentages) which detail the impact of this reduction using appropriate performance measurement data or other metrics to illustrate the impact. For example: ▪ Wait times will be increased from x to y ▪ Delays will be increased by x ▪ Customer satisfaction will be reduced by x ▪ Number of customers served will be reduced from x to y ▪ x% of customers will be impacted					

FY 2016 COST SAVING REDUCTIONS

Agencies are required to complete the reduction impact template below for any cost saving or efficiency measures identified by a small team of agency employees. Separate templates should be completed for each unique reduction and be submitted with your annual budget submission to DMB. Reductions are not expected to be programmatic in nature, but should be recurring.

FY 2016 Cost Saving Reduction Impact Template and Instructions

FUND/AGENCY NAME	
Title of Cost Savings/Efficiency Measure	
Anticipated Savings:	$XXX,XXX
DESCRIPTION	
Briefly describe the proposed cost saving idea.	