

Report on County Board Priorities

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May 1, 2011

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INTRODUCTION

This report is written in response to a County Board directive contained in resolution 75-10, attached, that the county administrator “develop (3) three budget outlines for 2012 that reduce "Total Expenditures" by (1) one, (2) two and (3) three million dollars respectively by reduction in personnel and/or services.” This resolution was adopted in December, 2010. The timetable for production of these outlines is on or before May 1, 2011.

Although in theory a simple task, in practice its implementation is beyond the scope and authority of a county administrator or, indeed, any other county employee. This direction goes to the heart of policy making, a task entrusted by state and federal law only to elected officials. The sole role an administrator can take in such an area is to facilitate a decision to be made by policy makers, not to make that decision. That is how the process and this document are organized.

Policy can be defined as anything a government chooses to do, usually in response to a problem. Ideally, it is within the sole purview of elected officials, to help government do what their constituents want and are willing to pay for. The principal vehicle used to set policy is the annual budget: this, more than any other action determines what a government does and to what extent. It is for this reason that the adoption of the annual budget is considered to be the most important action a county board, state legislature, congress or parliament takes on a regular basis.

There are three levels of budgeting, aimed at three major goals. One goal is developing and maintaining fiscal discipline, or doing only what a government can afford. This is implemented through a line-item budget, like that currently used in most governments. Preconditions to fiscal discipline are adequate controls on expenditures, realistic expenditure and revenue estimates, regular and transparent reports with adequate and timely information both for the budget funds user and for the governing authority, and independent assurances of integrity through an audit that is publicly available and clear in its results. Polk County is well advanced in fiscal discipline, even more so after this last year with the elimination of most non-lapsing accounts and project funds.

The second level of budgeting is to spend money in accord with public priorities, to do the right things or, as we define for this study, to do what is important. This requires a more sophisticated method of budgeting that ties funding to results sought. This is called program budgeting, where expenditures are aggregated into services provided with a link to overall goals sought. Polk County is beginning to introduce program budgeting, with specific programs

listed in the 2011 budget narratives, and will refine this identification and analysis in the 2012 budget documentation.

The third level of budgeting is to spend money effectively and efficiently, to do things right, called performance budgeting, budgeting for results or, most recently, priority based budgeting. Performance budgeting is extremely difficult to implement well, requiring better information than is readily available and taking years to successfully implement (although benefits from this approach begin to accrue almost immediately). This type of budgeting provides information not only on what is bought and results sought – program budgeting – but also how well a program does in reaching its objectives.

A major obstacle is lack of good performance information, or what a program achieves. In some cases this is a result of the relatively nebulous results sought and difficulty in measurement, in others it is a problem of communication. The issue on the part of the users of budget funds is that it is often not in their best interest to critically reexamine what it is they do, especially in terms of effectiveness. Outside agencies also do not necessarily have the knowledge to examine efficiency and effectiveness, and are often hostage to information provided by these budget users – what economists call an asymmetric information distribution and, less formally, the “bleeding stump” problem (“if you cut any further, I’ll lose my left arm”). Nonetheless, such examinations are necessary, as well as assignment of appropriate performance indicators. Polk County has begun this process, but as mentioned it takes years to complete.

Another area of complication is mandates: these programs are required to be implemented and partially or totally locally-funded regardless of efficiency or effectiveness; in some cases the nature of the mandate (process specific directions or needless reporting, for example) reduce the effectiveness or efficiency of the program. Thus, in any program prioritization or measure of effectiveness the degree to which such programs are mandated needs be taken into account.

GENERAL APPROACH

The process selected to comply with Resolution 75-10 is a shortcut used in many other governments in introducing the concepts of program and performance budgeting discussed in more detail above. Each decision-maker is asked to evaluate a program for both its importance – the value of the objectives the program seeks to reach – and its effectiveness – the degree to which the program is seen as meeting those objectives. These substitute for the far vaster range of analyses that is required by even rudimentary program budgeting and performance budgeting.

The reason for the separate measures of importance and effectiveness is to independently determine how well a program works and whether its goals are important. An efficient program may not be important; to quote management writer Peter Drucker, “There is nothing so useless as doing efficiently that which should not be done at all.”

Nonetheless, there are clearly a number of dimensions of a program’s performance that could be considered but are not. This approach is by nature and by necessity simple and extremely subjective: as noted, the obstacles to budget reform are substantial and take considerable time and resources to overcome. Each decision maker rates a program for his or her perception of the importance of a program to the citizens of the county on a scale of from one to five, with one being the least important, or unimportant, and five being most important, or critical. Each program is again evaluated based on its perceived effectiveness in meeting its own objectives, with one being ineffective and five being extremely effective.

Scores, once obtained, are averaged and programs ranked based on average score for (initially) importance. The effectiveness ranking is next computed as the average of scores in this area; its application is a bit more complicated however. For high priority programs, those defined with a rating of 4 and above, a low effectiveness score (below 3) is seen as an indication that the program should be reviewed for effectiveness in service delivery, not as a candidate for elimination or reduction. For lower priority programs, however, a lower effectiveness score acts to reduce the overall importance of the program and move it further up the list for potential reduction or elimination. Methodology is discussed in greater detail in an annex to this report.

There were two sets of reference data made available for this process. One is a nearly-complete study of state mandates, the second is the budget narrative each department prepared for 2011 in mid-late 2010. The former provides general information on what statutes mandate the delivery of services (if any), who is served, how many FTEs are involved in service delivery, and funding source, including property tax. The second set of data, budget narratives, provides more information on specific programs albeit more rudimentary data on funding source. (In instances where data from the mandate study were inadequate to assess program costs, the narrative data was used as a rough estimate.) Together, these sources do provide some insight into program delivery by specific department. (As an aside, it will be a priority to improve all of this information over the coming year, as this is critical to the County’s ability to budget for results and to improve and maintain accountability for results.)

Using this program ranking, a dollar amount is assigned to each program based on its levy support and total expenditure amount. In addition, given the nature of the directive, a

cumulative dollar amount is also included for both total expenditures and total tax revenues. Determination of a cut of any amount is simply dropping to the appropriate line on the table.

Over the past several months, departments have been developing a study of mandated programs, including linkage to federal or state law that requires expenditures in this area. It is of course extremely difficult to determine level of mandate; nonetheless, all of these programs were included in the survey regardless under the assumption that it may be possible to reduce service level for low priority programs and in so doing reduce costs. For purposes of this analysis in determining savings, unless otherwise determinable and determined it is assumed that about 10% total expenditures for a program could be reduced while still complying with the mandate. This is obviously quite arbitrary; it is doubtlessly too much in some program areas (e.g. jail) and too little in others (e.g. planning and zoning). For programs that cover both mandated and non-mandated services, e.g. building maintenance or IT, it is presumed that 25% of their overall budgets could be cut while still complying with state or federal mandates. This, again, may be excessive.

INITIAL BUDGET FRAMEWORK

As noted, the directive set by Resolution 75-10 was to locate reductions in personnel and/or services, not necessarily just programs. Some of this can be best accomplished through increased efficiencies, finding cheaper and equally effective ways of delivering current services. There are two general approaches to do so, one through the regular budget process and the other through a more detailed and targeted review of specific programs. Further, determining the most effective and efficient means of service provision is a task that falls to administration and department heads; witness that much of the increase in fund balance in 2010 is a consequence of increased effort in this area.

Nonetheless, we can roughly estimate potential savings from State action and program efficiencies as well as additional State-imposed costs for purposes of this budget planning. Table 1 presents a likely range of possible budget savings for 2012 and beyond; many of these that show savings following legislative action of course presuppose adoption of Governor Walker's proposed budget or are early estimates of potential savings from budgeting and the budget process. Other changes that could accrue from state action, such as the possibility for reductions in employee benefits or salaries, are not considered in this analysis because the legislation permitting them has not adopted and because such changes would likely only be considered if budget exigency warranted, i.e. as a last resort.

The cost of reduction in State funding is also included, but no other cost increases are incorporated in this analysis. All of these are also static estimates: they do not reflect any increased costs although we know that these will occur in areas such as health care, energy costs, wages and salaries, the cost of materials and of services, and so forth. Note that they are also variable; Table 5 uses more aggressive reductions. These differences will be covered in greater detail in the section that follows on long-term budget planning.

Table 1
Budget Gains From Efficiencies and State Actions

Item	Estimated revenue gain (loss)	
	CY 2012	CY 2013
Increase employee pension contributions	\$507,000	\$507,000
Baseline reduction	\$100,000	\$150,000
Attrition savings	\$100,000	\$150,000
Other potential reductions (net of cost increases)	\$100,000	\$150,000
Total	\$800,000	\$950,000
Exhibit: State aid reductions	(\$430,000)	(\$430,000)

A significant caveat: It is far, far too early in the budget process to make any kind of definitive assessment as to likely savings with any degree of precision. These are rough figures that will be refined over the coming months; to rely on them now is foolhardy. They also presume that the Governor’s budget will be adopted largely as presented and that no other major cuts will appear in the State or Federal budgets, a presumption likely equally as foolhardy. Beyond these general cautions, there are specific assumptions relating to each potential cost savings, as follows.

With regard to attrition savings, we presume that enough appropriate positions open up to allow for attrition-related savings of these amounts. This of course depends on timing and other events outside of our direct control. However, there are at present over \$300,000 annualized levy savings due to currently open positions; that number is likely to stay stable overall, although some of the positions may change going forward.

Second, we are likely to incorporate another baseline reduction in 2012, although small departments will not necessarily be affected. The 2011 baseline reduction saved approximately \$300,000; we anticipate that the 2012 reduction would save something less than that amount as there are fewer simple reductions available and we did capture much of these additional savings in the 2010 year-end expenditure cancellations.

Third, the 2011 budget was based on 2010 budgeted, rather than actual, expenditures. At the close of 2010 a number of departments reported substantial expenditure cancellations or revenues above estimates, or both. Some of this was undoubtedly one-time savings, but some is also likely sustainable. Review of these savings will be part of the budget development process over the summer, and it would be premature to estimate anything more than the \$100,000 included in this table.

Fourth, as discussed at the March County Board meeting, Polk County now enjoys substantial reserves, adequate to allow for slower, scheduled reductions and budget rebalancing. Some of these funds could clearly be used in the solution to the 2012 and 2013 budget imbalance provided they are accompanied by a plan to restore a structural balance.

In sum, the total budget reductions specified in Resolution 75-10 could be reduced by about \$500,000 due to already identified savings, or nearly \$1 million if state budget cuts are not taken into account. More savings are likely possible, but again it is simply too early to estimate any specific amount. In addition, there are likely unknown or yet undetermined cost increases that will be uncovered in the 2012 budget process.

SURVEY RESULTS

Program prioritization surveys were distributed electronically and on paper to all County Board members, and responses were received between April 12 and April 30, 2011. All surveys were returned completed (although not every question was answered on every survey) for an outstanding response rate.

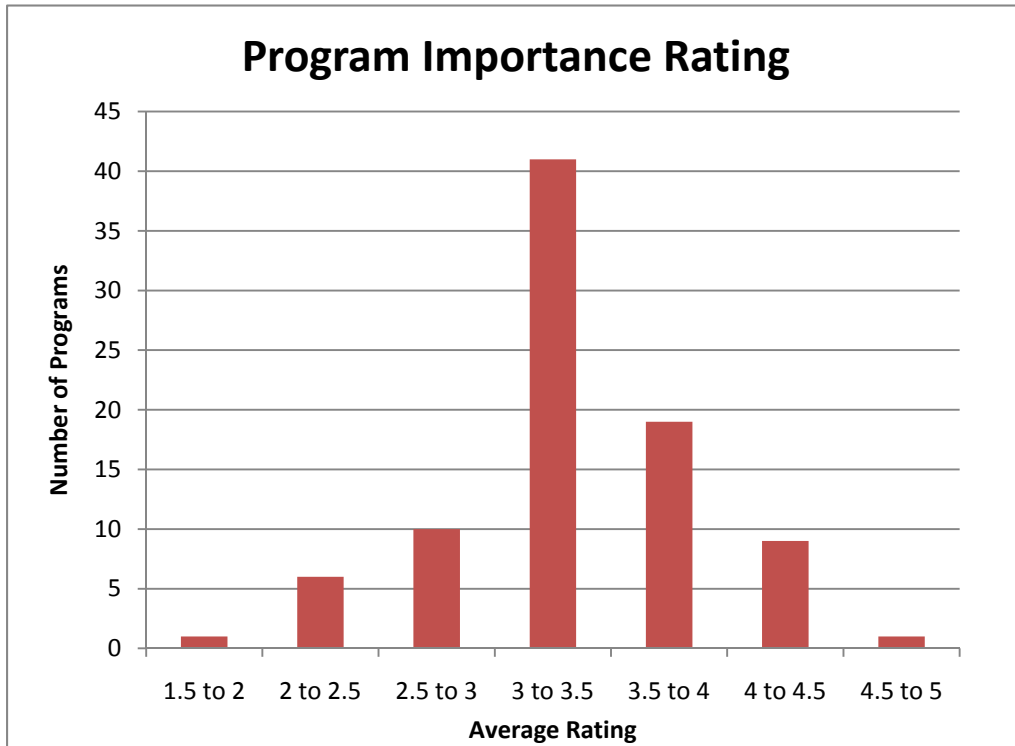
In the survey instrument, each respondent was asked to rank every County program that had some levy support (or had had levy support in past years such as Forestry or Lime Quarry). Non-levy supported programs were generally minor (e.g. a number of small public health grants) and were excluded from the survey for reasons of simplicity and lack of strong relevance.

Each program was to be rated on two dimensions. One is perceived importance to the citizens of the county, with a rating on a five point scale assigned a value of from one to five. The second dimension was the effectiveness of each program in achieving its goals, with ratings again on a scale of one to five. Annex B contains data on the survey instrument itself and on survey results.

87 separate programs were rated in this survey. Figure 1 shows the distribution of overall rankings for program importance, Figure 2 for program effectiveness, and Table 2 shows program ranking for the top ten programs in terms of importance and Table 3 shows the

bottom ten programs along with the coefficient of dispersion – a measure of agreement on rating - for each result.

Figure 1



In general, most programs were rated between important and very important, with an average ranking of 3.34. Only 17 programs were assigned an average rating below 3.0, or important and only one below somewhat important. The level of agreement on these rankings was also fairly high, with an average coefficient of dispersion of 31%. This means that about two-thirds of all rankings lie between 31% of the average for any given rating, meaning that if a program has a rating of 3.0, then two-thirds of the individual ratings should be between 2.1 and 3.9.

Effectiveness ratings were generally lower for most programs, with the average program rated at 3.20, or somewhere just above effective and very effective. Only 20 programs were rated above 3.0, for effective, and three programs were ranked below 2.0, or “somewhat effective.” Most programs fell into the “effective” range. There also tended to be more agreement on the ratings assigned individual programs, as shown by lower coefficients of dispersion.

Table 2

Fifteen Lowest-Ranked Programs by Importance

Department	Program	Importance Rating	Coefficient of Dispersion	Effectiveness Rating	Coefficient of Dispersion
County Clerk	Bounties	1.74	43%	2.57	31%
Library	Books to the jail	2.39	55%	3.04	40%
Outside Agencies	West Central Wisconsin Regional Planning	2.41	46%	2.41	35%
Outside Agencies	County Museum	2.41	49%	2.55	38%
Library	Technical support for member libraries	2.43	46%	3.04	38%
County Clerk	Housing authority	2.48	42%	2.76	25%
Library	Books and materials by mail/nursing homes	2.48	47%	3.00	33%
Outside Agencies	West Cap	2.62	37%	2.50	37%
Outside Agencies	North Central International Trade, Business and Economic Development Council (ITBEC)	2.64	40%	2.41	44%
Aging	Family caregiver	2.77	29%	2.81	21%
Land Information	County surveyor	2.87	35%	3.04	21%
Aging	Congregate dining	2.91	26%	3.23	27%
Aging	Preventative health	2.91	23%	2.77	25%
UW Extension	Family living	2.91	39%	2.87	28%
Public Health	Birth to 3	2.91	33%	3.14	27%

Table 3

Fifteen Highest-Ranked Programs by Importance

Department	Program	Importance Rating	Coefficient of Dispersion	Effectiveness Rating	Coefficient of Dispersion
Administration	Financial management	4.70	12%	4.13	18%
County Clerk	Elections administration	4.22	19%	3.74	23%
Highways	County highway maintenance (incl. plowing)	4.17	19%	3.61	26%
Law Enforcement	Communication division	4.17	26%	3.61	20%
Administration	Recruitment, selection and supervision of department heads	4.13	20%	3.52	22%
Land and Water	Lake protection	4.09	26%	3.26	32%
Treasurer	Tax calculation and collection	4.05	22%	3.32	23%
District Attorney	Criminal prosecution	4.04	23%	2.78	26%
Land and Water	Shoreland compliance	4.04	24%	3.39	26%
Law Enforcement	Law enforcement - field services	4.04	20%	3.35	21%
Human Services	Child protective services	3.96	23%	3.3	25%
Administration	Policy implementation and oversight	3.91	24%	3.57	25%
Administration	Preparation of materials for the Board	3.78	24%	3.57	28%
Register of Deeds	Vital Records (birth/death/marriage/DP)	3.77	29%	3.59	20%

Figure 2

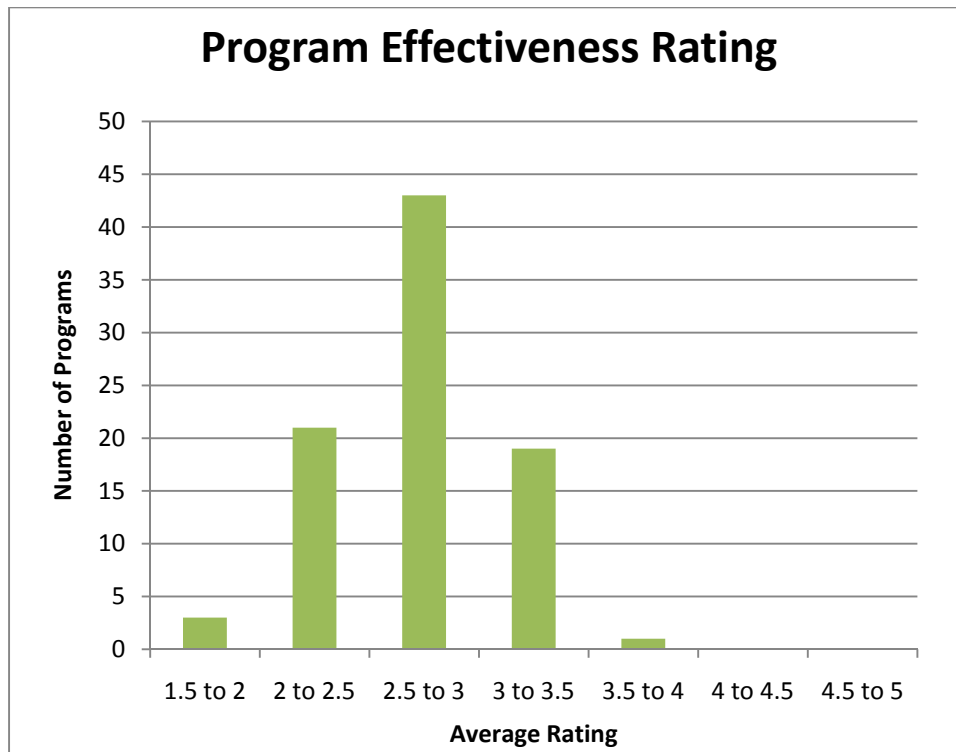
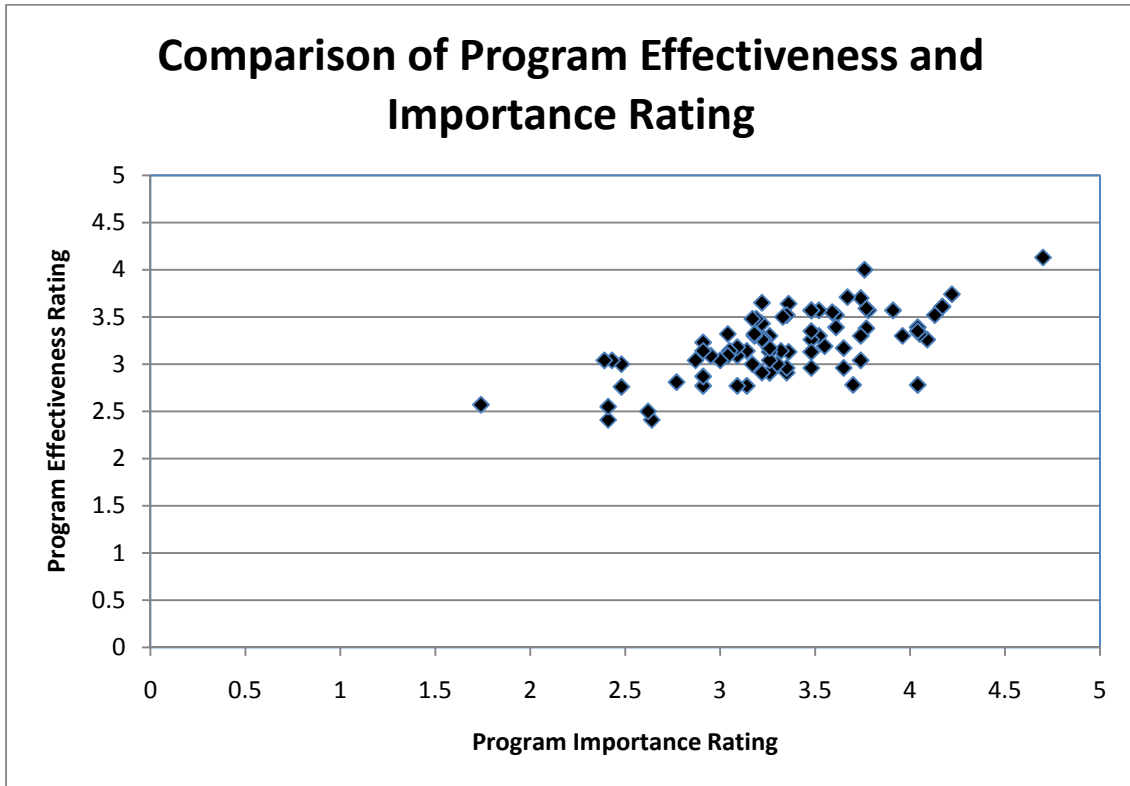


Figure 3 shows the relationship between effectiveness and importance ratings; although the effectiveness rating tends to increase slightly with the perceptions of importance, it is not a good relationship and appears to be somewhat independent (as it should be). The correlation between effectiveness and efficiency is 0.66, significant but not terribly strong.

With respect to specific programs, the highest ranked program for both importance and effectiveness is financial management, the lowest in both categories is the bounty program administered by the county clerk. In both cases there was general agreement on the rankings as noted by relatively low coefficients of dispersion. Lower ranked programs tend to be some optional services such as the library, funding for outside agencies, aging and extension programs. Higher rated programs are generally those essential to the ongoing operation of the County such as financial management, elections, highway maintenance and emergency communications.

Figure 3



BUDGET REDUCTION OPTIONS

Using these survey results to prioritize programs, a list of possible budget reductions has been prepared. Each program is scored according to the methodology given, and estimated levy support for each is listed, accumulated to the \$1, \$2 and \$3 million targets in resolution 75-10 (and as denoted by dark lines in the following table). As noted above, mandated programs pose a specific difficulty as, without deep knowledge of program implementation it is impossible to determine what sort of savings could be made through reductions in service delivery. We are therefore using a proxy of 10 percent; this is likely too high for some programs and too low for others.

Another major consideration is these are the running costs for programs, meaning the expenditures for ongoing operation. In many cases, the decision to eliminate a program will incur additional costs for unemployment compensation, payout of unused vacation and sick leave, or the costs of disposal of equipment, cancellation of contracts, and so forth. These costs have not been estimated, but could run as high as 50% of a fully levy-funded program and more if levy must cover all of these costs. Elimination of home care for the elderly would impose a one-time cost of over \$200,000 – more than its levy support – as outside fees would be lost and

all unemployment costs would fall on the general levy. These are all one-time costs, however, amenable to funding with one-time revenues.

(Our use of the term levy does not exactly equate to the formal definition of the term. By levy, we mean net property tax levy and all funds that can offset levy: interest earnings, sales tax collections, and other general revenues.)

Please note that these figures, while best available, are not precise. Departments have had little exposure to program budgeting, and have a limited ability to calculate costs by program. We have simply forced that allocation in many cases, using a subjective estimate. Should any one program be selected for elimination, then, a far more detailed expenditure savings estimate would need to be prepared. Further, it may not be possible to realize all of the savings shown, as payroll costs are not perfectly allocable – you cannot lay off 0.196 FTE.

Table 4 presents the prioritized list of programs and the estimated savings from reduction or elimination of each. If complete elimination is not possible, then that is noted in the right-hand column. The next column to the left illustrates whether the program is mandated; expenditures for these are reduced by 10% as noted. The two dollar figures are, right to left, levy support for that program and cumulative levy support, respectively. For reductions of a specific amount, all of the programs above that amount would need to be eliminated or reduced based on the assumptions shown.

The results themselves are somewhat sobering, both in terms of the number of programs that need be eliminated to result in any substantial savings and the relative paucity of non-mandated programs. On reflection that probably should not be surprising. Those counties who have attempted to review mandated versus non-mandated expenditures have found that mandated costs are in the range of 85 – 90 percent; not only are most programs mandated, they are also far more expensive.

These figures also likely indicate the effects of past efforts to reduce expenditures, including those incorporated in the 2011 budget. Past years' budgets have reduced expenditures on programs not deemed essential, and limited the rate of growth in others. The low level of operating expenditures has been remarked upon on numerous occasions, as have the limited capital expenditures. The low-hanging fruit has been harvested some time ago; what remains are difficult decisions.

Table 4

Cumulative Savings from Program Reduction or Elimination by Priority Ranking

Department	Program	Importance	Effectiveness	Blended Rating	Program Cost	Cumulative	Mandate	Notes
County Clerk	Bounties	1.74	2.57	1.53	\$16,000	\$16,000		
Outside Agencies	West Central Wisconsin Regional Planning	2.41	2.41	2.12	32,473	48,473		
Outside Agencies	County Museum	2.41	2.55	2.19	17,533	66,006		
Outside Agencies	North Central International Trade, Business and Economic Development Council (ITBEC)	2.64	2.41	2.35	9,000	75,006		
County Clerk	Housing authority	2.48	2.76	2.36	2,100	77,106		
Outside Agencies	West Cap	2.62	2.50	2.37	2,660	79,766		
Library	Books to the jail	2.39	3.04	2.41	67,500	147,266		Subject to maintenance of effort requirements
Library	Technical support for member libraries	2.43	3.04	2.45	28,830	176,096		Subject to maintenance of effort requirements
Library	Books and materials by mail/nursing homes	2.48	3.00	2.48	67,500	243,596		Subject to maintenance of effort requirements
Aging	Family caregiver	2.77	2.81	2.68	23,851	267,447		
Aging	Preventative health	2.91	2.77	2.80	5,023	272,470		
UW Extension	Family living	2.91	2.87	2.85	44,200	316,670		

Department	Program	Importance	Effectiveness	Blended Rating	Program Cost	Cumulative	Mandate	Notes
Land Information	County surveyor	2.87	3.04	2.89	12,000	328,670	X	
Outside Agencies	Tourism funding (tourism center)	3.09	2.77	2.98	66,487	395,157		
Public Health	Birth to 3	2.91	3.14	2.98	10,834	405,991	X	
Public Health	Home Care	2.95	3.09	3.00	119,887	525,878		Requires reallocation; less than levy amount saved
Land Information	Geographic information system development	3.00	3.04	3.02	36,000	561,878	X	
Outside Agencies	Polk County Economic Development Corporation	3.14	2.77	3.03	34,625	596,503		
Aging	Congregate dining	2.91	3.23	3.03	16,535	613,038		
Buildings and Parks	Parks	3.04	3.09	3.09	111,079	724,117		
Lime Quarry	Lime product sales	3.05	3.14	3.12	-	724,117		2010 subsidy \$57,000
Aging	Benefit specialist	3.09	3.09	3.14	42,235	766,352		
UW Extension	Ag business	3.17	3.00	3.17	44,900	811,252		
UW Extension	Community and Natural Resources	3.22	2.91	3.18	124,448	935,700		
Public Health	Immunization	3.09	3.18	3.18	1,703	937,403		2010 subsidy an extra \$15,000
Information Technology	Programming and software development	3.04	3.32	3.20	23,882	961,285		Partially mandated; costs reduced by 25%
Public Health	Prevention Services	3.14	3.14	3.21	70,319	1,031,604	X	

Department	Program	Importance	Effectiveness	Blended Rating	Program Cost	Cumulative	Mandate	Notes
Clerk of Court	Guardian ad litem	3.26	2.91	3.22	-	1,031,604		No 2011 levy subsidy
Clerk of Court	Family Court Commissioner	3.26	2.91	3.22	26,447	1,058,051		
Employee Relations	Collective bargaining	3.26	2.91	3.22	4,851	1,062,902	X	
Human Services	Behavioral health services	3.26	3.04	3.28	276,900	1,339,802	X	Eliminate all non-mandated expenditures; probably overstated
Golden Age Manor	Long term care and rehabilitation	3.35	2.87	3.29	-	1,339,802		No 2011 levy subsidy
Clerk of Court	Jury	3.30	3.00	3.30	3,955	1,343,757	X	
Human Services	Economic support	3.35	2.91	3.31	59,523	1,403,280	X	
Highways	County aid bridges for townships	3.26	3.13	3.33	-	1,403,280	X	No 2011 levy subsidy
Land Information	Zoning, rural addressing, ordinance enforcement	3.35	2.96	3.33	15,397	1,418,677	X	
Buildings and Parks	Forestry	3.18	3.30	3.33	-	1,418,677	X	No 2011 levy subsidy
Medical Examiner	Death investigations	3.18	3.32	3.34	8,824	1,427,501	X	
Land Information	Planning, including comprehensive plan	3.26	3.17	3.35	5,490	1,432,991	X	
UW Extension	4-H	3.22	3.26	3.35	40,700	1,473,691		
Aging	Meals on wheels	3.23	3.27	3.37	23,330	1,497,021		2010 subsidy was \$75,000 more
Aging	Transportation for the elderly	3.32	3.14	3.39	47,804	1,544,825		
Employee Relations	Recruitment and position development	3.26	3.30	3.41		1,544,825	X	

Department	Program	Importance	Effectiveness	Blended Rating	Program Cost	Cumulative	Mandate	Notes
Information Technology	HIPAA	3.17	3.48	3.41	6,129	1,550,954	X	
Human Services	Adult protective services	3.36	3.13	3.43	19,628	1,570,582	X	
Veterans' Service Office	Care of veterans' graves	3.19	3.48	3.43	150	1,570,732	X	
Employee Relations	Compensation and benefit plan administration	3.22	3.43	3.44	4,042	1,574,774	X	
Corp Counsel/Child Support	Corporation counsel	3.48	2.96	3.46	18,525	1,593,299	X	
Land and Water	Farmland preservation	3.48	3.13	3.55	4,438	1,597,737	X	
Law Enforcement	Jail	3.48	3.13	3.55	270,777	1,868,514	X	
Employee Relations	Employee safety and wellness	3.22	3.65	3.55	20,210	1,888,724		Partially mandated; cut of 50%
Register of Deeds	Real Estate Transfer returns/fees	3.33	3.50	3.58	-	1,888,724	X	No 2011 levy subsidy
District Attorney	Victim/witness services	3.70	2.78	3.59	7,629	1,896,353	X	
Buildings and Parks	Buildings and grounds maintenance	3.48	3.26	3.61	319,860	2,216,213		Partially mandated; cut of 25%
Buildings and Parks	Recycling and solid waste	3.35	3.52	3.61	-	2,216,213	X	No scheduled 2011 levy subsidy
Information Technology	Network administration	3.35	3.52	3.61	33,952	2,250,164		Partially mandated; cut of 25%
Clerk of Court	Court functions	3.65	2.96	3.63	40,827	2,290,991	X	

Department	Program	Importance	Effectiveness	Blended Rating	Program Cost	Cumulative	Mandate	Notes
Treasurer	Investments	3.55	3.19	3.65	-	2,290,991	X	No scheduled 2011 levy subsidy
County Clerk	County Board and committees	3.48	3.35	3.66	14,336	2,305,327	X	
Law Enforcement	Emergency management	3.52	3.30	3.67	3,927	2,309,254	X	
Outside Agencies	County Fair	3.36	3.64	3.68	22,750	2,332,004		
Human Services	Juvenile justice and family services	3.65	3.17	3.74	58,921	2,390,925	X	
Land and Water	Runoff management	3.74	3.04	3.76	6,509	2,397,434	X	
Employee Relations	Personnel policy and state/federal compliance	3.48	3.57	3.77	7,275	2,404,709	X	
Information Technology	IT technical support	3.48	3.57	3.77	59,046	2,463,755		Partially mandated; cut of 25%
Administration	Insurance management	3.61	3.39	3.81	8,000	2,471,755		Partially mandated; cut of 25%
Corp Counsel/Child Support	Child support collection	3.52	3.57	3.81	5,447	2,477,202	X	
Register of Deeds	Record documents/collect fees	3.59	3.55	3.87	-	2,477,202		No scheduled 2011 levy subsidy
Administration	Payroll processing and benefits administration	3.61	3.52	3.87	17,244	2,494,446	X	
Highways	County highway and bridge construction	3.74	3.30	3.89	433,743	2,928,188		Mandated, reduced 25%

Department	Program	Importance	Effectiveness	Blended Rating	Program Cost	Cumulative	Mandate	Notes
Treasurer	Revenue processing and banking	3.77	3.38	3.96	-	2,928,188	X	No scheduled 2011 levy subsidy
Veterans' Service Office	Emergency veterans' relief	3.67	3.71	4.03	-	2,928,188	X	Amount mandated
District Attorney	Criminal prosecution	4.04	2.78	4.04	32,341	2,960,529	X	
Land and Water	Shoreland compliance	4.04	3.39	4.04	1,479	2,962,008	X	
Law Enforcement	Law enforcement - field services	4.04	3.35	4.04	286,557	3,248,565	X	

Notes: Program cost for mandated programs is equal to 10% of levy support unless otherwise noted. Figures are based on 2011 budget levy support: net property tax levy, sales tax collections, interest and investment earnings, and other revenues deemed substitutable with county property taxes. See text for additional assumptions.

MULTIYEAR BUDGETING

Resolution 75-10 also requires multiple year budget planning, with a minimum of two years running. Although also in theory a simple task, in practice its implementation is extraordinary complex if it is to be meaningful and useful; this section will describe what is occurring and will occur for that to happen.

A longer-term, multi-year allocation process is essential to reflecting policy objectives in budgetary allocations. One, such a process can provide sufficient time to adjust policy direction; it is often commented upon that most of the money in a budget is effectively already spent on current programs by the time it is adopted. Second, costs and other fiscal implications may not begin and end in a given calendar year; a longer term perspective can allow for the allocation of resources several years out and a full costing of programs or policies. It is an old budgeting trick to begin funding for an expensive program late in a budget period so as to conceal true costs; a multi-year framework makes such an action more transparent. Third, a multi-year perspective gives a consistent framework for policy actions, and sets a consistent direction. Finally, a well-designed multi-year planning process provides opportunities to view expenditures programmatically across all departments (i.e. health or infrastructure), where the annual budget process must largely focus on a department-by-department analysis.

This recognition of the need for longer-term budgeting has resulted in the development of a number of different instruments for its implementation. Most states, the US government and many local governments utilize out- or forward-year estimates. These are simple cost projections often based on rudimentary assumptions that typically do not incorporate any policy objectives, nor are they subject to any type of formal debate or action. Accuracy is also an issue: typically, they assume that every agency will “keep doing what they’ve always done”, leaving no allowance for improved productivity, alternative methods of service delivery, or shifting priorities. There is also a tendency to not report bad news, sugarcoating any potential future problem (i.e. out-year estimates that do not include inflation). By their very existence, these techniques tend to promote the budgeting-by-inertia incrementalism that is characteristic of this flawed system and testimony to the poor linkage between policy, planning and budgeting. Even notwithstanding the near-term political time frame, absent the real debate and consideration of the effect of out-year spending and fiscal priorities, these projections are a deservedly ignored appendix to most budget documents.

Far better policy tools exist than these simple out-year forecasts, tools that make these future expenditure estimates real and can contribute to their becoming a focus of policy debate. These tools follow on strategic planning that has already begun, linking County Board priorities to program implementation. This approach does place additional burdens on administration, the County Board, and the spending departments themselves. Absent this top-down

commitment, the process becomes just another set of meaningless forms to complete and the gains from the process are not realized. Further, these reforms also require a bottom-up commitment so that departments are actively involved not only in its preparation but also in advancing new proposals for consideration and actively competing one with another for new dollars in the medium term.

Such a budget plan begins with realistic revenue forecast, clearly noting assumptions and risks to that forecast, followed by strategies and policy objectives and followed further by broad expenditures for the current year and two, three, or four years forward, built upon this revenue forecast. These are budget plans, not a multiyear budget, from which annual budgets are derived. It does not replace these annual or biennial budgets, which still need to be separately enacted (like the current budget). These plans instead provide a set of consistent directions in the preparation of the annual budget, both in guidance to the spending agencies and overall control and direction by the policy making body, the County Board. When combined with performance budgeting, the concomitant performance measures, outcome objectives and benchmarks allow such a plan to incorporate annual and long-term goals to complement expenditure amounts and allow for the assessment of progress towards these goals.

To attempt to develop such a plan in a year or two is, of course, out of the question. By the end of 2011 departments will have prepared simple forward year estimates based on current policy; by the end of 2012 these will be refined and extended to two additional years forward. In parallel, the development of performance and outcome measures will allow for the needed assessment of progress that must accompany such a plan.

Until then, one of the simplest approaches to long-term budget planning is marginal cost and revenue analysis. Without a long-term plan, and the ability to build a complete budget for every forward year in the estimate, this approach considers only change in costs and change in revenues (presuming the current year budget is sustainable, which it largely is). Such analysis is best suited to the evaluation of policy alternatives, but can provide a reasonable baseline forecast. (Please keep in mind, however, the old saying that “all forecasts are inaccurate, especially those about the future.”)

If a baseline budget is sustainable, meaning that current revenues equal current expenditures, than it is by definition balanced for the foreseeable future provided that revenue growth equals expenditure growth. Thus, if there is enough funding to deliver current services then there will be enough funding to deliver future services if revenue increases by the cost of that service increase. It is therefore only necessary to determine what these cost increases are, and whether there will be adequate revenue growth, to determine whether a budget may be balanced.

Table 5 provides some rudimentary estimates for the next two years using a marginal cost analysis. These are very poor estimates; the level of sophistication needed to improve them simply does not yet exist. Further, they are also variable: the attrition savings estimates are larger than in the baseline estimates (Table 1) as it is presumed more action would need to be taken to cover some of the cost increases, as is the case with other potential reductions. Note, also, that the CY 2013 column is less than in Table 1; that is because it measures only change from the prior year, not total amount/

Table 5
Marginal Cost Analysis

Item	Estimated gain or (loss)	
	CY 2012	CY 2013
Cost items		
State aid reductions	(\$430,000)	
Tower insurance	(100,000)	
Debt service	(225,000)	(113,000)
Health insurance (@ 8%)	(240,000)	(240,000)
Salaries and wages	?	?
Materials cost increases	(200,000)	(200,000)
Gross cost increases	(1,195,000)	(553,000)
Savings		
Pension contribution increase	507,000	
Baseline reduction	100,000	50,000
Attrition savings	150,000	50,000
Other potential reductions	150,000	50,000
Growth in sales tax and other revenues	250,000	100,000
Improved delinquency	250,000	200,000
Gross savings and new revenue	1,257,000	450,000
Marginal cost increase (decrease)	62,000	(103,000)
Fund balance above 20%	1,000,000+	1,000,000+

Again, it is far, far too early to tell whether these estimates are even close:

- None of the enabling legislation has been adopted (or allowed to take effect) at the State level;
- We have no knowledge yet of the current status of the County's health insurance fund;

- We have no final audited figures for 2010 so we do not know actual fund balance above the 20% minimum;
- We have not calculated what savings for 2010 are sustainable and what are not;
- Most departments simply do not yet have the capacity to do long term estimation nor is there the support staff within administration to enable them to do so; and
- Such an estimate is based on economic activity that won't occur for another 20 months or so.

It would therefore be foolhardy to recommend any action based on these results; we simply do not know enough, and that is the purpose of the budget process itself – to gather sufficient information so as to learn what actions are needed.

Such action is not immediately necessary in any case. As noted in March, all indicators now show that the County has a reasonable fund balance and likely adequate resources to weather short term economic problems through planning, not through forced reaction. For purposes of the marginal cost analysis, we are assuming that at least \$1 million in resources could be made available and still meet the 20% of General Fund balance target. As better data become available, there will be far more time to consider what, if anything, needs to be done immediately and what can be done over the long term.

CONCLUSIONS AND FURTHER ACTIONS

This analysis would indicate that, although there are potential savings from service reductions and from elimination of programs, they are slight in the context of the overall budget. Even beginning with a \$500,000 “head start” – more if State aid reductions are not included (Table 1) – it is difficult to reach even the \$1 million reduction level, let alone \$2 or \$3 million. The latter figure, most certainly, would require reductions in mandated programs that would violate State or Federal law, resulting in such service losses that would render programs inoperable and would also result in reductions in essential investments in infrastructure that would need to be repaid in the near future, likely at a greater cost.

For now, this analysis therefore occurs in a vacuum. We do not yet have data on the resource envelope – the first step in constructing a budget – nor do we have solid information on those cost drivers needed to calculate expenditures. These will be developed over the course of the coming months. Nonetheless, the priorities developed above can be of value in assembling the budget, if not for 2012 then certainly for 2013 and thereafter. As was the case with the 2011 budget, the 2012 budget recommendation will be accompanied by alternatives for expenditure reduction. These priorities will serve as a basis for construction of these alternatives.

The basic budget challenge is, as there is not enough funding to do everything, it is necessary to decide what to do. The past answer – here and throughout the country – is to keep doing what you have always done, if necessary reducing costs for things like operating expenses but not prioritizing and eliminating services. Prioritization requires considerable effort, but it is critical; as the authors of *Reinventing Government* wrote nearly 20 years ago, “If you can’t measure success, you are probably rewarding failure.” The best answer to the budget challenge of insufficient funds is therefore to review all programs, deciding what is important and what is effective, reducing or eliminating low-performing, unimportant programs to allow funding for those that are highly important and high performing, using the tools of performance budgeting or budgeting for results. This analysis is a step in that long journey.

ANNEX A: RESOLUTION 75-10

C

_____-10
Resolution to Guide County Administrator in 2012 Budget Planning

WHEREAS, DOR, Department of Revenue, data indicates Polk County has "Total Expenditures" considerably higher than similar sized counties selected for comparison; and
WHEREAS, further reduction in "Operational Expense" to address this concern is improbable; and
WHEREAS, CIP sustainability and Debt reduction are in the best interest of Polk County; and
WHEREAS, Polk County will initiate planning for the 2012 budget beginning in January 2011.

NOW, THEREFORE, BE IT RESOLVED the County Administrator is directed to develop (3) three budget outlines for 2012 that reduce "Total Expenditures" by (1) one, (2) two and (3) three million dollars respectively by reduction in personnel and/or services.

BE IT FURTHER RESOLVED, the (3) three outlines will be developed during the time frame starting 1-1-2011 and ending no later than 5-1-2011.

BE IT FINALLY RESOLVED, the County Administrator will prepare planning for multiple years budgeting with a minimum of (2) two years running.

Funding Source: N/A Funding Amount: N/A

Approved as to Form Jeffrey B. Fuge, Jeffrey B. Fuge, Corp. Counsel

Date Submitted to Polk County Board: 12/21/2010

Sponsored and Submitted by;

Ken Sample Neil Johnson

At its regular business meeting on _____, the Polk County Board of Supervisors adopted the above resolution, Resolution _____-10; Resolution to Guide County Administrator in 2012 Budget Planning, by a vote of _____ in favor and _____ against.

William Johnson, IV Board Chair Attest: _____
Carole Wondra, County Clerk

ANNEX B: SURVEY DETAILS

Please rate the following programs based on their importance to the citizens of the county:

Department	Program	Not at all important	Somewhat important	Important	Very important	Critical importance	Rating	Number responding
Administration	Insurance management	1	4	3	10	5	3.61	23
	Payroll processing and benefits administration	1	2	8	6	6	3.61	23
	Preparation of materials for the Board	0	2	6	10	5	3.78	23
	Recruitment, selection and supervision of department heads	0	1	3	11	8	4.13	23
	Policy implementation and oversight	0	2	4	10	6	3.91	22
	Financial management	0	0	1	5	17	4.70	23
Aging	Family caregiver	1	7	10	4	0	2.77	22
	Preventative health	0	6	12	4	0	2.91	22
	Congregate dining	1	4	13	4	0	2.91	22
	Benefit specialist	1	5	8	7	1	3.09	22
	Meals on wheels	0	5	9	6	2	3.23	22
	Transportation for the elderly	0	3	11	6	2	3.32	22
Buildings and Parks	Parks	0	8	8	5	2	3.04	23
	Forestry	1	3	9	9	0	3.18	22
	Buildings and grounds maintenance	1	1	10	8	3	3.48	23
	Recycling and solid waste	1	4	8	6	4	3.35	23
Clerk of Court	Guardian ad litem	1	5	8	5	4	3.26	23
	Family Court Commissioner	1	4	11	2	5	3.26	23
	Jury	2	3	8	6	4	3.30	23
	Court functions	2	1	6	8	6	3.65	23
Corp Counsel/Child Support	Corporation counsel	2	2	7	7	5	3.48	23
	Child support collection	1	0	11	8	3	3.52	23

Department	Program	Not at all important	Somewhat important	Important	Very important	Critical importance	Rating	Number responding
County Clerk	Bounties	10	9	4	0	0	1.74	23
	Housing authority	4	6	9	1	1	2.48	21
	County Board and committees	1	1	11	6	4	3.48	23
	County clerk functions	1	3	3	10	6	3.74	23
	Elections administration	0	0	5	8	10	4.22	23
District Attorney	Victim/witness services	0	3	5	11	4	3.70	23
	Criminal prosecution	0	2	3	10	8	4.04	23
Employee Relations	Collective bargaining	4	1	7	7	4	3.26	23
	Recruitment and position development	2	3	6	11	1	3.26	23
	Compensation and benefit plan administration	2	2	10	7	2	3.22	23
	Employee safety and wellness	1	5	6	10	1	3.22	23
	Personnel policy and state/federal compliance	2	2	6	9	4	3.48	23
Golden Age Manor	Long term care and rehabilitation	3	2	6	8	4	3.35	23
Highways	County aid bridges for townships	1	5	7	7	3	3.26	23
	County highway and bridge construction	0	3	4	12	4	3.74	23
	County highway maintenance (incl. plowing)	0	0	5	9	9	4.17	23
Human Services	Behavioral health services	1	5	7	7	3	3.26	23
	Economic support	0	5	7	9	2	3.35	23
	Adult protective services	0	5	7	7	3	3.36	22
	Juvenile justice and family services	0	3	6	10	4	3.65	23
	Child protective services	0	2	4	10	7	3.96	23
Information Technology	Programming and software development	2	5	6	10	0	3.04	23

Department	Program	Not at all important	Somewhat important	Important	Very important	Critical importance	Rating	Number responding
	HIPAA	3	3	7	7	3	3.17	23
	Network administration	2	4	3	12	2	3.35	23
	IT technical support	1	3	4	14	1	3.48	23
Land and Water	Farmland preservation	0	4	6	11	2	3.48	23
	Runoff management	0	4	4	9	6	3.74	23
	Shoreland compliance	0	2	4	8	9	4.04	23
	Lake protection	1	1	3	8	10	4.09	23
Land Information	County surveyor	2	6	9	5	1	2.87	23
	Geographic information system development	2	4	10	4	2	3.00	22
	Zoning, rural addressing, ordinance enforcement	0	5	8	7	3	3.35	23
	Planning, including comprehensive plan	0	5	9	7	2	3.26	23
Law Enforcement	Jail	0	3	9	8	3	3.48	23
	Emergency management	1	3	7	7	5	3.52	23
	Law enforcement - field services	0	1	4	11	7	4.04	23
	Communication division (911)	1	1	2	8	11	4.17	23
Library	Books to the jail	8	5	4	5	1	2.39	23
	Technical support for member libraries	6	6	6	5	0	2.43	23
	Books and materials by mail/nursing homes	5	8	5	4	1	2.48	23
Lime Quarry	Lime product sales	1	4	10	5	1	3.05	21
Medical Examiner	Death investigations	1	6	7	4	4	3.18	22
Outside Agencies	West Central Wisconsin Regional Planning	5	8	4	5	0	2.41	22
	County Museum	7	3	9	2	1	2.41	22
	North Central International Trade, Business and Economic Development Council (ITBEC)	3	8	5	6	0	2.64	22

Department	Program	Not at all important	Somewhat important	Important	Very important	Critical importance	Rating	Number responding	
	West Cap	2	8	8	2	1	2.62	21	
	Tourism funding (tourism center)	5	3	4	5	5	3.09	22	
	Polk County Economic Development Corporation	1	6	5	9	1	3.14	22	
	County Fair	0	4	8	8	2	3.36	22	
	Birth to 3	1	7	8	5	1	2.91	22	
	Public Health	Home Care	3	4	8	5	2	2.95	22
	Immunization	1	4	11	4	2	3.09	22	
	Prevention Services	0	5	10	6	1	3.14	22	
	Real Estate Transfer returns/fees	0	4	9	5	3	3.33	21	
	Register of Deeds	Record documents/collect fees	0	3	9	4	6	3.59	22
	Vital Records (birth/death/marriage/DP)	0	3	7	4	8	3.77	22	
	Investments	1	2	6	10	3	3.55	22	
Treasurer	Revenue processing and banking	1	1	6	8	6	3.77	22	
	Tax calculation and collection	0	1	5	8	8	4.05	22	
	Family living	3	4	10	4	2	2.91	23	
UW Extension	Ag business	2	2	10	8	1	3.17	23	
	Community and Natural Resources	1	5	7	8	2	3.22	23	
	4-H	3	1	8	10	1	3.22	23	
	Care of veterans' graves	1	4	8	6	2	3.19	21	
Veterans' Service Office	Emergency veterans' relief	1	3	2	11	4	3.67	21	
	Veteran benefit counseling	1	1	2	15	2	3.76	21	

Please rate these same programs base on your perception of their effectiveness in meeting their goals:

Department	Program	Not at all effective	Somewhat effective	Effective	Very effective	Extremely effective	Rating	Number responding
Administration	Insurance management	0	3	10	8	2	3.39	23
	Payroll processing and benefits administration	0	1	10	11	1	3.52	23
	Preparation of materials for the Board	1	2	6	11	3	3.57	23
	Recruitment, selection and supervision of department heads	0	2	9	10	2	3.52	23
	Policy implementation and oversight	0	3	7	10	3	3.57	23
	Financial management	0	1	2	13	7	4.13	23
Aging	Family caregiver	0	6	13	2	0	2.81	21
	Preventative health	1	5	14	2	0	2.77	22
	Congregate dining	1	2	11	7	1	3.23	22
	Benefit specialist	1	3	12	5	1	3.09	22
	Meals on wheels	1	3	10	5	3	3.27	22
	Transportation for the elderly	1	2	11	7	0	3.14	21
Buildings and Parks	Parks	1	4	11	6	1	3.09	23
	Forestry	0	1	15	6	1	3.30	23
	Buildings and grounds maintenance	0	2	14	6	1	3.26	23
	Recycling and solid waste	0	3	8	9	3	3.52	23
Clerk of Court	Guardian ad litem	0	3	18	1	0	2.91	22
	Family Court Commissioner	0	3	18	1	0	2.91	22
	Jury	1	2	16	4	0	3.00	23
	Court functions	0	5	14	4	0	2.96	23
Corp Counsel/Child	Corporation counsel	2	4	10	7	0	2.96	23

Department	Program	Not at all effective	Somewhat effective	Effective	Very effective	Extremely effective	Rating	Number responding
Support	Child support collection	0	2	8	11	2	3.57	23
County Clerk	Bounties	2	8	11	2	0	2.57	23
	Housing authority	1	5	13	2	0	2.76	21
	County Board and committees	1	2	10	8	2	3.35	23
	County clerk functions	0	1	9	9	4	3.70	23
	Elections administration	0	2	6	11	4	3.74	23
District Attorney	Victim/witness services	1	5	15	2	0	2.78	23
	Criminal prosecution	0	9	10	4	0	2.78	23
Employee Relations	Collective bargaining	1	6	11	4	1	2.91	23
	Recruitment and position development	0	3	11	8	1	3.30	23
	Compensation and benefit plan administration	0	3	8	11	1	3.43	23
	Employee safety and wellness	0	2	8	9	4	3.65	23
	Personnel policy and state/federal compliance	0	2	7	13	1	3.57	23
Golden Age Manor	Long term care and rehabilitation	2	8	7	3	3	2.87	23
Highways	County aid bridges for townships	1	2	14	5	1	3.13	23
	County highway and bridge construction	0	3	11	8	1	3.30	23
	County highway maintenance (incl. plowing)	0	2	10	6	5	3.61	23
Human Services	Behavioral health services	0	3	16	4	0	3.04	23
	Economic support	0	7	11	5	0	2.91	23
	Adult protective services	0	3	14	6	0	3.13	23
	Juvenile justice and family services	0	4	12	6	1	3.17	23
	Child protective services	0	4	9	9	1	3.30	23
Information Technology	Programming and software development	0	2	12	7	1	3.32	22

Department	Program	Not at all effective	Somewhat effective	Effective	Very effective	Extremely effective	Rating	Number responding
	HIPAA	0	0	13	9	1	3.48	23
	Network administration	0	1	9	13	0	3.52	23
	IT technical support	0	1	10	10	2	3.57	23
Land and Water	Farmland preservation	1	2	13	7	0	3.13	23
	Runoff management	1	5	9	8	0	3.04	23
	Shoreland compliance	0	4	8	9	2	3.39	23
	Lake protection	2	2	9	8	2	3.26	23
Land Information	County surveyor	0	3	17	2	1	3.04	23
	Geographic information system development	0	5	14	2	2	3.04	23
	Zoning, rural addressing, ordinance enforcement	0	8	9	5	1	2.96	23
	Planning, including comprehensive plan	0	3	15	3	2	3.17	23
Law Enforcement	Jail	0	5	10	8	0	3.13	23
	Emergency management	0	2	12	9	0	3.30	23
	Law enforcement - field services	0	3	9	11	0	3.35	23
	Communication division (911)	0	1	9	11	2	3.61	23
Library	Books to the jail	3	4	8	5	3	3.04	23
	Technical support for member libraries	2	5	9	4	3	3.04	23
	Books and materials by mail/nursing homes	1	6	10	4	2	3.00	23
Lime Quarry	Lime product sales	0	3	13	4	1	3.14	21
Medical Examiner	Death investigations	0	3	10	8	1	3.32	22
Outside Agencies	West Central Wisconsin Regional Planning	2	12	5	3	0	2.41	22
	County Museum	4	5	10	3	0	2.55	22

Department	Program	Not at all effective	Somewhat effective	Effective	Very effective	Extremely effective	Rating	Number responding
	North Central International Trade, Business and Economic Development Council (ITBEC)	4	9	6	2	1	2.41	22
	West Cap	1	13	5	2	1	2.50	22
	Tourism funding (tourism center)	4	6	4	7	1	2.77	22
	Polk County Economic Development Corporation	0	12	4	5	1	2.77	22
	County Fair	0	2	6	12	2	3.64	22
Public Health	Birth to 3	0	4	13	3	2	3.14	22
	Home Care	2	3	10	5	2	3.09	22
	Immunization	1	1	13	7	0	3.18	22
	Prevention Services	0	2	15	5	0	3.14	22
Register of Deeds	Real Estate Transfer returns/fees	0	1	11	8	2	3.50	22
	Record documents/collect fees	0	1	10	9	2	3.55	22
	Vital Records (birth/death/marriage/DP)	0	1	9	10	2	3.59	22
Treasurer	Investments	0	5	7	9	0	3.19	21
	Revenue processing and banking	0	2	9	10	0	3.38	21
	Tax calculation and collection	0	4	7	11	0	3.32	22
UW Extension	Family living	2	3	14	4	0	2.87	23
	Ag business	0	4	15	4	0	3.00	23
	Community and Natural Resources	1	6	10	6	0	2.91	23
	4-H	1	2	11	8	1	3.26	23
Veterans' Service Office	Care of veterans' graves	0	1	11	7	2	3.48	21
	Emergency veterans' relief	0	0	9	9	3	3.71	21
	Veteran benefit counseling	0	0	6	9	6	4.00	21

ANNEX C: METHODOLOGY

The survey used a traditional Likert scale, with five possible answers and no other options (e.g. “Don’t know” or “Not applicable”). Each answer was assigned a numerical score, from one (lowest) to five (highest). Using these numerical scores, the mean score was calculated, or the simple numerical average of all responses. Those questions which were unanswered were not included in this calculation.

In addition to the simple mean calculation, a coefficient of dispersion was also computed. The intent of this measure was to show divergence in opinion on any given program: the larger this coefficient, the more the difference of opinion on a program’s importance or effectiveness. This statistic was calculated as the ratio of the (sample) standard deviation to the mean, expressed as a percentage.

A somewhat more complex approach was used to consolidate measures of effectiveness and measures of importance for purposes of priority ranking. As noted, assigning a relatively low level of effectiveness to a highly important program is not necessarily grounds for reducing the importance of the program; rather, it is an indication that service delivery or approach should be reviewed and reformed. Similarly, increased effectiveness for a low-priority program does not increase its priority. Effectiveness measures affect priority only for those programs that are marginally important – a mean ranking between 3 and 4 – and then enter in only as the deviation from 3 in effectiveness times 50%. For example, if a program is rated 3.5 in importance but 2.5 in effectiveness, then the overall prioritization would be reduced to 3.25 (3.5 plus one-half the difference between 3 and 2.5, or -0.25). Although this is somewhat arbitrary, it is a simple means of linking effectiveness to priority for medium-priority programs.

Note that the use of parametric statistics (mean, standard deviation, coefficient of dispersion) is controversial in interpreting survey results using a Likert scale, with purists arguing for the use of non-parametric statistics. However, given the inherent subjectivity of the process, results should be treated with a fair amount of caution in any event; the use of parametric statistics adds only a marginal amount to that caution.