



Performance Review

Assessment of Broward County Staffing Levels

March 21, 2006

Report No. 06-11

Office of the County Auditor

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County Auditor

Executive Summary

This report examines the relative size and growth of Broward County government. We generally concluded that Broward County officials have effectively managed the size and growth of Broward County employment over the past decade, but further actions are needed to ensure appropriate Broward County employment levels in the future. Specifically, we found that:

- Broward County had fewer full-time employees per 10,000 residents in Fiscal Year 2004-05 than most comparable counties. Our analysis disclosed that Broward County's employment level ranked second lowest compared to Florida's six most populous counties and second lowest compared to four other U.S. counties that are closest to Broward County in population and budget size. *(See Finding 1, page 10)*
- The growth of Broward County employment has been similar to or slower than the growth of the general labor workforce. Broward County's annual employment growth rate of 1.6% between 1994 and 2004 closely matches the 1.4% annual growth rate in the state and local government sector during the same period and is considerably lower than the annual growth rates during this same period for the general workforce in Broward County and the State of Florida. *(See Finding 2, page 15)*
- Most of the growth in Broward County employment over the past decade is due to new or expanded libraries, parks and public transit services. From Fiscal Year 1996-97 to Fiscal Year 2005-06, the net increase in the number of Broward County full-time employees was 807 positions, of which 719 (89%) were within three divisions of the Community Services Department. These positions were needed to staff new or expanded libraries, parks and public transit services. *(See Finding 3, page 18)*
- Several factors helped to control Broward County's employment growth rate over the past decade, including a strategy implemented in 1998 that limits funding of new staff positions to those activities directly linked to County Commission mandates, the Office of Management and Budget (OMB) staff justification procedures and internal consulting services, agency initiatives that improved operational efficiencies, and staff reductions due to annexation. *(See Finding 4, page 20)*
- Further actions should be taken to ensure appropriate Broward County employment levels in the future. The County Administrator should direct County agencies, the Office of Information Technology, and OMB to work jointly to justify existing base staffing levels and conduct analyses to identify opportunities to further reduce staffing levels through privatization and the use of technology. *(See Finding 5, page 26)*

Purpose and Scope

This report examines the size and growth of Broward County government. The purpose of our review was to determine the relative size and growth of Broward County employment, to assess the adequacy of strategies to manage employment growth, and to explore alternative actions that can be taken to ensure appropriate employment levels in the future. To accomplish our objectives, we:

- Analyzed U.S. Department of Labor and Florida Agency for Workforce Innovation labor workforce data;
- Reviewed pertinent U.S. Census Bureau and U.S. Office of Management and Budget statistics;
- Analyzed budget and employment data for selected other Florida and U.S. counties to enable comparisons in county employment levels;
- Surveyed budget officials in selected other counties to identify alternative practices to manage employment growth;
- Reviewed pertinent performance-based budgeting, performance measurement and general management literature;
- Reviewed applicable OMB records and documents, including relevant policies and procedures; and
- Conducted interviews with appropriate OMB managers and analysts, County Administration officials, and selected County agency managers and staff

Background

The size of the federal, state and local governments has increased dramatically since World War II. A commonly used measure of government growth is per capita spending. Between 1948 and 2004 the average annual growth rate in real per person federal expenditures and state and local expenditures was 2.7% and 3.2%, respectively. Total government expenditures per person (federal, state and local governments combined) totaled \$2,350 in 1948 and nearly \$12,150 in 2004.

The size of Broward County government's budget nearly doubled in the past decade. Broward County's budget for Fiscal Year 2005-06 was \$3.01 billion, which is 83% higher than the budget for Fiscal Year 1996-97 of \$1.65 billion.

Several factors have generally contributed to the growth of state and local governments in recent years:

- **Population growth.** Changes in the size and demographics of a population influence the demand for goods and services. For example, a growing and aging population increases demand for health and social services. Broward County's population grew by 44%, from 1.26 million in the 1990 census to an estimated 1.82 million in 2006. Broward County's population is projected to grow by 18%

during the next decade, according to Planning Services Division projections. This dramatic population growth is certain to influence the scope and types of services provided by Broward County government.

- **New Federalism.** Because much of the power and autonomy of the U.S. states was perceived to be lost to the federal government as a consequence of New Deal policies and initiatives, the objective of New Federalism is to restore certain powers of the federal government to the states. Since the enactment of new regulations in the 1980s state and local governments have taken on greater responsibilities that had been traditionally the purview of the national government. In some cases, federal government mandated responsibilities came without funding from the federal government. In 2005, the National Association of Counties (NACO) conducted a survey of 30 counties, including Broward County, to determine the financial burden facing counties due to unfunded mandates. Unfunded mandates refer to federal government requirements imposed on state and local governments “without adequate funding.”¹ The NACO study concluded that some mandates, particularly environmental and uncompensated health care, placed a significant financial burden on many U.S. counties.
- **Emerging policy issues.** The dynamic nature of American public policy creates pressures to expand or modify existing government services or develop and implement new services. For example, the attacks of September 11, 2001, increased demand for greater security initiatives at every level of government. To meet increased security demands at Port Everglades, for instance, the County has adopted a \$40 million security capital improvement program to enhance security measures. Another example of an emerging policy issue impacting Broward County is affordable housing. To address rising concerns related to this issue, Broward County officials are exploring several options which will likely involve increased public expenditures.

Controlling government growth is a critical challenge

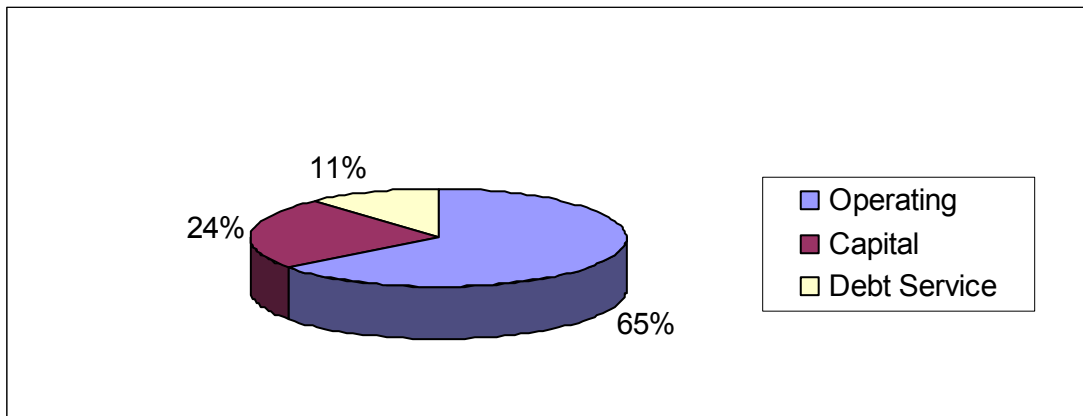
Government officials face the increasingly challenging task of controlling government growth while at the same time meeting increased demand for public services. Because government services are generally labor-intensive, government employee salaries and benefits typically comprise a large portion of a government’s budget. Thus, controlling the growth of Broward County employment is a key factor in controlling the overall budget growth.

As shown in Exhibit 1, Broward County’s Fiscal Year 2005-06 for all funds was \$1.94 billion, which represents 65% of the total budget. Of the operating budget, \$760 million, or 39%, was for employee salaries and benefits.²

¹ Unfunded Mandates Reform Act, Public Law No. 104-4, March 22, 1995

² For Fiscal Year 2005-06, \$670 million of the net general fund total of \$1.08 billion (62%) was for personal services.

Exhibit 1
Broward County's Fiscal Year 2005-06 Operating Budget
comprises 65% of the total budget



Source: Broward County Fiscal Year 2005-06 Budget Document

Broward County's annual budget process involves several key players

Preparing the County's annual budget involves several key entities and individuals. Every year, many County departments and staff are involved in budget preparation activities. Some of the key players involved in the budget preparation process are:

- The Office of Management and Budget (OMB), in accordance with County policy, is responsible for "all activities relating to the allocation of County resources."³ According to Chapter 9 of the Broward County Administrative Code, OMB's primary functions include preparing and administering the annual County budget and five-year capital program; assisting County agencies in preparing and managing their budgets; analyzing and assessing the fiscal impact of existing and proposed County policies; and assessing the effectiveness and impact of County programs through program analysis and evaluation.
- County agencies are responsible for administering and delivering County services. In the budget preparation process, County agencies identify needs based on established goals and priorities, submit funding requests to OMB and provide written supporting documentation to justify funding requests. County agency staffs also attend budget workshops to seek policy direction and Board of County Commission's approval for recommended budgets.
- The County Administrator, as the chief administrative officer for the County, is responsible for the administration of all County affairs. During the budget process the County Administrator reviews County agencies' budget requests and

³ Administrative Order No. 400, Budget Development and Administration Internal Control Handbook, Chapter 1, Section 2

provides direction to OMB on budget and policy issues. The County Administrator also reviews and modifies the proposed budget and five-year capital program and submits the revised budget to the County Commission.

- The Board of County Commissioners is the governing body of the County. The Commission conducts pre-budget workshops to discuss County goals and fiscal policies. The Commission also provides direction to County agencies during budget and capital program workshops and conducts two public hearings to solicit citizen input on the proposed budget. The Commission is charged with approval and adoption of the annual operating and capital budget.

Major phases of Broward County's annual budget process

There are three major phases of Broward County's annual budget process: development, adoption and implementation. The following depicts a simplified version of the County's annual budget process:

- The budget development phase involves County agencies identifying needs and submitting documentation for additional funding and staffing to OMB. The Operating Budget Preparation Manual, developed by OMB, provides agencies with guidelines for documentation requirements. Budget analysts review this documentation to make a preliminary determination of the merits of the agency's request. Budget analysts typically request additional information from the agency, and then consult with OMB managers and County Administration to prepare the Recommended Budget and Capital Program.
- The adoption phase involves public and Board of County Commissioners scrutiny of the proposed budget. During two formal hearings, the general public has the opportunity to comment on the budget recommendations. The proposed budget is discussed by the Board of County Commissioners, who makes modifications in funding levels and ultimately approves a final budget.
- The final phase involves implementation of the budget. During this phase OMB coordinates with the Director of the Finance & Administrative Services Department to ensure transactions are closed out at the end of the fiscal year, and are carried out in accordance with generally accepted accounting principles. At the beginning of each fiscal year, OMB prepares a report for the Board of County Commissioners establishing the annual personnel cap for each County department.

Appendix A, page 30, depicts the established timelines for the major activities in the County's annual budget process and the key players responsible for each activity.

Summary and Recommendations

In this report we concluded that County officials have effectively managed the size and growth of Broward County full-time employment over the past decade. Our evidence:

- Broward County had fewer full-time employees per 10,000 residents than most comparable counties,
- Broward County's annual employment growth rate was similar or lower than the annual growth rate of the general labor workforce, and
- Most of the growth in Broward County full-time employment over the past decade is due to new or expanded libraries, parks and public transit services.

We also concluded that several key elements of Broward County's budget process constitute sound practices, according to public budgeting literature. For example, the County Administrator adopted a strategy in July 1998 that effectively limits funding new positions to programs that directly support Commission goals. In addition, OMB guidelines provide clear instructions to ensure agencies provide sufficient justification to fund additional staff positions. Furthermore, agency initiatives and OMB's internal consulting services have improved operational efficiencies, reducing the need for additional staff.

Although the County's current budget development process has apparently helped to control the relative size and growth of Broward County employment in the past, further actions should be taken to ensure appropriate employment levels in the future.

To provide sufficient information to enable County officials to systematically review base staffing levels and identify opportunities to reduce staffing levels through privatization and the use of technologies, we recommend that the Board of County Commissioners direct the County Administrator to take the following actions:

- Require each County agency to collect and report reliable performance data for its major services and activities during the Fiscal Year 2006-07 budget process.
 - To justify base staffing levels, each agency should submit either a staff workload analysis conducted within the previous year or actual workload data and the industry workload benchmark.
 - To identify privatization opportunities, each agency should submit either a cost-effectiveness analysis conducted within the previous year or actual unit cost data and the industry unit cost benchmark.
 - To identify opportunities to reduce staffing levels through the use of technology each agency should submit an analysis clearly showing the anticipated impact that automation would have on the agency's projected workload and other expected results.

- Require the Office of Management & Budget to devise a plan for systematically reviewing and analyzing agencies' performance data to make recommendations to the Board of County Commissioners during the Fiscal Year 2006-07 budget cycle relative to reducing staffing levels.
 - To justify base staffing levels the Office of Management & Budget needs to independently verify agencies' staff workload analysis.
 - To identify opportunities to reduce staffing levels through privatization the Office of Management & Budget needs to independently verify agencies' cost-effectiveness analysis.
 - To identify opportunities to reduce staffing levels through the use of technology, the Office of Management & Budget needs to independently verify agencies' technology requests and to develop written guidelines to prioritize agencies' requests.

Findings

The relative size and growth of Broward County employment is low compared to similar counties, both within and outside the State of Florida. Most of the net increase of full-time employees over the past decade can be attributed to new or expanded libraries, parks and public transit services. Although Broward County officials have effectively managed the size and growth of Broward County employment, further actions should be taken to ensure appropriate Broward County employment levels in the future.

Finding 1

Broward County has relatively fewer full-time employees than comparison counties

We examined three primary indicators of the size of Broward County employment:

- The number of Broward County full-time authorized positions for Fiscal Year 2005-06;
- The number of Broward County employees per 10,000 residents; and
- The number of Broward County employees per 10,000 residents compared to similar counties, both within and outside the State of Florida

Broward County full-time authorized positions

For Fiscal Year 2005-06, Broward County had 6,950 full-time authorized positions.

Exhibit 2 shows the breakdown of full-time authorized positions by County department. Our count excludes full-time staff positions related to elected officials, law enforcement and fire/rescue, and the judicial system.⁴ For example, our count of Broward County employees does not include: 5,831 Sheriff's Office personnel, 233 Property Appraiser's Office employees, 80 Supervisor of Elections Office staff and 37 judicial system employees.

⁴ The Broward County operating budget for Fiscal Year 2005-06 did not include staff for the Clerk of Courts because that operation became an independent entity in July 2004 as a result of Article V legislative actions.

Exhibit 2
Full-Time Authorized Positions by Department,
Fiscal Year 2005-06

County Department	FTE Positions
Aviation	413
Boards and Agencies	73
Community Services	2,719
County Administrator	210
County Commission	133
Environmental Protection	154
Finance & Administrative Services	738
Human Services	728
Port Everglades	229
Public Works & Transportation	1,246
Urban Planning & Redevelopment	231
Capital Positions (non-departmental)	76
Total	6,950

Source: Office of Management & Budget

Broward County’s employment level is lower than comparable counties

A measure that is commonly used to assess the size of a public workforce is the number of employees per 1,000 or 10,000 residents. This measure has been used extensively by economists and budget and policy analysts to assess the size of the federal, state and local governments.

To determine the relative size of Broward County government we compared Broward County’s employment level (e.g., the number of full-time employees per 10,000 residents) to other counties, both within and outside the State of Florida. To be as comparable as possible we analyzed the employment levels of the six most populous counties within Florida and the four counties around the country that are closest to Broward County in population and budget size.

Because no two counties are identical in terms of population, geography or types and levels of services it is difficult to make direct comparisons in county employment levels. However, to enable a comparative analysis of Broward County’s employment levels with other counties we adjusted the number of authorized positions for other counties to reflect the core functions and services provided by Broward County.

Specifically, our adjustment of county employee counts uniformly excludes:

- Elected officials or constitutional officer staff positions, such as property appraiser, supervisor of elections (or registrar of voters), sheriff, legislative delegations and clerk of courts;⁵
- Law enforcement and fire/rescue personnel, which in addition to sheriff office personnel includes correctional, jail and detention facility staff, fire marshals, EMS workers and ambulatory services personnel;
- Judicial system employees, including staff positions related to district attorney, public defender, state attorney, legal aid, law library, and public guardian offices or functions;
- Medical personnel, including positions related to regional medical facilities, public hospitals and medical clinics; and
- Positions related to programs administered by the State of Florida, such as agriculture commissioner, public health departments, and weights and measures departments.

Our analysis disclosed that Broward County's employment level (e.g., the number of full-time employees per 10,000 residents) ranked low compared to other counties. We used Fiscal Year 2004-05 employment data to calculate each county's employment level because that data was the most recent available for all comparison counties.

⁵ Although the tax collector is a constitutional officer/elected official in many counties, we did not exclude these staff positions from our count because this function is performed in Broward County by County employees under the direction of a non-elected official.

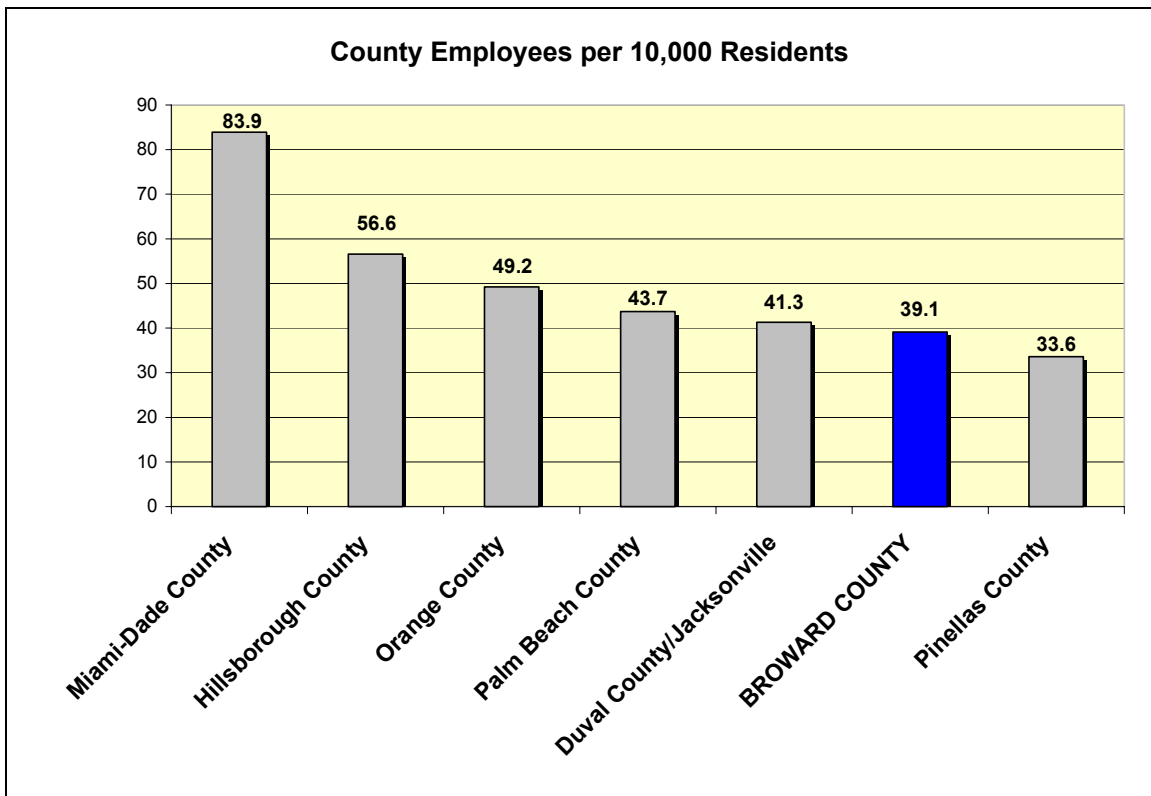
Broward County had fewer full-time employees per 10,000 residents in Fiscal Year 2004-05 than most other populous Florida counties

As shown in Exhibit 3, Broward County’s employment level ranked second lowest compared to Florida’s six most populous counties.

**Exhibit 3
Of Florida’s seven most populous counties, Broward County had the second lowest number of full-time employees per 10,000 residents in Fiscal Year 2004-05**

County	Estimated Population (2004)	FY 05-06 Adopted Budget	County Employees Per 10,000 Residents
Miami-Dade	2,363,600	\$6.85 Billion	83.9
Hillsborough	1,101,261	\$3.45 Billion	56.6
Orange	989,926	\$2.68 Billion	49.2
Palm Beach	1,243,230	\$3.24 Billion	43.7
Duval/Jacksonville	821,338	\$1.28 Billion	41.3
BROWARD	1,754,893	\$3.01 Billion	39.1
Pinellas	928,537	\$1.76 Billion	33.6

Source: Office of the County Auditor analysis



Source: Office of the County Auditor Analysis

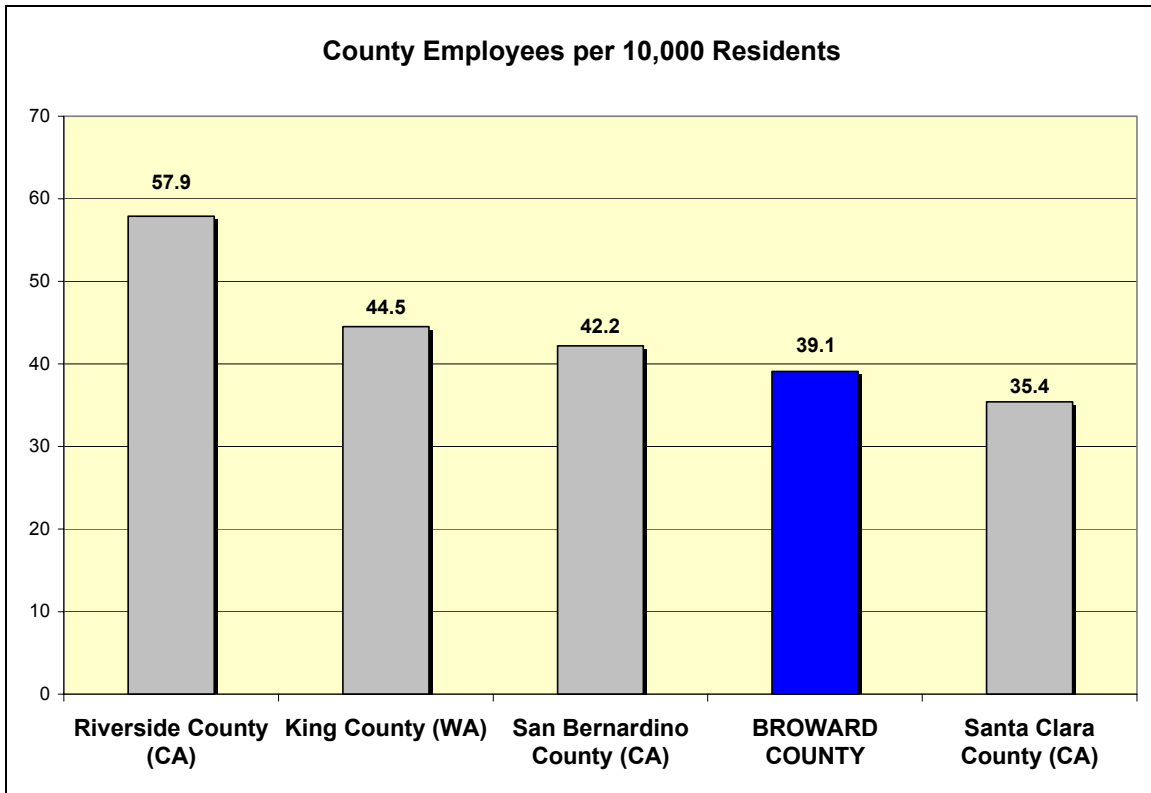
Broward County had fewer full-time employees per 10,000 residents in Fiscal Year 2004-05 than most other comparable U.S. counties

As shown in Exhibit 4, Broward County ranked second lowest compared to four other U.S. counties with similar populations and budget sizes.

**Exhibit 4
Broward County had the second lowest number of employees compared to four other similar U.S. counties**

County	Estimated Population (2004)	FY 05-06 Adopted Budget	County Employees Per 10,000 Residents
Riverside, CA	1,871,950	\$3.55 Billion	57.9
King, WA	1,777,143	\$3.46 Billion	44.5
San Bernardino, CA	1,921,131	\$3.09 Billion	42.2
BROWARD	1,754,893	\$3.01 Billion	39.1
Santa Clara, CA	1,685,188	\$3.79 Billion	35.4

Source: Office of the County Auditor analysis



Source: Office of the County Auditor Analysis

Finding 2

The growth of Broward County full-time employees has been similar to or slower than the growth of the general labor workforce

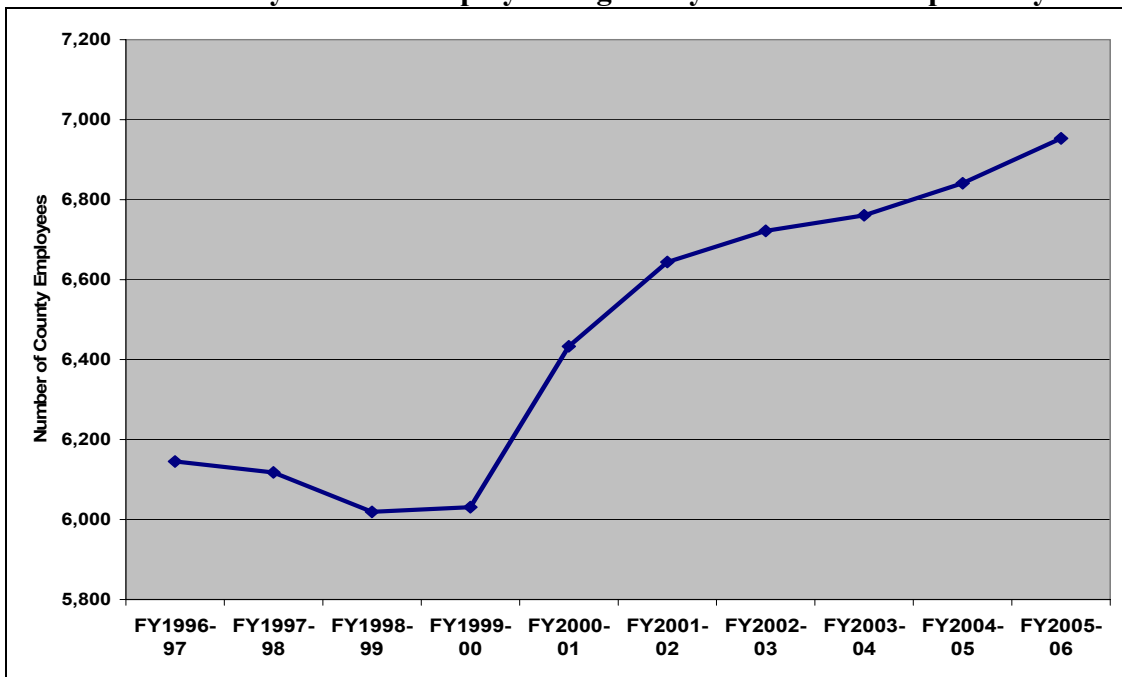
To measure the growth of Broward County employment, we analyzed the following primary indicators:

- The net increase in the number of Broward County full-time authorized positions from Fiscal Year 1996-97 through Fiscal Year 2005-06; and
- The growth of Broward County employment compared to the overall growth in the state and local government sector and the general labor workforce of Broward County, Florida and the United States

Over the past decade, Broward County had a net increase of 807 full-time employees

As shown in Exhibit 5, the number of full-time authorized positions went from 6,143 in Fiscal Year 1996-97 to 6,950 in Fiscal Year 2005-06, or a net increase of 807 positions. This represents an overall growth of 13.1% for this period.

Exhibit 5
Broward County full-time employment grew by 13.1% over the past 10 years



Source: Broward County Authorized Personnel Caps, FY1996-97–FY2005-06

From 1994 to 2004, the growth of Broward County employment closely matched the growth of the state and local government sector

To compare Broward County's employment growth rate to other governments we analyzed U.S. Bureau of Labor Statistics data for the ten-year period from 1994 to 2004. We used this data because it was the most recent available data.

The annual growth rate of Broward County employment for this ten-year period was 1.6%, which is slightly higher than the annual growth rate of 1.4% for the same period for the U.S. state and local government sector.

From 1994 to 2004, the general labor workforce of Broward County and the State of Florida grew at a considerably faster pace than Broward County employment

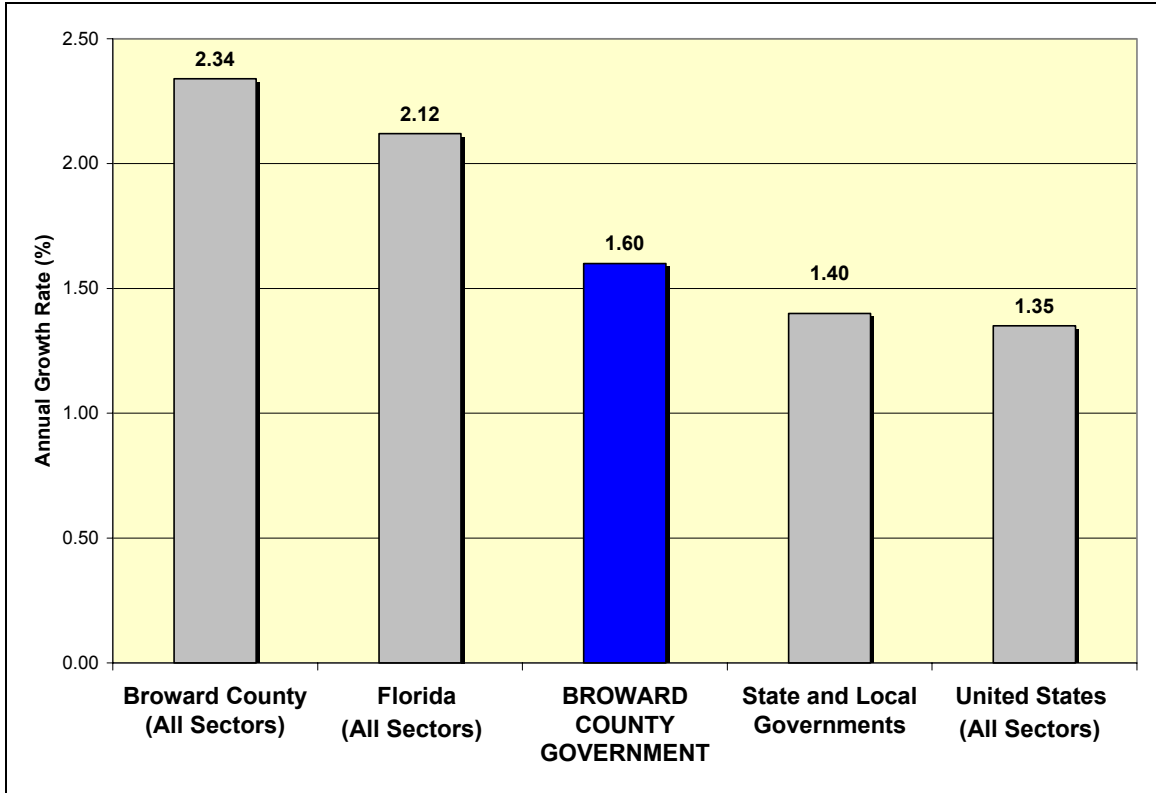
We also analyzed U.S. Department of Labor and Florida Agency for Workforce Innovation statistics to compare Broward County's employment growth rate to the general labor workforce for the period of September 1994 to September 2004. We used this data because it was the most recent data available.

As shown in Exhibit 7, the 1.6% annual growth rate of Broward County employment is lower than the annual growth rate of the general labor workforce for Broward County and the State of Florida. For this same period, Broward County's general workforce grew by 2.34% annually and Florida's workforce grew by 2.12% annually. This means that the growth of Broward County employment was considerably slower than the growth in the general workforce.

However, the annual growth rate of the U.S. labor workforce grew by 1.35% during this same period. This rate of growth is somewhat slower than Broward County's full-time employment annual growth rate.

Exhibit 7

Annual growth rate of Broward County full-time employment compared to state and local government sector and the general labor workforce for Broward County, Florida and the United States for the period of 1994-2004



Source: U.S. Department of Labor and Florida Agency for Workforce Innovation data

Finding 3

Most of the growth in Broward County employment in the past ten years is due to new or expanded libraries, parks and public transit services

To determine the growth in Broward County employment by department, we analyzed Broward County's personnel caps for fiscal years 1996-97 through 2005-06.

Exhibit 8 shows the net increase/decrease in the number of full-time employees from Fiscal Year 1996-97 to Fiscal Year 2005-06 by County department.

Exhibit 8

Most County departments had growth in full-time employees in the past decade

County Department	FY 96-97 FTE	FY 05-06 FTE	Net Increase Or (Decrease)	Percent Change
Aviation	318	413	95	30%
Boards and Agencies	92	73	(19)	-21%
Community Services	2,067	2,719	652	32%
County Administrator	104	210	106	102%
County Commission	101	133	32	32%
Environmental Protection	156	154	(2)	-1%
Finance & Administrative Services	775	738	(37)	-5%
Human Services	628	728	100	16%
Port Everglades	229	229	0	0%
Public Works & Transportation	1,374	1,246	(128)	-9%
Urban Planning & Redevelopment	284	231	(53)	-19%
Capital Positions (non-departmental)	15	76	61	407%
Total	6,143	6,950	807	13%

Source: Office of the County Auditor analysis

Over the past decade the Community Services Department had the largest net increase of full-time employees of all County departments. As shown in the above exhibit, the Community Services Department had an overall net increase of 652 employees for the ten-year period. However, three divisions (Libraries, Parks & Recreation, and Mass Transit) experienced a net increase of 719 employees during this period. Other divisions within the Community Services Department had a net decrease of 180 positions. Of the net increase of 807 full-time employees for all County agencies from Fiscal Year 1996-97 to Fiscal Year 2005-06, 719 employees (89%) were staff assigned to the Libraries, Parks & Recreation and Mass Transit divisions.

Exhibit 9 shows the net increase in full-time employees for the Libraries, Parks & Recreation and Mass Transit divisions within the Community Services Department.

Exhibit 9

Three divisions within the Community Services Department accounted for 89% of the net increase in Broward County full-time employees over the past 10 years

Division	FY 96-97 FTE	FY 05-06 FTE	Net Increase Or (Decrease)	Percent Change
Libraries	636	970	334	53%
Parks & Recreation	491	592	101	21%
Mass Transit	693	977	284	41%
Other Divisions	247	180	(67)	-27%
TOTAL	2,067	2,719	652	32%

Source: Office of Management & Budget

County officials said that these new positions were needed to staff new or expanded libraries, parks and public transit services. These services received additional revenues in recent years from bonds and fees.

- From Fiscal Year 1996-97 to Fiscal Year 2005-06, the County constructed nine libraries and expanded services at 12 other branch libraries as part of a \$139.9 million bond issue approved by voters in March 1999. Additionally, four other libraries were constructed using capital funds. As of February 2006, there were 37 branch libraries in the Broward County Public Library System. The most recent addition was the Weston Branch Library, which was dedicated in February 2006.
- From Fiscal Year 1996-97 to Fiscal Year 2005-06, the Parks & Recreation Division added four new parks and significantly expanded amenities at existing parks. As part of a \$400 million bond issue approved by voters in November 2000, the Division will be responsible for maintaining an additional 1,425 acres of open space and conservation land. As of February 2006, the Parks & Recreation Division operates 60 park sites that provide numerous recreation and leisure activities and special events.
- From Fiscal Year 1996-97 to Fiscal Year 2004-05, Broward County Transit annual ridership increased by 60%, from 23.5 million to 37.5 million riders. For the same period of time, revenue service hours increased by 48%, from 663,908 to 985,731 revenue service hours. This dramatic increase in ridership is primarily attributed to services enhancements funded by one cent gasoline taxes approved by County voters in 1999 and 2001. Since 1999, Mass Transit has increased services by extending several existing bus routes and expanding weekend and evening hours.

Finding 4

Several factors helped to control the growth of Broward County employment over the past decade

We identified four primary factors that contributed to controlling Broward County's full-time employment growth rate:

- Broward County's budget development process helps to justify additional staffing requests made by agencies, which helps limit employment growth;
- OMB's internal consulting services have helped to streamline agency operations and improve productivity, thus reducing the need for additional staff positions;
- Agency initiatives have improved operational efficiencies thus reducing need for additional staff positions; and
- As a result of annexation, the County Commission adopted budgets in the past three fiscal years that eliminated 99 staff positions, resulting in a net decrease in Broward County employees.

Broward County's budget development process provides a framework to help justify staffing requests, thus limiting employment growth

The Government Finance Officers Association (GFOA) has defined four broad principles that provide a framework for conducting sound public budgeting. These principles encompass many functions that cut across the government organization and reflect the fact that the development of a budget is a political and managerial process that also has financial and technical dimensions. The four broad principles are:

- Establish broad goals to provide overall direction to the organization and serve as a basis for decisionmaking;
- Develop and implement specific policies, plans, programs and management strategies to define how to achieve long-term goals;
- Prepare and adopt a financial plan and budget that moves toward achievement of goals, within the constraints of available resources; and
- Evaluate program and financial performance to encourage progress toward goal achievement and make adjustments as appropriate.

Our review of current processes, policies and procedures suggests that Broward County has implemented a structure that comprises many of the basic components enumerated by

the GFOA. We believe this structure has contributed to the County's apparent effectiveness in limiting growth of full-time employment.

County Commission annually adopts strategic goals

Since 1998, the Board of County Commissioners deliberates and adopts strategic goals as part of the annual budget cycle. These strategic goals direct fiscal policy and resource allocation decisions for the upcoming budget year. Each January, the Board revisits and adjusts the previous year's goals, as necessary. In addition, new goals may be added to address emerging issues. The County Commission's adopted Fiscal Year 2005-06 strategic goals are:

- Improve multi-modal mobility and stakeholder options to access the regional economy and amenities;
- Establish that everyone can have an affordable place to call home with reasonable and realistic access to regional economic opportunities and amenities;
- Achieve benchmark and lasting improvement in overall community wellness, wellness outlook, and strategic wellness services;
- Clearly identify industry and economic targets that are most promising to our stakeholders and in context with our goals;
- Develop a collaborative regional policy on redevelopment that inspires inter-jurisdictional partnerships, economically competitive standards, and clarity among all stakeholders;
- Ensure the consistent, strategic placement of knowledge and services infrastructure;
- Invest resources in cultural systems and cultural infrastructure that best support our region as a global destination, a center of learning, and a marketplace of diverse communities; and
- Preserve the environment as a globally competitive value and promote benchmark improvements to our stakeholders.

Unofficial strategy prioritizes funding to support Commission goals

OMB officials told us that County Administration adopted a management strategy in Fiscal Year 1998-99 that in effect limits the funding of new positions to programs that directly support Commission goals. OMB officials said that implementing this strategy means that they rarely recommend funding new positions unless these new positions directly meet a County Commission goal or are needed to staff a new library or park.

To determine the effects of this strategy we reviewed agency budget requests for additional staff positions for Fiscal Year 2005-06. According to OMB's budget preparation manual agencies are required to classify requests for additional staff positions into one of six categories:

- "Workload" requests—additional staff positions are needed to support an increased demand for services;

- “Cost reduction” requests—additional staff positions will result in direct net savings to the County;
- “Mandated” requests—additional staff positions are needed to meet new or revised state or federal regulatory requirements;
- “Revenue generating” requests—additional staff positions will result in net increase in County revenues;
- “Improvement” requests—additional staff positions are needed to meet demands for new programs or enhanced service levels; and
- “Improvement supporting a goal” requests—additional staff positions will meet demands for new programs or enhanced service levels that support the achievement of a Commission goal.

Our analysis disclosed that two-thirds of the additional staff positions recommended for funding by County Administration in Fiscal Year 2005-06 directly related to supporting a Commission goal or staffing new facilities. As shown in Exhibit 10, of the 186 positions recommended by County Administration for funding in Fiscal Year 2005-06, 126 (68%) were classified by agencies as “improvement supporting a goal” or related to staffing new facilities. The remaining 60 positions (32%) recommended by County Administration for funding were classified as “cost reduction,” “workload,” or “improvement” not directly related to a Commission goal. This analysis suggests that County Administration is much more likely to recommend staffing increases if the request is directly related to supporting a Commission goal or is needed to staff new facilities, such as branch libraries or regional parks.

Exhibit 10
Two-thirds of new staff positions recommended to be funded by
County Administration for Fiscal Year 2005-06 was directly related to
supporting a Commission goal or staffing new facilities

FY 05-06 Request Category	New Positions Requested by Agencies	New Positions Recommended For Funding	Percentage of All Recommended Positions
Workload	76.75	17	9%
Cost reduction	65	38	20%
Mandated	0	0	0%
Revenue generating	0	0	0%
Improvement	10	5	3%
Goal supporting improvement	221.5	126	68%
Totals	373.25	186	100%

Source: Office of the County Auditor analysis

Clear Office of Management & Budget guidelines provide framework to justify funding additional staff positions

According to the Government Finance Officers Association's Best Practices in Public Budgeting, a government should prepare general policy guidelines and budget preparation instructions for each budget cycle. Budget guidelines and instructions help ensure that the budget is prepared in a manner that is consistent with government policies and the desires of management and elected officials. Clear instructions are essential to set expectations, minimize misunderstanding among participants and avoid duplication of work.

Our analysis of Broward County's Fiscal Year 2005-06 budget preparation manual disclosed that it generally conformed to GFOA's best practices and contained critical elements found in other governments' instruction manuals we reviewed. Specifically, Broward County's budget preparation manual requires County agencies to provide a summary of "before and after" data indicating how the agency's performance will be affected by additional staff positions and a quantifiable analysis of the amount of existing workload, the workload standard per employee and how the workforce will be affected by additional staff. These elements are essential to help justify funding additional staff positions.

Independent verification of agency request data

Policymakers need reliable information to make informed budget and policy decisions. To ensure staffing decisions are based on reliable information, it is important that OMB independently review the analysis provided by agencies to request additional staff positions.

Our review disclosed that OMB has established a process to verify the reliability of data submitted by agencies to justify requests for additional staff positions. Although we did not test whether budget analysts conducted independent verification of all agency requests made for the 2005-06 fiscal year, we identified examples of independent verification practices that resulted in OMB correction of agency data. For example, in its Fiscal Year 2005-06 budget request, the Mass Transit Division requested 48 new positions to help reduce overtime expenditures. After independent review and analysis of the data submitted by Mass Transit, OMB determined that only 21 positions were needed to effectively address overtime issues, thus reducing the request by 27 positions.

Department head responsibility for prioritizing budget requests

According to public budgeting literature, primary responsibility for operating budget line items should rest with the agency that will implement the budget rather than with OMB. This makes sense because department heads are more knowledgeable about their operations than budget analysts and they are held accountable for performance. OMB officials told us that an important component of the supplemental budget request process was that department directors must prioritize requests for additional staff

positions. This requirement helps to ensure department directors have direct input and department goals are considered in the budget process. According to the Supplemental Presentation Form, supplemental program requests, which are requests for funds over and above the Core Budget Allocation, must be prioritized by fund, first at the division level and then by the department director.

Agency initiatives improve operational efficiencies, reduce need for additional staff

OMB officials told us that the unofficial strategy mentioned earlier in this report caused County agency officials to find creative ways to manage operations within existing resources. They said that County managers knew that demonstrating an increased workload alone did not necessarily mean that they would receive funding for additional staff positions. Consequently, agency managers found ways to more effectively manage workloads in order to reduce the need for additional employees.

A notable example of a County agency effectively managing a rapidly increasing workload is the County Records Division. In Fiscal Year 2000-01, County Records implemented an automated document recording system to help manage an increasing demand for its services. Since full automation was accomplished, the number of documents recorded annually has increased by 30%, from 800,000 records in Fiscal Year 2000-01 to 1.04 million records in Fiscal Year 2004-05. During this same period of time, Division revenues have increased by 77%, from \$13 million to \$23 million. As a result of automation, County Records was able to operate with the same number of employees it had prior to automation. This example illustrates that automation and other technological initiatives can help agencies deal more effectively with increasing workload demands, while reducing the need for additional employees.

Internal consulting services have improved agency operations and reduced the need for additional employees

Upon a County agency's invitation, OMB provides internal consulting services to help them redesign internal processes, streamline operations, benchmark services, and develop new and updated revenue sources. OMB staff also helps facilitate the development of implementation plans for each of these improvements. According to the County's website, the more commonly-used consulting techniques employed by OMB are program evaluation, operations review, fee development, staffing analyses, accelerated process improvement projects, overtime review studies and customized studies.

Since May 2000, OMB has provided internal consulting services to 24 County agencies. In response to our request for examples of internal consulting projects that reduced agency staffing levels OMB officials cited four studies conducted in 2004 that involved three County agencies.

Our review of these studies indicates that implementation of process improvement strategies streamlined operations at these agencies and reduced the need for additional employees. Some examples are:

- Delays in issuing citations and collecting fines created a backlog of cases for the Animal Care and Regulation Division. By streamlining processes the Division was able to reduce staff time related to these activities and eliminate the backlog without the need for additional staff.
- A new background screening and fingerprinting requirement, effective July 1, 2004, created increased demand for the Child Care Licensing and Enforcement Section. A process improvement study recommended ways to increase operational efficiency in order to meet the new requirements without the need for additional staff.
- A September 2004 process improvement study of the complaint resolution process of the Central Examining Board—Building Code Services resulted in improved customer service and increased staff productivity. OMB estimated that implementation of process improvements resulted in saving 6,300 staff hours annually.

Staff reduction as a result of annexation

Since April 2000, more than forty neighborhoods in Broward County have been annexed into municipalities.⁶ According to Planning Services Division data, the population living in unincorporated areas of Broward County declined by more than 100,000 residents from April 2000 to September 2005. As a result of annexation, municipalities assumed responsibility for providing services that had been previously provided by the County.

OMB officials reported that 99 full-time employees were eliminated due to annexation in the past three fiscal years. Most of the staff reductions occurred in the Parks & Recreation and Building Code Services divisions.

⁶ Section 171.031, *Florida Statutes*, defines annexation as the “adding of real property to the boundaries of an incorporated municipality, such addition making such real property in every way a part of the municipality.”

Finding 5

Further actions should be taken to ensure appropriate Broward County employment levels in the future

Our analysis indicates that Broward County officials have effectively managed the size and growth of Broward County full-time employment over the past decade. However, we believe further actions should be taken to ensure appropriate employment levels in the future.

- Although the existing budget development process has adequate controls to justify increases in existing staff positions, OMB has not routinely reviewed base staffing levels, which would be useful to ensure the efficient and effective allocation of County resources. To facilitate justifying base staffing levels, each County agency should submit to OMB a staff workload analysis or actual workload data and the industry workload benchmark.
- While there are notable examples of County agencies reducing staffing levels through the use of privatization and new or emerging technologies, OMB has not systematically conducted analyses to identify additional opportunities to reduce staffing levels through privatization and the use of technology. To facilitate this analysis, each County agency should submit to OMB a cost-effectiveness analysis or actual unit cost data and the industry unit cost benchmark and an analysis showing the anticipated impact of automation on reducing staffing levels.

Reviewing agencies' base staffing levels could help ensure more efficient and effective allocation of County funds

Like the budget development process of most public sector entities, Broward County's budget development process consists of making incremental adjustments to the base budget. The base budget is the cost of continuing services of the previous fiscal year. Analysis is performed to determine known cost increases and decreases and miscellaneous operating items are adjusted for inflation. Incremental budgeting is generally used by most governments because it emphasizes making decisions involving incremental changes to the previous year's budget rather than reexamining every allocation in detail. Although a review of the base budget would be a time-consuming endeavor, without such a process OMB cannot ensure that Broward County government operates as efficiently and effectively as possible.

Lack of systematic review of agencies' base staffing levels

Through the current fiscal year, OMB has not established a process to comprehensively review County agencies' base staffing levels. It is critical to determine each agency's appropriate staffing level because allocating more staff positions than is necessary to perform activities is wasteful of limited County resources and having too few staff positions may impede the agencies' ability to achieve desired outcomes.

Although OMB has not systematically reviewed agencies' base staffing levels, it has conducted some staffing analyses through its internal consulting services. In response to our request for examples of staffing analyses it conducted in the past several years, OMB provided a copy of September 2004 report of a Process Improvement Study of the Building Code Services Division, Central Examining Board. In this study, the Office of Management & Budget did a staffing analysis for investigators and support staff. By reviewing actual and projected workload and productivity data the OMB team concluded that 7 FTE support staff positions could be reassigned to perform other responsibilities. The report recommended reclassifying positions and reallocating staff based on actual workload levels.

New budget committee process provides limited information to review base staffing levels

A Fiscal Year 2006-07 initiative by the Board of County Commissioners appears to provide a structure for reviewing County agencies' base operations. The Board of County Commissioners established eight budget committees that will scrutinize departmental budgets. According to the County's website, the eight Budget Committees will "enable the Commission to be proactive and provide staff with more detailed input into the development of the Fiscal Year 2006-07 budget, develop a more detailed understanding of the base operating budget through a program level review of the Fiscal Year 2006 budget, identify areas for improvement, and provide for early input from the public."

To facilitate the Commission budget committee process each County agency, at the section organizational level, are required to complete a Program Review Form. This form has seven parts, requesting information related to the section's performance measures, service delivery mechanisms, resources and future demographic and economic trends that will impact its operations. Specifically agencies are required to provide information related to its efficiency and effectiveness, analysis of its business processes for improving service delivery, and identification of privatization options.

However, the Program Review Form does not provide sufficient information to justify base staffing levels. To justify base staffing levels each agency should conduct a staff workload analysis comparing the agency's workload to the industry benchmark. For example, a social services agency would justify staffing levels with data that the average number of clients served per caseworker meets or exceeds the industry benchmark. Without this information it would be difficult to justify base staffing levels.

Agency-based needs assessments would provide critical workload data

To effectively determine appropriate staffing levels County officials need information about each agencies' ability to meet current and future demand for its key services and activities. A method of collecting this information is agency-based needs assessments. A needs assessment is a systematic examination of:

- The priority and importance of the agency's activities as they relate to current and future demand for the agency's services;
- The causes of performance problems in achieving agency goals; and
- Possible solutions to performance problems.

Conducting a needs assessment is an important component of business planning. In November 2004, County Administration contracted with Fairfield Index, Inc., to conduct a countywide business planning process with the goal of developing business plans for each County agency by September 2008. County Administration expects future business plans to include needs assessment information. When each agency has completed its business plan, the Office of Management & Budget and policymakers will have additional information to enable a review of agencies' base staffing levels.

Privatizing County services could help control future growth

Privatization has been used extensively in recent years to control the size of government employment.⁷ For example, since the late 1970s the State of Florida has effectively used privatization to reduce staffing levels, according to a study conducted by the James Madison Institute. A frequently cited privatization success story is the transfer of the operational responsibility of numerous State correctional facilities from the Department of Corrections to private firms in the 1990s. According to privatization literature, major advantages to privatization include cost savings and the ability to gain access to the most experienced and qualified professionals.

Limited review of privatization options

As of February 2006, the Office of Management & Budget did not have written policies and procedures to review County agencies' operations for privatization opportunities. However, through its internal consulting services OMB has conducted limited analysis of the effects of privatizing selected County services. For example, in October 2005 OMB recommended privatizing the Purchasing Division's surplus program, citing increased efficiency and profitability. OMB analysis showed that continuing the surplus program in-house would cost the County \$51,000 annually; but privatizing this function could make the surplus program profitable. In one scenario identified by OMB, partnering with a private firm would result in net revenue of \$115,000 annually. Generating this level of return-on-investment for the surplus program is a positive impact.

New budget committee process provides limited information to review agencies' cost-effectiveness and base privatization decisions

As addressed previously, the County Commission's Fiscal Year 2006-07 Budget Committee initiative should provide useful information to help County officials identify

⁷ Privatization is the transfer of operations or jobs from the government to the private sector.

privatization opportunities. In the Program Review Form, agencies are required to answer questions such as:

- “What other possible service providers exist and what other methods exist for providing the service?”
- Are there any County agencies providing a similar service? and
- What would be the impact of the service being provided by another provider?”

However, we found the information submitted by agencies in the Program Review Form was insufficient to determine agencies’ cost-effectiveness and base privatization decisions. We analyzed the information provided by 48 agencies in response to the above questions. We found that 31 of these 48 agencies identified specific services or activities that could be provided by other service providers, including 5 agencies whose services were already substantially provided through contracts with for profit or nonprofit providers. Only six agencies reported comparing the cost-effectiveness of its operations to other service providers; however, none of these agencies provided sufficient evidence of their benchmarking analysis. Consequently, the Program Review Form does not provide County officials with sufficient information to identify privatization opportunities.

Lack of unit cost data impedes analysis of agencies’ cost-effectiveness

A primary impediment to the County’s ability to effectively ascertain privatization opportunities is a lack of reliable unit cost data for each major County service or activity.⁸ A good example of a unit cost measure for client-based programs is the “average cost per client served.” Having this information would enable County officials to benchmark County services against other public or private providers of the same or similar services thus determine whether those services can be provided at a lower cost. Without reliable unit cost data, County officials cannot readily determine the cost-effectiveness of specific services and activities.

Although the operating budget preparation manual requires each County agency to collect and report efficiency measures, which is defined by the Office of Management & Budget as the ratio of output per input, OMB does not specifically require agencies to collect unit cost data. The benefits of tracking unit costs were recognized by the 1999 Florida Legislature when it mandated state agencies to report unit costs for primary services and activities.

Our analysis of Fiscal Year 2005-06 performance measures disclosed that most County agencies do not report unit cost data. We found that only 18 of 64 sections (28%) whose set of performance measures we reviewed reported unit cost data.

Exhibit 10 shows the County agencies that reported unit cost measures in the Fiscal Year 2005-05 operating budget document.

⁸ Unit cost is defined as “the cost of producing an output or outcome,” according to the Florida Legislature’s Office of Program Policy Analysis and Government Accountability (OPPAGA).

Exhibit 10
County agencies reporting unit cost data in Fiscal Year 2005-06

DEPARTMENT	DIVISION	SECTION	UNIT COST MEASURE
Boards & Agencies	Greater Fort Lauderdale & Visitors Bureau	Convention Center	Cost per event day (dollars)
Community Services	Mass Transit	Maintenance	Average cost per repair work order (dollars)
		Paratransit Transportation	Cost per trip (dollars)
	Parks & Recreation	Regional Parks	Cost per acre of natural area maintained
Human Services	Elderly & Veterans Services	Community Care for the Elderly Grant	Average monthly care plan cost per consumer served
		Home Care for the Elderly Grant	Average monthly care plan cost per household served
		Mental Health Grant	Average monthly cost of continuous community support
Public Works & Transportation	Fleet Services	Equipment Maintenance	Average maintenance cost per vehicle
		Inventory Control	Average inventory cost per numbered vehicle
		Vehicle Management	Average total cost per vehicle
	Water & Wastewater Services	Administration	Cost per customer contract (\$)
		Waste & Wastewater Information Technology	Average operating cost per workstation
		Fiscal Operations	Average cost per customer account per month
		Retail Water/Wastewater Operations	Cost per million gallons for water treatment and pumping
		Regional Wastewater System	Cost per million gallons for wastewater treatment
		Water Management	Average cost per acre to operate water control districts
		Waste & Recycling Services	Resource Recovery Operations
	Materials Recovery Facility		Contract cost per ton

Source: Office of the County Auditor Analysis

A lack of reliable unit cost data is a major impediment to the County's ability to assess cost-effectiveness and ascertain privatization opportunities. Rather than report unit costs, many agencies report workload efficiency measures, such as the "average number of clients per clinician." While this information is useful for making policy and budget decisions relative to workload it does not provide sufficient information to determine the cost-effectiveness of County services, which unit cost data would provide. Therefore, to effectively identify privatization opportunities County agencies need to collect and report unit cost data.

Using technology to reduce staffing levels

During the annual budget cycle, the Office of Information Technology (OIT) reviews agencies' information technology requests for "technology appropriateness." According to OIT officials, technology appropriateness refers to:

- Ensuring consistency of technology standards and information technology strategic direction;
- Ensuring that systems do not already exist in the County that could meet the need;
- Determining if interdependencies exist;
- Reviewing accuracy of budget estimates and determining if additional operating support (OIT or agency) may be required; and
- Providing alternatives, as necessary

After reviewing agencies' information technology requests for technology appropriateness, OIT makes recommendations to OMB on which agency's requests should receive further consideration for funding. OMB staff review the justification provided by the agencies from a cost-benefit perspective, review the departmental priority for each project and make a recommendation on each project. These recommendations are further reviewed by an Information Technology budget committee and the Information Technology policy council.

We found that the information provided by County agencies in the Program Review Form was insufficient to inform County officials about the feasibility of automating processes to reduce staffing levels. A question on the form is: "Are there current business processes that could be automated to improve service delivery? If yes, what is the process and the potential for improvement?" In response to this question, 38 of 48 agencies we reviewed identified processes that could be automated to improve results. However, none of the agencies provided sufficient information on how the proposed automation would generally improve the agency's performance or whether automation would specifically result in operational efficiencies that could reduce current staffing levels.

Appendix A
Broward County’s Annual Budget Process Consists of Three Major Phases and
Several Key Players

	OMB	County Agencies	County Administrator	Board of County Commissioners
Budget Development Phase				
January	-Forecast revenues and expenditures to prepare for budget process -Analyze capital funds to determine funding available for new projects	-Identify needs and infrastructure upgrades for new and existing facilities -Develop project scope and cost estimates for capital projects		Goal Setting and Pre-Budget Workshops
February				
March	-Provide budget instructions and guidelines to agencies -Analyze budget and capital funding requests	Prepare and submit budget requests to Office of Management & Budget		
April	-Develop recommendations based on Commission goals			
May	-Develop proposed capital program -Analyze elected officials budget requests	-Discuss funding levels with County Administrator	Review and modify proposed budget and capital program	
June	Draft operating budget; recommend five-year capital program		Finalize proposed budget and capital program	
Budget Adoption Phase				
July			Send proposed operating budget and capital program to Commission for review and adoption	
August				Conduct budget and capital program workshops
September				-Conduct two public hearings -Adopt budget and capital program
Budget Implementation Phase				
October	Close end of year transactions	Implement budget and capital program		Establish personnel cap

Source: Office of Management & Budget

