



# Fiscal First Aid Quick Reference

## Inventory Existing Programs

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### Introduction

Financial constraints have forced many governments to take a hard look at the services they offer. A program inventory is a fundamental step, clarifying the breadth of services provided and, ideally, highlighting key characteristics of each program, such as the full cost of providing the program and the level of revenue the program directly generates to support its operations. The inventory provides the basis for discussion about the services that should be provided. A program inventory is also a great foundation for long-term, more strategic treatments like allocating budgets according to the relative priority of different programs or program efficiency reviews.

### Steps to Take

- I. **Define your objectives and goals for the program inventory.** Identifying a program is as much art as science – there is an inescapable amount of subjectivity involved. Therefore, to apply judgment as effectively as possible, be clear about why you are developing a program inventory. Some of the potential purposes are:
  - A. Understanding the complete scope of services government provides.
  - B. Communicating the scope of services to the public in a format that is easy to understand and can be digested by the average citizen (i.e., not too detailed).
  - C. Drawing distinctions between the results (that matter to citizens) provided by different programs. To achieve this, programs cannot be too large or vague.
  - D. Beginning to create transparency in the true cost of doing business by describing what government does on a meaningful level and then identifying costs for those programs.
  - E. Setting the stage for priority-driven budgeting, where programs receive budget allocations based on their contribution towards the government's priority objectives.
  - F. A prelude to program review, where programs are subjected to various efficiency tests to determine if the service delivery method employed is optimal.
  
- II. **Decide what information the program inventory should contain, in addition to the basic description of the program.** Options to consider include:
  - A. **Full cost.** The full cost of the program is its direct cost plus its indirect cost (overhead charges). Full cost accounting makes the true cost of doing business transparent. This allows better planning and decision making about what the real cost of offering a service is. Full costing is especially important if the government envisions eventually going to a priority-driven budget process.
  - B. **Alignment with strategic goals.** Knowing how programs contribute to priority goals enables the government to develop more strategic cutback strategies.



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- C. **Service level.** Describe the level of services provided to the public. If service is being provided at premium level, perhaps service levels can be lowered to reduce costs.
- D. **Mandate review.** List and clearly define any mandates a program is subject to. Then review the current service level against what the letter of the mandate requires. The service level provided might be higher than what the mandate requires.
- E. **Demand changes.** Is demand for a service going up or down? If demand is going down, perhaps the program can be cut back and resources shifted elsewhere. If demand is going up, steps can be taken to manage demand. For example, perhaps means testing can be applied to a social services program that was not tested before.
- F. **Support from program revenues.** Describe the extent to which the program is supported by its own user fees, grants, or intergovernmental revenues. Is there an opportunity to achieve cover the costs of the program more fully?

III. **Develop forms and templates.** Create tools departments can use to describe their programs in a consistent manner, and which capture the information required to fulfill the inventory's purpose. Consider testing the forms and templates with one or two departments and then distributing them to a wider group. Also consider providing training and/or an official point of contact for questions.

IV. **Differentiate programs from functions.** Departments or divisions (e.g., public health, courts, public works, sheriff) are often described as functions or nouns. These are not programs. Programs are action oriented and are more often described with verbs. For example, programs in a sheriff's office might include crime investigations, detentions, and court security. However, programs should not be described in terms of overly detailed tasks. For instance, "supplying a bailiff for court rooms" is a task within the court security program, not a program itself.

V. **Find the right level of detail.** A program is a set of related activities intended to produce a desired result. When constructing a program inventory, it can sometimes be challenging to find the right level of detail. If what is defined as a program is too big or encompasses too much, it will not provide sufficient information – it will be very difficult to describe the precise value that the program creates for the public or to use program cost information in decision making. However, if what is defined as a program is too small, decision makers can be overwhelmed with detail and unable to see the big picture. Also, it might not be cost-effective to track program costs for very small programs.

Generally speaking, if a program equates to 10% or more of total expenditures of the fund in which it is accounted for, then the program should probably be broken down into smaller pieces. If a program equates to either 1% or less of total expenditures or



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\$100,000 or less, then it is probably too small and should be combined with others. Please bear in mind that this is just a guideline – there could be valid reasons for going outside of these parameters. For example, a small program could be much more important than its cost suggests.

Appendix 1 to this document provides an example of program inventories.

### Evaluating Success

1. Every program should pass the “smell test” for the following requirements:
  - The program is a valuable service to taxpayers.
  - The program is not duplicated elsewhere within local government or community support organizations.
  - There are no embedded inefficiencies in the program.
2. The organization has a solid foundation for priority-driven budgeting and/or program review.
3. “Instead of looking to explain what you can’t do without, look hard at how you can make the most of what you’ve got. Doing so will create a culture that encourages innovation and protects those who advocate for innovations that increase accountability while improving results.”<sup>1</sup>

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<sup>1</sup> Stephen Goldsmith, “Cutting Costs Without Cutting Benefits,” *Governing*, February 17, 2010 (available at <http://www.governing.com/hidden/Cutting-Costs-Without-Cutting.html>).



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### Appendix 1 – Sample Program Inventory

Sample Health and Environment Programs	Sample Sherriff Programs
Environmental Planning	Traffic
Air Quality Control	Patrol Precincts
Water Quality	Emergency Management
Ambulance Licensing	Transportation
EIP FoodNet	Court Security
Compliance and Community Safety	Work Release
Vital Statistics	Inmate Food/Medical Service
Immunization Grant	Civil/Fugitive/Warrants
Emergency Preparedness Response	Records
Non-grant Immunization	Dispatch (Communications Center)
Sexually Transmitted Disease (STD)	Academy
Food Protection	Executive
Cities Readiness Initiative	Directed Operations (DOU)
Zoonosis	Critical Incident Response
Cancer Control Initiative	Radio Maintenance
Communicable Disease	Grants Coordinator
Early Periodic Screening, Diagnosis and Treatment	West Metro Drug Task Force
Radon	Crimes Against Children
Health Care Program for Children with Special Needs	Crimes Against Persons
Women, Infants, and Children	Victim Services
Special Needs Nutrition Services	Training and Recruiting
Family Planning	Patrol Administration
Recreation	Criminalistics
Maternal and Child Health Block Grant	Detentions Administration
Prenatal Plus	Crimes Against Property
Housing and Institutions	Special Investigations
Adult Substance Abuse Counseling	Support
Fetal Alcohol Syndrome	Laundry/Custodial
Youth Substance Abuse Counseling	Inmate Worker Program
HIV Counseling and Testing	School Resource Officers
Nurse Home Visitor	Operations/Booking
Specialized Women's Services	Animal Control
Tobacco Cessation	Inmate Welfare
Nutrition Services	Evidence



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Adult Health	Accreditation
Home Visit/Maternity	Crime Analysis
International Travel Clinic	Investigations Administration
Heart Wise Grant	Professional Standards
Health Education	Internal Affairs
Healthy Wheat Ridge	Staff Inspection
Public Health Communications	Volunteer Programs
Home Visit/Children	Community Relations