Toward a Theory of Budgeting for Collaboration

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Presented at the

Public Management Research Conference

Maxwell School of Syracuse University

June 2-4, 2011
The last decade of general public administration scholarship has been energized with studies that extend the inter-organizational conception of public service delivery to programmatic relationships between government agencies and nongovernmental organizations (NGOs) and public-private partnerships in public collaborative networks (Osborne and Gaebler, 1992; Gore, 1993; Cothran, 1993; Robinson, 2000). Network theory, long at home in sociology, has leaped across the academic boundary into public management in an explosion of scholarship on public management networks, network management, the role of public managers in networks, and collaborative partnerships between public agencies and NGOs to deliver public services, especially social services (Sonenblum, Kirlin, and Ries, 1977; Morgan and Hirlinger, 1991; Bartle and Swayze, 1997; O'Toole, 1997).

This shift in the larger public administration literature has yet to be seen in significant ways in the scholarship on public budgeting and financial management. Notwithstanding recent scholarly efforts (Cohen and Eimicke, 2008; Zeemering, 2008; Rubin, 2006; Keating and Frumkin, 2003; Halachmi, 2005; Retemeyer and Hatmaker 2008; Ruffin 2010), there is scant research on how public collaborative networks are financed, how financial accountability works (or does not work) in these networks, and how public organizations budget for collaboration. Themes of financing public organizations, financial accountability, and budgeting process and outcomes need to be extended to the context of collaboration and community outcomes to enrich our understanding of public management networks and their benefits and costs.
This paper investigates the implications posed by collaboration for public budgeting and financial management by viewing the issue through two lenses. First, from the organizational perspective, we construct a theoretical framework to explain how individual organizations ought to adjust their budgetary and financial management systems to address the accountability, transparency, and performance concerns associated with network participation. Second, we recognize that the budgetary implications of governance have been viewed primarily from the participant vantage point; however, the network setting and the process of resource sharing will be central to budgeting for public services as collaboration increases. Therefore, it is imperative that scholars understand how network budgeting functions.

To do this, we attempt to explain how traditional budgetary concepts (budgeting process, budget documents, activity costing, performance measurement, financial management, etc.) associated with public organizations translate to networked organizations. Specifically, we frame this exploration with the question: Do the budgeting processes for governments and public collaborative networks differ? If so, in what ways? To examine this question, we analyze the budget documents of participant and network organizations to see how the relationship is portrayed in terms of cost, service provided, performance targets, actual performance, non-financial contributions (labor, time, etc.), and contractual obligations.
Literature Review

Traditional Conceptions of Budgeting

The budget has long served as an instrument to achieve political and administrative goals. Schick (1966) provides a chronological and heuristic dimension to the study of public budgeting and financial management in his seminal article on the stages of budget reform. He argues budgeting is a field that was developed with an emphasis on controlling government spending, moved to an era that emphasized using the budget and budget process as an executive management tool, and in the mid 1960s had newfound emphasis in planning for multiyear expenditure programs with the advent of complicated weapons systems and entitlement welfare programs. Since that time, Thurmaier and Gosling (1997) have added policy as a fourth function of budgeting as they detail the rapid conversion during the 1980s and early 1990s of three state budget offices from a control orientation to a dominant policy orientation. Together, these four functions have guided public budgetary theory discussions (table 1).

Each function has its root in broader public administration theory. Control of bureaucracy theory guides the control function of budgeting, described as bureaucratic compliance with the law or with the preferences of lawmakers and elected executives (Frederickson and Smith, 2003). Budgeting for control was initiated as part of the Progressive movement to allow elected officials to tighten the purse-strings of the bureaucracy in an effort to reduce waste and corruption (Buck, 1934; Kahn, 1997). Bureaucratic expenditures are effectively controlled by the legislature through programmed rigid line-item appropriations that carried the force of law, heavily emphasizing accountability and transparency.
Alternatively, budgeting for management recognizes that the executive and management principles need to play a greater role in budgeting, in step with the early public management efforts. Efficiency measures borne from scientific management (Taylor, 1912) were utilized in budgeting, and budgeting became part of the famous PODSCORB acronym to describe Gulick’s (1937) notion of public management. Budgeting for planning uses systems theory (Easton, 1965) to shift focus to system outputs, long-term planning, and programmed spending. The planning function of budgeting relies heavily on economic decisionmaking grounded in decision theory and rational choice theory (Frederickson and Smith, 2003).
Finally, budgeting for policy recognizes the need for programmatic prioritization in the face of resource scarcity. Policy analysis continues to influence budgetary decisionmaking, but control of bureaucracy re-emerged as legislatures once again attempted to rein in bureaucracy (Mullins and Joyce, 1991; Axelrod, 1988; Gosling, 2002; Joyce, 2011). This brief review illustrates that public budgeting theory interacts with and takes cue from theories of bureaucratic control, public management, and economics-based theories.

Budgeting for Collaboration
Current public budgeting theory has not yet fully responded to the emergence of public collaborative efforts. Budgeting for collaboration is unique and distinct from the established four budgetary functions because: 1) there are competing interests with a public collaborative network at several levels, creating multiple lenses to view network effectiveness, 2) the accountability equation with a bureaucracy is altered when service is provided by a third-party, 3) activity-based costing transforms from an internal management tool to determining levels of resource sharing, and 4) the lack of institutional norms creates unique budgetary opportunities in emerging networked organizations. It is important to note that a preponderance of public collaborative networks do not involve a financial transaction and therefore do not have budgetary implication (Agranoff, 2006; Thurmaier and Chen, 2009), but a large number of collaborations do, with significant financial contributions at stake.

Within a public collaborative network, individuals and participant organizations bring a number of competing and complementary interests to the table. Provan and
Milward (2001) articulate this by defining three levels of evaluation within such a network: community, network, and agency (participant). If a network can be evaluated at these three levels, there must be distinct interests at each level. In addition, the individuals participating in the network may have personal interests in collaboration, such as skill development, career advancement, and networking. With such an immense confluence of interests and voluntary membership, a public collaborative network must work toward goal alignment in order to achieve the desired network and community outcomes. However, the agency participants may view participation in terms of a principal-agent or contractual perspective. Conflict may ensue if the participant and network goals are not aligned in terms of desired services and cost. The implication is that the collaborative function of budgeting must be viewed through at least two lenses: the participant calculation of whether to participate (i.e., return on investment); and the network process to obtain participant resources, and expend them in a manner consistent with participant expectations and shared goals.

Budgeting for collaboration has significant impact upon the accountability aspect of budgeting. A fundamental consideration for collaboration is that a third-party service provider adds another link to the democratic accountability chain, further distancing citizens from street-level decisionmaking (Cohen and Eimicke, 2008). Participation in a public collaborative network may fall victim to the dysfunctions highlighted by principal-agent theory, such as shirking and moral hazard (Posner, 2009). To maintain accountability, elected officials should take interest in the terms of collaborative participation, establish performance and cost targets, and review performance to ensure compliance; whether this actually occurs is still an unexplained empirical question
(Zeemering, 2008). In addition, Rethemeyer and Hatmaker (2008) identify the existence of fiscal networks within collaborative structures that are interdependent, but distinct from, the policy networks and service delivery networks found in the structures. Consequently, fiscal decisionmaking could be made independent from policymaker input, unless there is an established accountability mechanism.

However, accountability in public collaborative networks can be bolstered in three ways. First, the network and participants’ budget documents can be a tool for accountability via transparency if collaborative agreements (including the scope, duration, cost, and performance requirements) are reported individually within the budget document (Rubin, 2006). Second, Agranoff (2007), while conceding the voluntary nature of collaborative participation, illustrates that resource sharing creates an interdependence that breeds mutual accountability. Third, when trust is built through networks and past success, transaction costs can be minimized as monitoring and compliance needs are reduced (Thurmaier and Wood, 2002; Lackey, Freshwater, and Rupasingha 2002). Thus, trust-based “relational contracting” allows partners to reduce transaction costs and incorporate ambiguity in terms that may be the key to addressing larger, programmatic issues (Thurmaier and Chen 2009). In short, trust lowers barriers that can become potential accountability issues. All three arguments can be seen as effective counters to accountability concerns in public collaboration.

Beyond accountability, the ability to determine the complete cost of collaborative activity also impacts both participant organizations and the collaborative network organization. The advantages and pitfalls of “network-based costing” are similar to those found with the more traditional activity-based costing. Beyond contractual terms,
participant organizations devote substantial unaccounted amounts of personnel, time, and materials to collaborative activities (Thurmaier and Wood, 2002; Thurmaier and Chen, 2009). In order to accurately budget for collaborative activity at either the network or participant level, further research is necessary to determine appropriate tools to capture the entire cost of a collaborative activity, both financial and non-financial costs.

Finally, the lack of institutional norms that are generally found in long-established governmental bodies (Frederickson and Smith, 2003) may allow for enticing budgetary and management possibilities in newly-established networked organizations. Ruffin (2010) cites the Newark (NJ) Downtown District as an example where performance-based budgeting was easily implemented into a public network. She postulates that the implementation ease was due to the lack of institutionalized incrementalism inherent to most public organizations. This indicates that collaborative networks may be a viable vehicle to pursue transparent community outcomes and develop transparent collaborative budgets to achieve those outcomes.

In summary, initial scholarly efforts regarding budgeting for collaboration indicate that the multitude of interests within a public collaborative network require viewing collaborative budgeting through multiple lenses. Further, fiscal and performance accountability is a real concern in collaboration, and the budgetary process can provide the means to ensure democratic accountability. Next, costing mechanisms for collaborative participation need further refinement to accurately capture the cost of participating. Finally, networked organizations represent an opportunity for budgetary reform as they lack institutional barriers to change.
Conceptual Framework

We require a basic conceptual framework of interactions to better understand the relationships between a participant government and the collaborative network. The framework can best be described as a cycle of interaction between the government, the network, and the agency’s constituents. First, the participant government (hereafter, participant) provides resources to the network with the agreement that the network provide a cost-effective service relative to the capacity of the government.¹ Second, the network provides the cost-effective service to the government’s constituents. Third, the government receives positive feedback from the constituents indicating satisfaction with the network-provided service.

However, there are opportunities for dysfunction within the collaborative cycle. First, what if this service provided by the network does not match the government’s desires? Or, what if the service is not well received by the constituents? Thus, feedback mechanisms are necessary to gauge the cost-effectiveness of the service; both at the government level (to ensure compliance with promised deliverables and cost) and the linkage between government and its constituents (to ensure constituent satisfaction).

Then, the government would communicate the negative feedback to the network. The result would then be a reform in service provision to match the government’s preferences, if not the government would have to decide whether to terminate the relationship.

However, an additional concern is raised within this adapted framework: Who speaks for the government when providing negative feedback, or crafting the initial agreement? The government is certainly not a unitary entity, but composed of individual actors organized

¹ We define this as the best product in terms of matching consumer preferences relative to its cost. This is a simplifying assumption to narrow the scope of interactions to those that are explicitly fiscal in nature.
toward a common mission. As the literature shows, elected officials, chief administrative officers, and departmental staff all have interaction with collaborative networks. But upon what interests do they base cost-effectiveness: the community (or the public interest), the viability of the network, the parochial interests of the government, or even personal considerations? How is this standard set for the government, and who ensures the proper interests are represented when interfacing with the network? These questions are difficult to discern, and to date have not been adequately explored.

**Research Design**

The research question will be examined in two phases: 1) a content analysis of budget documents (the focus of this paper), and 2) a survey instrument that varies by respondent type (elected official, CAO, staff liaison to network, and network board member). We investigate three collaborative networks in different fields operating in the Chicagoland region, a small-n study with a convenience sample, consistent with exploratory research. The study incorporates not only the three network organizations, but also their government collaborators that agree to participate. The total sample of networked organizations is three, while the sample of government collaborators is estimated at 63. Most of the government collaborators are local government, although some special districts and a county government are included. The networked organizations were solicited via e-mail, with phone follow-ups as necessary.

The budget document analysis is a test of transparency, as advocated by Rubin (2006), and focuses on the following questions:
• Does the government document describe the services that are provided by the network organization for the partner contributions? Is the expected level of service (provided or received) indicated in the budget of the network organization or the participants? Is the past level of service indicated in either budget?
• Does the network organization document report individual contributions from members?
• Does the participant document report contributions to the network organization?
• Does the network organization document account for non-financial contributions (labor)?
• Does the government document account for non-financial contributions (labor)?
• Is the rationale for determining cost explained in the network organization or the participant document?
• Are any long-term obligations to the network considered in the participant document?

From these questions, we will be able to expand on Rubin’s examination of transparency within the budget document. Whereas her examination was limited to private contracts, this analysis will report findings on transparency regarding public collaboration for the first time. The general characteristic of the three network organizations are summarized in table 2.
Each of the network organizations are discussed in more detail below.

### Description of Public Collaborative Networks

**GIS Consortium**

The GIS Consortium (Consortium) is a collaboration of 17 suburban municipalities located north and west of Chicago (primarily in southern Lake and northern Cook counties) to form a coordinated Geographic Information System. The membership ranges in population from a minimum of 7,038 to a maximum of 64,784, with mean member population of 26,295. The Consortium does not fully provide GIS services to its members—it capitalizes on the efficiency power of joint purchasing to
establish contracts for staffing, infrastructure, mapping, and surveying. Each member then utilizes the contracts to “purchase” the level of service necessary annually for the respective organization. Currently, the Consortium has procured 9.5 full-time employee equivalents as GIS specialists that are assigned to the members based on requested need, with 5 full-time employees providing shared GIS administration. Shared capital and administrative costs are allocated amongst the members based on percentage of pooled staff utilized. Membership is voluntary and has grown from four founding municipalities in 2000 to seventeen in 2010. The Consortium is governed by a board consisting of a staff member from each of the municipalities (typically from the CAO’s office, Public Works Department, or the Information Technology Department).

Northwest Central Dispatch System

The Northwest Central Dispatch System (NWCDS) provides a fully consolidated emergency communications system for twelve adjacent local governments (nine municipalities, two police departments, and one fire protection district) located northwest of Chicago (primarily in northwestern Cook County). The membership ranges in population from a minimum of 7,649 to a maximum of 75,101, with mean member population of 42,513. NWCDS answers about 274,000 emergency telephone calls per year and dispatches about 222,000 police calls and 52,000 fire/EMS calls. Membership has steadily increased from three founding municipalities in 1972 to 12 in 2009. Currently, the authorized staffing levels are 71 Telecommunicators, 2 Alarm Operators, 7 Operations Managers, and 12 Administrative staff. Net costs (exclusive of those funded by telephone and wireless
9-1-1 surcharges) are allocated based on the percentage of calls received from and crews dispatched to a member jurisdiction. NWCDS is governed by a board of the CAOs from each member organization.

**McHenry County Council of Governments**

The McHenry County Council of Governments (McHCOG) serves 34 local governments (23 municipalities, 6 townships, 3 special districts, a community college, and a county) in McHenry County (the extreme northwestern county of the Chicago metropolitan area) by providing lobbyist services, research services, mutual aid networks, joint purchasing opportunities, a best-practices clearinghouse, and networking opportunities for its members. The membership ranges in population from a minimum of 244 to a maximum of 320,961, with mean member population of 23,915. McHenry County COG was created in 1976, but member dues were not assessed until 2004 when an executive director was hired for the first time. Dues are determined by the member’s proportion of population and assessed valuation of all dues-paying members. In addition to the executive director, the organization also employs an administrative assistant. The McHenry County COG is governed by a board consisting of nine chief elected officials from the membership.

**Results**

*Network Budgets*

The three network budgets analyzed for this study demonstrate that the accountability, transparency, financial, and performance considerations found in many municipal
budgets have not yet translated over to those of public collaborative networks. Each of
the three network budgets are evaluated by four criteria: narrative, explanation of
budgetary process, performance targets/results, and explanation of cost allocation.

Evidence meeting the first three criteria (narrative, budgetary process, and
performance data) is non-existent in the budgets studied. All three network budgets
provided are in spreadsheet format, with reference to past and future year budgeted
amounts—two provide previous year actual spending as well. In all three budgets, no
narrative is provided to explain fluctuations in spending and/or revenue, tie amounts to
organization priorities, or explain short- and long-term organizational issues. None of the
budgets provide any explanation of the budgetary process followed to propose, discuss,
and approve the budget. Likewise, none of the three network budgets studied contain any
performance targets or prior-year results. Based on this review, we conclude that none of
the network budget documents satisfy the first three criteria listed above.

However, the network budgets illustrate some attempts to satisfy the final
criterion—explanation of cost allocation. The GIS Consortium budget provides a
spreadsheet illustrating the cost allocation by FTEs utilized by the member. As
background information, each member requests a certain amount of GIS Specialist FTE
for the respective organization’s needs (ranging from 0.2 FTE to 1.0 FTE). The shared
costs of the GIS Consortium are then allocated by the organization’s amount of FTE in
proportion to the overall FTE count. The logic of this allocation is provided within the
spreadsheet, but there is not any narrative text to explain the cost allocation as provided
here. The same can be said of the Northwest Central Dispatch System budget document;
however, this budget also provides comparison of the allocation to the previous fiscal
year. The McHenry County Council of Governments budget document does not provide any textual or numeric description of the cost allocation, electing to lump contributions from members into one revenue line. Thus, two of the budget documents include an attempt to illustrate the cost allocation, but without any narrative explanation for ease of reading.

From this review, one can conclude the network budgets studied fall short of the traits found in a model budgetary document. There is no evidence of budgetary narrative, explanation of budgetary process, or performance data—all of which can help bolster accountability and transparency. Some evidence of explanation of cost allocation exists, but without the desired narrative to explain the allocation and the decisionmaking process to arrive at the allocation. In sum, the network budgets in our sample do not meet the criteria necessary to make them effective instruments of accountability and transparency.

**Member Budgets**

A systematic analysis of the member budgets in the three public management networks indicates a low level of transparency and accountability with respect to collaborative budgeting. Examples of collaborative budgeting issues from sample budgets reveals that most members do not provide their taxpayers and other residents with information about the costs of collaborating in networks. As expected, this was particularly true of the small villages that have a simple budget generally. The example below, from Johnsburg’s FY12 budget, is typical (table 3). There is a line item for DUES and within that line item is an amount for the McHenry County Council of Governments. But how much is paid for that membership (or any membership) is unknown to the reader. Presumably the council
members know, but that is not certain, as we did not examine budget discussion documents.

Table 3. Example of Nontransparent Budget for Collaboration Budget Item.

<table>
<thead>
<tr>
<th>Item Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-50-439</td>
<td>COMMUNITY AFFAIRS</td>
<td>9,525</td>
</tr>
<tr>
<td>10-50-440</td>
<td>COMMITTEE EXPENSES</td>
<td>420</td>
</tr>
<tr>
<td>10-50-443</td>
<td>DUES</td>
<td>2,372</td>
</tr>
<tr>
<td>10-50-446</td>
<td>CONTRACT MAINT EQUIPMENT</td>
<td>11,792</td>
</tr>
<tr>
<td>10-50-447</td>
<td>MOSQUITO ABATEMENT</td>
<td>5,000</td>
</tr>
<tr>
<td>10-50-465</td>
<td>OFFICE SUPPLIES</td>
<td>2,500</td>
</tr>
</tbody>
</table>

Source: Johnsburg, FY2012 Budget, General Fund (p. 4).

An improvement over the Johnsburg budget, the Island Lake budget itemizes the dues for different association memberships (Table 4). This table is not available for download on the village website as a PDF. It was quickly made available by the village administration upon direct email request for the project. The table is from a spreadsheet and is on a tab labeled “ADMIN NOTES.” One can quickly discern that the COG is the highest cost membership, followed closely by Lake County’s municipal league membership (which is more expensive than the state’s municipal league membership). Since this is a spreadsheet, and the public PDF documents available on the website have no explanation of memberships and associated costs, there is no explanation available to the citizen about why there is a payment to Lake County’s league and not to McHenry County’s league (which one could infer was paid in the past, since it is a line item without a listed amount).
Table 4. Example of Collaboration Budget Line Items

<table>
<thead>
<tr>
<th>11600 Dues/ Subscriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Clerks of Lake County/McHenry</td>
</tr>
<tr>
<td>Lake County Partners</td>
</tr>
<tr>
<td>McHenry County Municipal League</td>
</tr>
<tr>
<td>Lake County Municipal League</td>
</tr>
<tr>
<td>Illinois Municipal League</td>
</tr>
<tr>
<td>Illinois GFOA</td>
</tr>
<tr>
<td>Sam's Club</td>
</tr>
<tr>
<td>National Arbor Day Foundation</td>
</tr>
<tr>
<td>Island Lake Area Chamber of Commerce</td>
</tr>
<tr>
<td>National Fire Protection</td>
</tr>
<tr>
<td>Quinlan publishing – BPLB</td>
</tr>
<tr>
<td>International association for Electrical Inspectors</td>
</tr>
<tr>
<td>McHenry County Council of Governments</td>
</tr>
<tr>
<td>International code council</td>
</tr>
<tr>
<td>Publications, Books, Notary</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

Source: Island Lake, Illinois FY 2011 Budget

The Woodstock Budget for membership dues (table 5) does little more than list the different costs associated with each membership, but the budget is presented in the budget document PDF downloadable from the city’s website. So it is readily available for citizens to identify without a special request to the administration. In addition, there is some narrative that includes an interesting line “the City Manager’s membership in ICMA and ILCMA, as stipulated in the Manager’s Employment Agreement” (in italics below) to indicate that the cost is not discretionary.
Table 5. Line Item Budget with Brief Narrative, Collaboration Costs.

<table>
<thead>
<tr>
<th>Item</th>
<th>FY08/09 Actual</th>
<th>FY09/10 Actual</th>
<th>FY10/11 Budget</th>
<th>FY10/11 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-01-4-454 Dues &amp; Subscriptions</td>
<td>$11,000</td>
<td>$11,439</td>
<td>$10,347</td>
<td>$11,000</td>
</tr>
</tbody>
</table>

The City’s membership in the Illinois Municipal League (IML) and the McHenry County Council of Governments (MCCG), as well as the City Manager’s membership in ICMA and ILCMA, as stipulated in the Manager’s Employment Agreement, are appropriated in this account. Chamber of Commerce, and McHenry County Historical Society memberships are also accounted for here. In addition, subscriptions are paid from this account. A summary of expenses follows:

- Illinois Municipal League: $1,500
- Illinois City Manager’s Association (ILCMA): $400
- McHenry County Council of Governments (McCOG): $6,100
- International City Management Association (ICMA): $1,400
- Woodstock Chamber of Commerce & Industry: $1,100
- McHenry County Historical Society: $150
- Clerk’s Association: $250
- Subscriptions: $100

**Total:** $11,000

Source: Woodstock, Illinois FY2011 Budget

A transparent presentation of the costs of collaboration will reveal the costs in a line item, and will provide narrative that describes the benefit of the costs. The Crystal Lake budget (figure 1) does not itemize how much the city spends on the COG membership in the dues and subscription line in the executive department budget (p. 37) in the PDF downloadable from the city’s website. However, much later in the document (p 69), the discussion of the Building Division, 2009/2010 Accomplishments describes a commitment of the city for a mutual aid agreement negotiated within the framework of
the McHenry County COG. It is the only mention of the COG—and the services the city gets from it—in the budget document.

**Figure 1. Collaboration Narrative without Specific Cost Item**

![Table Image]

Source: Crystal Lake, Illinois FY 2011 Budget, extract from table, p 37

**Building Division**

**2009/2010 Accomplishments**

Mutual Aid Agreement: The City approved an intergovernmental agreement where the Building Division will assist other communities with disaster damage assessment. The agreement was coordinated through the McHenry County Council of Governments.


The most elaborate discussions of network participation costs and benefits are found in the Arlington Heights budget related to the NCDS; and the Lake Forest and Lincolnwood budgets related to the GIS Consortium. In Arlington Heights, the village manager’s
transmittal letter (pp. 3-14) includes a brief mention that the cost reductions in the budget include (item #10) reductions in dispatch center costs (p 9):

10. $24,400 Reduce central dispatch cost.

The financial summaries section of the village budget (pp. 26-39) includes several mentions of the dispatch network. Identifying village revenues, the definition of Sales/Reimbursables/Rents (p 30) includes:

reduced rent from Northwest Central Dispatch due to the savings from the bond refinancing. Other revenues decreased due to the proceeds of the Northwest Central Dispatch bond refinancing being realized last year.

This entry and definition is also repeated when the budget presents revenue categories for FY2012 (p 33):

Sales/Reimbursables/Rents decreased due to reduced rent from Northwest Central Dispatch for debt service payments after the bond refinancing.

The NCDS bond issues are explicitly presented in the summary list of bond issues and debt service requirements (pp. 46-47). The bond refinancing for NCDS is also presented in a discussion of the Debt Service Fund (p. 304):

2010 Refunding of 2002A NWCDS Building – The 2002A bonds to renovate and expand the existing NWCDS Building were refunded. 100% of the debt service will be paid by Northwest Central Dispatch Services agency.
Presenting a summary of village expenditures, the definition of debt service includes (p 31):

Debt Service expenditures decreased as last fiscal year included an advance refunding payment of almost $3 million for the Northwest Central Dispatch building addition bond refinancing (p 31).

The Arlington Heights budget includes several pages of notes to explain the summary table of general fund revenues. Included in the notes is an explicit entry for the NCDS (p 63), which is where one can actually discern—albeit with considerable inference—the relationship between Arlington Heights and the NDSC:

472.56 NWCDS Building Rent
In 2002 the Village of Arlington Heights issued bonds for the expansion of the Northwest Central Dispatch Services Center. NWCDS provides police and fire dispatch services including 911 service to Arlington Heights and a number of surrounding communities. The bonds are being paid by NWCDS in the form of rent. Per an agreement, the Village of Arlington Heights owns the NWCDS building [italics added].

The Planning and Community Development Department coordinates the Plan Commission review process for the village, and the budget document mentions that “Projects coordinated during the past year include; Northwest Central Dispatch…” without any explication (p 162). The Information Technology Division notes (p 414) that:

Police and Fire Dispatching and Routing – The Village jointly owns with eight other communities a cooperative dispatch system called Northwest Central Dispatch Services (NWCDS) to provide Fire and Police dispatch services.

The document further notes that ITD is not responsible for managing the specialized computer and information system operations for police and fire, because these “are handled through the Police PIMS System or through the NWCDS police and fire dispatching cooperative” (p. 414).
Elsewhere, the police and fire budgets in the Arlington Heights city budget, line item section, details that the costs of participating in the Northwest Central Dispatch System is split 75 percent ($654,800 in FY2012) in the police budget (p. 141) and 25 percent ($218,300 in FY2012) in the fire budget (p. 156) as seen in figures 2 and 3, respectively.

Figure 2. Arlington Heights Budget Document, Extract of Police Budget, FY 2011.

One can sum these entries to infer that the village is paying about $873,100 for dispatch services from NCDS, although it is not clear that this is the total cost, since this amount does not appear anywhere in the budget, nor is there a summary entry and discussion of the dispatch center and its costs and revenues elsewhere in the budget document.
The FY2011 Lake Forest budget document has significant presentations of costs and benefits related to participation in the GIS Consortium. The city has reduced personnel 2.0 FTE by purchasing GIS consulting work through the consortium (figures 4 and 5). Note in figure 5 that the budget document identifies participation in other public management networks. It also tasks the city manager with increasing transparency with “online tools.”
REDUCED FUNDING
With declining revenues, the proposed FY11 operating expenses had to be reduced in order to balance the budget and be in compliance with the City’s Fiscal Policies. In FY10, the budget needed to be trimmed by approximately $900,000. In FY11, our target was an additional $500,000. As with last year, the only option available to meet the goal was to eliminate 6.5 positions within the City. These are never easy decisions; especially for a service-oriented business where the loss of personnel can affect how efficiently and effectively we can provide the services….

2) Personnel Reductions – The proposed budget also includes the elimination of 5.5 positions within the City. Two GIS positions will be eliminated through outsourcing the function to the GIS Consortium. In the Community Development Department, one planner position and one inspector position will be eliminated and one clerical position will be reclassified to part-time status. One CROYA youth worker position will be discontinued and one Community Services Officer in the Police Department will be reclassified to part-time status.

FY2010 Highlights
> Initiated collaboration of rail agencies for the commitment of public safety for both pedestrian and vehicular traffic at railroad crossings
> Implementation of Core/Elective Services Program to appropriately identify the allocation of City resources
> Completed RTAP Grant (Forest Green Transit Study) that enhanced and/or identified potential local transit services
> Joined a Geographic Information Systems consortium of local communities to develop low cost effective solutions
> City Clerk facilitated the implementation of new state mandated FOIA policies

FY2011 Initiatives and Programs
> Create educational awareness of pedestrian and vehicular traffic for at-grade railroad crossings
> Study the feasibility of a potential Amtrak stop at the Telegraph Road train depot.
> Implementation of Performance Measurement Program resulting in greater achievement of community and organizational goals through the most efficient allocation of resources
> Continue developing a model natural gas franchise ordinance as a member of the Northwest Municipal Conference and DuPage Mayors and Managers Conference Gas Consortium Group
> Continue the study to determine the feasibility of fire service consolidation
> Office of the City Manager to identify on-line tools that increase transparency for citizens
The Lincolnwood FY 2011 budget includes a clearer statement of what the GIS Consortium does, how the village participates, and at what cost (figure 6). There is not a specific entry in the village budget for the GIS Consortium, however. The Lincolnwood budget (figure 7) also mentions other network participation and associated costs.

**Figure 6. Village of Lincolnwood 2010-2011 Budget (p64).**

The Village also contracts for legal, engineering, and information technology services. These contracts are renewed annually and total $291,000 in the Fiscal 2011 budget. The Village is a member of a consortium where members share costs for Geographic Information Services (GIS) consulting. The Village plans to spend $31,901 as payment to the GIS consultant.

**Figure 7. Village of Lincolnwood 2010-2011 Budget, Administrator Goals (p88)**

4) The Village Administrator’s Office will create a Performance Measurement Consortium with neighboring municipalities. This consortium will identify the key services to measure and will use existing staff to gather the data.

_The Village Administrator’s Office developed a Performance Measurement Consortium consisting of the following municipalities: Buffalo Grove, Deerfield, Glenview, Libertyville, Lincolnwood, Park Ridge, Skokie and Wilmette. Quarterly, this consortium selects specific indicators, collects data, analyzes the information and provides quarterly and annual reports to the member municipalities. Staff uses this data to understand cost saving strategies and best practices utilized by other municipalities to determine if changes in policies and/or practices are warranted here._

The FY2011 Morton Grove budget illustrates the challenge of clarifying network costs. The MIS entry narrative mentions “GIS staffing through the GIS consortium vendor” but one can only infer that the line item of $53,110 for GIS staffing is all to the GIS Consortium, since the consortium is not part of the line item label.
Figure 8. Morton Grove, FY 2011 budget

MANAGEMENT INFORMATION SYSTEMS

Professional Services 02-20-25-55-2110
This account represents estimated costs associated with various professional services needed to maintain and develop the Village’s computer network. The expenses include services for network management consultation, telephone system management & maintenance, GIS staffing through the GIS consortium vendor, GIS contracted services, and any special projects which require professional services. Photogrammetric mapping captures full planimetric features such as building footprint, roads, parking, and sidewalks with a 1-foot contour which will be included in the Village’s GIS. An increase has been added to in telecommunication consulting to conduct a renegotiation of the Village’s Master Discount Agreement for telephone services.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Consulting</td>
<td>$38,500.00</td>
</tr>
<tr>
<td>Telecommunication Consulting</td>
<td>$6,250.00</td>
</tr>
<tr>
<td>GIS Staffing</td>
<td>$53,110.00</td>
</tr>
<tr>
<td>Cable Access Show Production [DJS]</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Photogrammetric Mapping</td>
<td>$15,891.00</td>
</tr>
<tr>
<td>Telephone system maintenance contract</td>
<td>$12,000.00</td>
</tr>
<tr>
<td></td>
<td><strong>$130,751.00</strong></td>
</tr>
</tbody>
</table>

Overall, there were distinct differences in the way participant governments presented network participation costs in their budgets. The least transparent costs are for the McCOG. Most governments rolled the “dues” for COG membership into a single line item with other membership fees, though some list explicit dues costs. Readers are hard pressed to discern the performance value for a COG membership as there is no mention in most budgets at all.

The GIS Consortium network had the most explicit cost presentations, with many documents including the consortium phrase. However, while several documents mention a “GIS consultant” it is not at all clear that this is the GIS consultant through the consortium, though it could be inferred if one knows that the local government is a member. GIS is a critical tool of modern management, so that emphasis may raise the
profile of network value. Still, with the exceptions noted above, there is little learned
about the value of participation by member governments from reading their budget
documents.

Finally, the NWCDS presents an interesting case. The Arlington Heights budget
has explicit mention of the NWCDS as it relates to city costs and revenues. Yet the
budget document never explicitly states that the village hosts the service. It is surprising to
us that NWCDS does not get a specific program presentation in an otherwise excellent
(GFOA Awarded) budget document to highlight these apparently complex relationships.
Understanding the complexity will require a more in depth discussion with NWCDS and
village staff. In most other participant budgets, dispatch costs are simply noted, if they
are highlighted at all.

Conclusions and Next Steps
After completing the content analysis of budget documents for public collaborative
networks and participant governments, several patterns have emerged. In the participant
budget documents, we have observed 1) only limited description of the service provided
by the public collaborative network; 2) most participants provide the basic amount of the
contribution to the network, with no explanation of how the amount was determined; 3)
no discussion of additional contributions to the network—such as staff time, meeting
preparation, compliance monitoring, etc.; 4) no discussion of the term of commitment to
the network (at will, annually, multi-year, etc.); 5) typically less information and
explanation is provided than that found for significant private-sector contracts (e.g.,
refuse collection, street paving); and 6) there is little to no discussion regarding performance expectations and results from the network.

From the network perspective, the budget documents are typically presented in spreadsheet format and not produced with a public audience in mind. Calculations of member cost allocations are provided, but not always with explanation of the basis for the calculation. Again, there is no discussion of performance targets or results. The document also does not contain any discussion regarding how the budget is proposed, discussed, and ultimately adopted. In short, the public management network budget documents fall far short of the criteria for achieving a budget document award from the Government Finance Officer Association (GFOA).

Based on these observations, we find that there is tremendous room for growth toward any effort of using budgetary documents to enhance accountability and transparency in public collaboration. Specifically, we echo Rubin’s call to include the scope, cost, term, performance standards, and results in budget documents for each collaborative and contractual effort engaged by a government. In addition, we believe that the best practices in collaborative budgeting should be enumerated and evaluated—similar to the GFOA budget presentation awards program. In order to foster accountability and transparency, participant governments should provide full detail of their collaborative activities within their respective budgetary documents, while public collaborative networks should move toward producing budgetary documents complete with narrative, process, and performance standards. By following these steps, the budgetary document can be transformed into a powerful instrument of accountability and transparency in relation to public collaborative efforts.
However, accountability and transparency can be served via avenues other than the budgetary document. As the literature demonstrates, performance evaluation, participant feedback, and conflict resolution mechanisms can also serve these ends. However, more in-depth study beyond budgetary document content analysis is necessary to address these remaining questions. Specifically, we believe the following issues require further examination in order to fully understand democratic accountability within public collaboration:

- How are performance targets defined? How is progress toward the collaborative mission measured? Is success based on contractual terms or citizen satisfaction, both or neither?
- How do CAOs, elected officials, and staff liaisons view their participation in collaborative efforts? Are these viewpoints alike or different? How are these groups involved in collaboration? What interests foster or dampen their involvement in collaboration?
- How do collaborative efforts handle conflict resolution, particularly associated with resource contribution and allocation?

In order to answer these questions, we propose to follow up the content analysis described here with a survey of the local officials participating in these networks. The survey instrument will be distributed to four types of individual network participants: elected officials, CAOs, staff liaisons to the network, and network board members. All government respondents will be asked about network effectiveness, incorporation of network participation into the government’s budget process, and their individual role in the network. Elected officials will also be asked to provide basic information (scope,
cost) about the collaboration to test their familiarity with the effort. Staff liaisons will be further asked to provide information regarding cost tracking and compliance mechanisms. Network board members will be completing the same general survey, except from the network perspective.

The completion of the content analysis and survey will provide new and significant insight into how existing budgetary process at the governmental level incorporates collaborative activities, as well as how public collaborative networks approach budgeting. We hope to gain an understanding of how democratic accountability flows from elected officials to the network and back to the citizen. From this understanding, we can then offer the first attempt at crafting a theory of budgeting for public collaboration.

**Works Cited**


