



Emergency Service Budget Types

No. ED-2016-1 July 14, 2016

Learning Objective: The student will be able to identify the strengths and limitations of the three most common types of budgets used in emergency services.

Budgets are plans which identify what is to be done and link resources to their cost. Budgets reflect the values, goals and objectives of the department and community.

Types of Budgets:

- **Zero-Based Budget (ZBB):** ZBB is designed to limit spending by requiring that expenditures be justified every budget cycle and begins the cycle with no money allocated. This allows policymakers to evaluate and rank programs, and then provide funding based on inputs. ZBB requires significant preparation and has little focus on program results.
- **Performance-Based Budget (PBB):** PBB is focused on program success compared to benchmarks or standards. PBB is designed to support effectiveness by focusing on the program results; however, there is low emphasis on cost.
- **Line Item Budget:** Line item budgets are the most common type of budget used by governments. This budget type provides control of expenditures but does not measure outcomes. Line item budgets are easier to develop and understand and are often built upon the previous year's budget.

To learn more about fire department financial management, consider taking a course at the National Fire Academy. For more information, visit <https://apps.usfa.fema.gov/nfacourses/>.

Reference: "Fire Service Financial Management" (3rd ed.). (2015). Washington, DC: Federal Emergency Management Agency.

Table 1

Budget Type	Strengths	Weaknesses
Zero-Based Budget (ZBB)	Allows programs to be prioritized Designed to limit costs	Workload Less focus on results
Performance-Based Budget (PBB)	Focuses on program outcomes against benchmarks and efficiency	Less focus on costs
Line Item Budget	Easy to use Provides control of expenditures	Less focus on outcomes