

Performance-Based Budgeting: Lessons for California

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What is Performance-Based Budgeting?

- Measure department “success” with several statistical indicators of prioritized department/agency goals.
- Allocate future program funding based on ability to meet stated goals.

Our Task

- Investigate how other states “use” Performance-Based Budgeting in their unique budgeting process.
- Break down other state’s Performance-Based Budgeting strategies.
- Analysis of other states’ systems, to formulate a list of best practices that CA can emulate as it considers implementing PBB.

Overview

- What is performance-based budgeting?
- Goals
- Origin of PBB systems
- Determining Metrics
- Data generation
- How information is displayed
- How information is used
- Lessons learned

Goals of Performance-Based Budgeting

- Accountability
- Efficiency
- Transparency
- Prioritization
- Overcoming Legislative Inertia (Rethinking the “base” of traditional budgeting).

Origins of PBB Systems





New Jersey

- "New Jersey Transparency Center"
- "Track the operations and performance of each department of state government with a particular focus on effectiveness, efficiency, timeliness and service quality"
- Used as tool for judgment on state level

Legislature

- No signs they start PBB themselves
- Legislatures create statutes
- Cooperation with Governor needed!
- Work with Governor
- Work against Governor

Determining Metrics

- Where do they start?
 - Governor
 - Legislature
 - Agency (Rare)
- Who oversees the metrics?
 - Auditing Agency
 - OMB (Or state's equivalent)
 - CBO (Or state's equivalent)
- Number of Metrics?
 - "The Story of The Three Bears"
- Quantitative or Qualitative? Better or Worse?

Where Performance Information is Hosted

Websites of Department Responsible for Producing Data	Dedicated Websites
Office of Planning and Budget Website (Louisiana)	State of New Jersey Transparency Center www.yourmoney.nj.gov
Office of State Budget and Management Website (North Carolina)	Pennsylvania Open Government Home http://www.performanceplan.state.pa.us

How Performance Data is Organized

- Department of Administration
- Department of Commerce, Community, & Economic Development
- Department of Corrections
- Department of Education and Early Development
- Department of Environmental Conservation
- Department of Fish and Game
- Department of Health and Social Services
- Department of Labor and Workforce Development
- Department of Law
- Department of Military and Veterans Affairs
- Department of Natural Resources
- Department of Public Safety
- Department of Revenue
- Department of Transportation & Public Facilities
- Office of the Governor
- University of Alaska

By Department (Alaska)

By Issue Area (Pennsylvania)



Education



Economic
Development



Health & Human
Services



Environment



Public Safety



Consumer
Protection



Government
Efficiency

How the Data is Displayed (Louisiana)

Fiscal Year	2010
Department	19D - Department of Education
Agency	678 - State Activities

Program Id	A						
Program Name	Executive Office						
Objective Num	1						
Objective Name	The Executive Office Program, through the Executive Management activity, will provide information and assistance to the public seeking information and services on the DOE website and use the Communications Office to provide information and assistance to						
PI Num	1						
PI Name	Percentage of Communications Office users rating informational services as good or excellent on a customer satisfaction survey.						
PI Level	PI Format	Prior Year Actual	Perf Standard	PS Revised	Final Variance (%)	Var Ind	PI Code
K	%	92.07	90		4.64	P	8479
Quarter	Target	Actual	Variance (%)	Agency Head Approval	Period Code		
1	90	94.32	4.80	Y	RP		
2	90	92.86	3.18	Y	RP		
3	90	97.87	8.74	Y	RP		
4	90	94.18	4.64	Y	RP		
Q1 Notes	The percentage was based on a reduced survey population due to the Call Center database being down for the second half of the quarter. forty-five callers were surveyed.						
Q2 Notes							
Q3 Notes	The percentage was based on a reduced survey population. There were fewer mailouts and survey responses for the quarter.						
Q4 Notes							
Yearend Notes							

Tradeoffs: Cost vs. Functionality

Oregon



Due to severe budget reductions in Oregon state government, funding for the Oregon Progress Board was eliminated as of June 30, 2009, and the Board is now inactive. The Department of Administrative Services will continue to host the Board's Web content.

Florida

This application is currently offline

Please check back later.

How Is It Used in the Budget Process?

- How often should the data be reviewed?
- Informative vs. Determinative
 - Indiana higher education
- Targeting spending
 - Virginia prisons
- Cutting spending

Lessons Learned

Tradeoffs:

- Control of system
- Cost versus functionality
- Work burden versus responsiveness
- Pilot versus statewide implementation

Lessons Learned

Best Practices:

- Choose goals
- Right number of metrics
- Involve agencies
- Get governor's buy-in
- Diagnostic, not prescriptive
- Not one-size-fits-all
- Realistic expectations