

Accountability in Government Act and Performance-Based Budgeting

LEGISLATIVE FINANCE COMMITTEE
AND STATE BUDGET DIVISION
AGENCY STAFF TRAINING
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Purpose of AGA

- *To provide more cost-effective and responsive government services by using the state budget process and defined outputs, outcomes, and performance measures to annually evaluate the performance of state government programs.*
- *To provide valuable information to citizens of New Mexico*
- *To assist decision makers in prioritizing budget decisions*

The key determinant of whether a governing-for-results process is worth the effort is if public officials, including operating managers, governor's office staff, and Legislators, use the information to improve their programs or policies so as to achieve improved outcomes

-Making Results-Based State Government Work

State Uses for Performance Information

- To provide accountability
- To inform budget and policy choices
- To raise questions and trigger examinations about performance outcomes
- To motivate people to improve government
- To provide data for evaluations
- To support strategic planning
- To identify best practices
- To communicate better with the public

Background Relevant Today

- ⦿ Pre-AGA – budgeted by 11 categories
- ⦿ Transparency afforded by the promise of robust performance reporting reduced to current 5 categories: 100, 200, 300, 400, 500
- ⦿ Traded budget flexibility for increased performance data

A key problem for states in effectively using performance information is getting agency personnel to take the performance information seriously and use the information to help monitor and improve their programs.

-Making Results-Based State Government Work

Elements of Performance Based Budgeting (PBB)

- ***A stated agency purpose***
- ***A defined agency mission***
- ***Annual evaluation of program structure and performance measures***
- ***A performance monitoring system to evaluate results***
- ***Quarterly reporting for key agencies***

Performance-Based Budgeting Cycle

Policy Making
Strategic Planning
Performance Budgeting

Program Management
Management Processes
Performance Monitoring

Program Evaluation
Performance Audit
Financial/Internal Control
Audit

Laws
Appropriations
Provisions
Legislative
Intent

Agency Level
Mandates
Mission
Goals

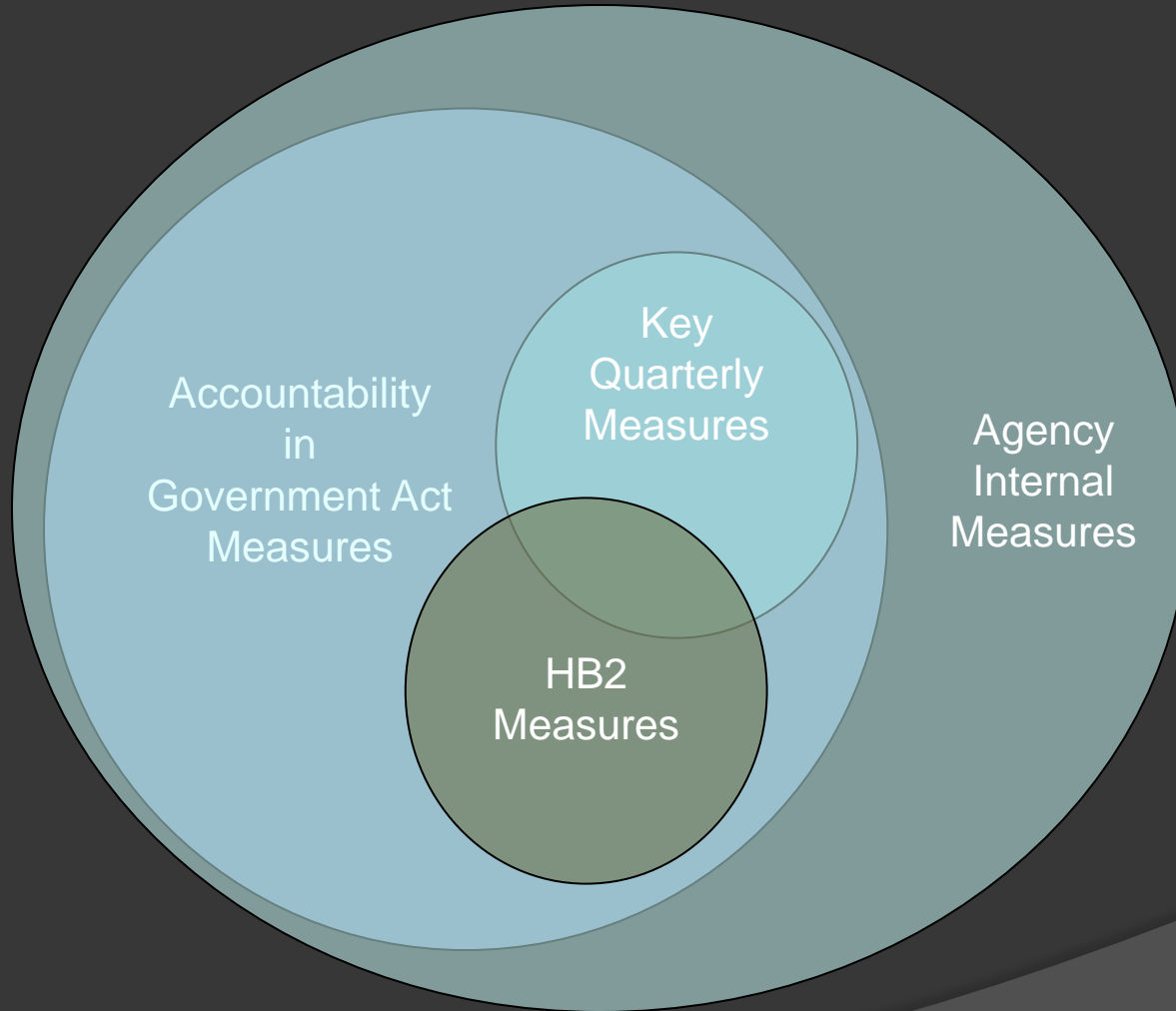
Program Level
Objectives
Targets
Budgets

Service
Delivery

Track/Monitor
Costs
Outcomes

Evaluate
Performance
Efficiency
Cost
Effectiveness

Universe of Performance Measures



Key Elements to Effective Strategic Planning

Where are we now?

Internal/External Assessment

Mission

Where do we want to be?

Vision

How do we get there?

Goals and Objectives

What are measures of success?

Performance Measures

Are goals and objectives being fulfilled?

Monitoring, Tracking, Reporting

Corrective Action Plan

Strategic planning involves:

- ① **Development of a mission statement, goals and objectives**
- ② **An agency's mission is a concise statement of the unique, fundamental, current and future public purposes of the agency and its programs**
- ③ **Goals are more detailed than missions and provide direction to the work, services, programs and activities of an organization that has already identified broad ends through its mission**
- ④ **Objectives are clear targets for specific action. More detailed than goals, objectives are Specific, Measurable, Achievable, Realistic and Time-bound. DFA's instructions to agencies ask that goals and objectives be developed at an agency's program level**

Good Strategic Plans Will Be...

- Consistent with statutory authority,
 - Consistent with legislative interests,
 - Long-term in nature,
 - Recently updated, and
- ⊙ Answer these questions...
- Is the mission a broad, comprehensive statement of the organization's purpose?
 - Do the goals represent the general end purposes toward which agency effort is directed?
 - Are the goals matched with timelines, and is responsibility assigned for them?

Themes for Improving Measures

- ① Link to the strategic plan and/or policy/management objectives
- ① Measure what matters
- ① Emphasize outcomes -- “the measure of the actual impact or public benefit of a program”
- ① Reduce duplicative, output, boring measures
- ① Find relevant outcome or explanatory measures (expanded resource guide)
- ① Use English NOT bureaucratic gibberish

Elements of a High-Quality Measure Continued

- Economical: Collect and maintain quality data in a cost-effective manner
- Accessible: Provide regular information to all stakeholders on results
- Comparable: Allow direct comparison of performance with performance at different points in time.
- Benchmarked: Use best practices standards. Compared to other states' performance
- Relevant: Assess the core function of the program or significant budget expenditure.

Types of Performance Measures

- ◎ Outcome Measure = program results
- ◎ Output Measure = amount of work done (*least emphasis on these*)
- ◎ Efficiency Measure = unit costs to produce goods or services
- ◎ Quality Measure = quality of service level
- ◎ Explanatory Measures = where agency cannot be held fully accountable but the data is high interest to the public. Example - air quality.

Helpful Steps to Improve Measures

- ① Understand the value of the different types of measures
- ② Produce measures that make sense to customers and policy makers and are “doable”
- ③ Select a balanced set of measures
- ④ Establish a baseline of current performance
- ⑤ Review the measures and objectives of similar organizations
- ⑥ Conduct benchmarking reviews to identify best practices

Some Points to Consider

- Review your agency's measures and identify:
 - Which measures are truly meaningful and useful?
 - What new measure(s) would add value to the process?
 - Which measures could be shifted from explanatory to outcome, output, or quality?
- Be ready to meet with DFA and agency and support your ideas about possible changes

Agency Quarterly Report Contents

- Each key measure in the quarterly report should include the following:
 - *A measure statement consistent with the legislative bill drafting style*
 - *Historical data and data for the current quarter*
 - *A brief explanation and corrective action plan for performance targets that were not met for the reporting period or that are not expected to be met for the year*
 - *Measures support stated objective and/or activity that supports program purpose*
 - *Short narrative explaining variance of more than +/- 10 percent*
 - *Short statement of data source and reliability*
 - *Action plan including who, what, where, when.*

Key Elements to Effective Performance Monitoring Plans

- Clearly defines each performance measure and explains how it allows the department to assess progress toward a specific strategic goal.
- Contains:
 - Sources and Methodology
 - Validity
 - Reliability

Benchmarking

- ⦿ Can the measure be accurately benchmarked through best practices in other states?
- ⦿ Did the agency identify the performance standards against which it will measure itself?
- ⦿ Example of National Data:
 - The Pew Center on the States Performance Report – Grading the States
- ⦿ Example of measure: For influenza, New Mexico adults have an immunization rate of 70% compared to the national rate of 69%.

The Performance-based Budget process is a collaborative effort with the executive branch

IMPORTANT DATES:

July 15 – Agencies to propose key measures, changes to program structure and measures, and quarterly reporting formats

July 15 to August 15 – DFA, in consultation w/LFC, to approve measures, program structure, and quarterly reporting formats

September 1 – Agencies to submit budget requests and performance measures with strategic plans and a performance monitoring plan