Better Accountability through Performance-Based Budgeting

(HB253/SB1504)

March 1, 2001
Goals of Performance-Based Budgeting

✓ Increase accountability
✓ Increase efficiency
✓ Cut waste
✓ Improve public management
Benefits of Performance-Based Budgeting

• Links agency funding to performance in achieving expected results, and can include rewards and penalties
• Emphasizes results and outcomes
• Offers policymakers an advance opportunity to specify outcomes and quality levels
• Offers policymakers a more objective basis from which to evaluate agency performance
• Improves knowledge of agency operations
• Improves citizen awareness of government performance
Why Implement Performance-Based Budgeting?

• Policymakers can link agency performance and appropriations
• Performance-based budgeting will improve accountability, and make funding decisions more objective
• Unit-cost measurements can often be determined and used as an additional analytical tool
• Facilitates long-term strategic planning
• Cuts waste and enhances cost savings
How to Implement Performance-Based Budgeting?

- Establish consistent guidelines and procedures by statute
- Establish a small number of performance measures that capture each agency’s major responsibilities
- Build upon existing resources and evaluation strategies to implement enhanced performance measurement
Other States’ Experiences

Several other states have implemented performance-based budgeting. Some successful examples include:

- FL has implemented broad descriptions for major programs and their performance measures/outcomes, and funding
- LA has detailed descriptions for many programs and their objectives, performance measures, and funding
- TX has detailed descriptions for many programs and their goals, outcomes, strategies, output levels, unit-cost data, and funding
**Purposes of HB253/SB1504**

- To establish a pilot project for 3 state agencies, including either 3 cabinet agencies of the executive branch, or 2 cabinet agencies and 1 higher education institution
- To promote intergovernmental coordination, accountability, and the effective allocation of resources
- To provide direction for the delivery of services and a means for defining and achieving agency goals
- To evaluate agency performance annually in achieving its goals and inform the public whether goals are being attained
How will Performance-Based Budgeting Differ from the Current Budget Process?

- Strong linkage of agency performance and appropriations
- Improved accountability, and makes funding decisions more objective
- Establishes a pilot project for no more than 3 state agencies
- Requires no new information in budget requests, just a different format
- Requires an annual performance report
- Unit-cost measurements can often be determined and used as an additional analytical tool
Performance-Based Budgeting, as provided for in HB253/SB1504, would:

• Enhance productivity gains in state government and provide greater accountability of government operations
• Create an environment of constantly looking for waste in government funding
• Promote greater awareness among legislators and the general public about public performance and accountability