

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**

Conclusion

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**