



Budgeting for Results:

Funding Priorities, Improving
Outcomes

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Introduction

Budgeting for Results is a cyclical process that progresses through the course of the fiscal year. Budgeting for Results is also a cumulative process, where each step builds on the step before it.

- The Governor establishes the prioritized outcomes for the coming fiscal year.
- The Governor allocates resources according to the prioritized outcomes.
- Agencies incorporate performance reporting in contracts; providing agency staff a robust tool to continually manage performance.
- Through the course of the year state agencies constantly gather and report data about their programs and activities.
- The data collected throughout the year is utilized in the outcome evaluation phase. Actual program results are measured against the Governor's prioritized outcomes for the fiscal year.
- It is this evaluation of program effectiveness and value for money that informs decisions made during the resource allocation phase for the next fiscal year.



Budgeting for Results

- A well developed and implemented system of Budgeting for Results (BFR) can be revolutionary because it challenges the entitlement mentality of traditional budgeting
- For the first time in the history of the State of Illinois, the budget can be based on how effectively programs provide results, rather than on prior years' allocation
- The emphasis shifts to achieving positive outcomes for the people of Illinois



Four Steps of Budgeting for Results

- I. Establish goals
- II. Allocate resources
- III. Monitor performance
- IV. Evaluate outcomes



I. Establish Goals

The Governor established the following goals:

1. Quality Education and Opportunities for Growth and Learning for all Illinois Students
2. Enhanced Economic Well-Being of Citizens
3. Protection of Citizens' Lives and Property
4. Protection of the Most Vulnerable of our Citizens
5. Improved Quality of Life of Citizens
6. Improved Efficiency and Stability of State Government



Development of Sub-Goals

The Governor's overarching goals provide the framework for the budget. GOMB, incorporating the Governor's priorities, is developing a series of sub-goals which will allow further refinement of the Governor's prioritized outcomes to allow for better measurement and enhanced performance management.



II. Allocate resources

- During the budget development phase, the Governor sets the total amount of money that will be spent in the fiscal year
- Each prioritized result is allocated a percentage of the total amount of money
- The process is then opened to allow the agencies to “bid” on the services they believe they can provide most effectively and economically
- The top ranked bids are listed in descending order until the money for that particular outcome is exhausted



II. Allocate resources (continued)

- At this point a line is drawn, everything above the line will be funded for the fiscal year; the items below the line will not be funded
- The final mix of programs found “above the line” represents the best and most cost efficient opportunities for the state to reach its goals for the upcoming fiscal year
- After the Governor delivers his proposed budget to the General Assembly, the GA deliberates and appropriates a budget based on their determination of prioritized budget outcomes



III. Monitor performance

Two types of measures in performance monitoring:

Activity Measures

- How many hours worked?
- How many clients served?

Output Measures

- Have road traffic accidents decreased?
- Have Common Core Standard (K-8) test scores improved?



IV. Outcome Evaluation

- Are the citizens of the state healthier than last year?
- Are the citizens of the state safer than last year?



Progress

- Development of Strategic Management Assessment Rating Tool (SMART); providing in-house evaluation capability of programs
- Creation of Sub-Goals
- Development of performance metrics
 - RFI posted – 11 responses received
 - RFP in process to develop performance metrics
- Governor appoints BFR Commission (7/31)
- One agency has implemented 14 changes in its contracts to implement budgeting for results.