

## PERFORMANCE MEASURES - OTHER STATES

This memorandum provides summary information on government performance and accountability systems in Alaska, Florida, Louisiana, New Mexico, and Texas. For comparison purposes, an example of North Dakota's Department of Corrections and Rehabilitation appropriation is included in Appendix B.

### ALASKA

Alaska began its performance budgeting system in 1997 and phased it in over a three-year period. In year 1, mission statements were established for each program of each agency. In year 2, performance indicators for one half of the agencies were established and in year 3, performance indicators for the remaining agencies were established.

By statute, Alaska requires agencies to submit performance budgeting information to the legislature. The Alaska statute is included in Appendix A.

State agencies submit proposed program missions and performance indicators to the legislature prior to each legislative session. Subcommittees of the Appropriations Committees review the proposed missions and measures as they develop the missions and measures for each agency for the next fiscal year. These missions and measures are included in a separate bill that is approved by the legislature. The Alaska legislature includes approximately 550 measurement indicators in the bill that is approved each year. An example of the Department of Corrections and Rehabilitation appropriation and the related measures is included in Appendix B. Agencies are not required to develop a strategic plan as part of performance budgeting in Alaska.

There is no formal interim reporting of performance measures information to legislative committees in Alaska.

### FLORIDA

Florida began its performance budgeting system in 1994 and phased it in over a seven-year period. Use of the system is mandated in statute. Agencies are required to include performance information in their budget requests and the Governor is required to submit a performance-based program budget to the legislature. The Florida statute is included in Appendix A.

When implementing the system, the first agencies selected to utilize performance budgeting were those that expressed interest in being involved. In each subsequent year, a mix of large, medium, and small agencies was incorporated.

Performance measures are included in each agency's budget request. Actual performance for two previous years, the current year's estimate, and the proposed target for the next year are presented. Key indicators for each agency are included in the appropriations bill and the implementing bill (a bill providing guidance and direction to agencies for implementing their appropriation). An example of the Department of Corrections and Rehabilitation appropriation and a report of related measures is included in Appendix B. The Florida legislature considers approximately 1,000 measures associated with state agency programs. Although not required as part of performance budgeting, agencies in Florida are required to have a long-range strategic plan to guide their activities.

Unless an agency is requested by the legislature to report more frequently, agencies report their performance data annually as part of the agency budget request. Performance data of an agency is audited periodically as part of an agency performance review conducted by the legislature's Office of Program Policy and Government Accountability.

### LOUISIANA

Louisiana began performance budgeting in 1997. Louisiana phased in components of the system rather than phasing in agencies. All agencies implemented a component of the system at the same time. Louisiana statutes require agency strategic plans and the use of performance-based budgeting. The Louisiana statute is included in Appendix A.

The components were phased in over three years. All agencies implemented the same component the same year. In year 1, **program descriptions** for each agency were included in the appropriations bill. In year 2, key **performance indicators** were included in the appropriations bill, semiannual reporting began, and agencies developed strategic plans. In year 3, **key objectives** were included in the appropriations bill and quarterly reporting began.

Agencies include their proposed objectives and performance measures for the upcoming fiscal year in each agency's annual operational plan that is submitted as part of the agency's budget request. The Governor includes the key objectives and performance measures for each agency in the executive budget recommendation. During the session, the objectives and measures are considered by the Appropriations Committees and included in the appropriations bill. The Louisiana legislature includes approximately 1,100

objectives and 2,300 performance indicators in its appropriations bill each year. An example of the Department of Corrections and Rehabilitation appropriation is included in Appendix B. Agencies are required to develop and maintain a five-year strategic plan.

Agencies report quarterly on their performance relating to key performance indicators and semiannually relating to supporting indicators. An interim legislative performance review subcommittee meets semiannually to review agency performance. The State Auditor reviews agency performance systems for reliability and validity but does not conduct an audit of the performance data.

### NEW MEXICO

New Mexico began its performance and accountability system in 1999 and is phasing it in over a five-year period. A mix of small, medium, and large agencies began using the system in each of the five years. Performance budgeting is required by statute in New Mexico. The statute is included in Appendix A.

Agencies submit their proposed performance measures along with each agency's budget request. Actual performance for two previous years, the current year's estimate, and the proposed target for the next year are presented. The performance measures including output, outcome, efficiency, and quality are included in the appropriations bill. New Mexico includes approximately 1,000 measures in its appropriations bill. An example of the Department of Corrections and Rehabilitation appropriation is included in Appendix B. Agencies are not required to prepare strategic plans as part of performance budgeting.

Agencies report their actual performance annually as part of the budget request process. Periodically, the legislature has required quarterly reporting. The performance data reported by agencies is not audited.

### TEXAS

Texas began its performance budgeting system in 1992. All agencies implemented the system at the same time. The performance budgeting system is required in statute. The Texas statute is included in Appendix A.

Texas requires agencies to develop a strategic plan, and as part of the plan, to include five-year outcome measures projections. Agencies also include performance measures in their budget request. The Texas legislature considers output, outcome, efficiency, and explanatory measures as it develops each agency's appropriation. Approximately 2,200 performance measures are included in the appropriations bill. An example of the Department of Corrections and Rehabilitation appropriation is included in Appendix B.

Agencies submit quarterly reports of actual performance. Any variance from the target exceeding 5 percent requires an explanation. The Legislative Budget Board staff prepares budget and performance assessments based on actual agency performance which are provided to all legislators.

The State Auditor's office is responsible for auditing the performance measures information provided by state agencies.

### OTHER STATES' COMPARISON

The chart below compares legislative and performance budgeting information for the selected states to North Dakota.

	North Dakota	Alaska	Florida	Louisiana	New Mexico	Texas
Session	Biennial	Annual	Annual	Annual	Annual	Biennial
Length of session	80 legislative days	121 calendar days (may be extended by 10 days)	60 calendar days (may be extended)	60 legislative days in odd-numbered years, 30 legislative days in even-numbered years	60 legislative days in odd-numbered years, 30 legislative days in even-numbered years <sup>1</sup>	140 calendar days <sup>1</sup>
Number of legislators	House - 94 Senate - 47	House - 40 Senate - 20	House - 120 Senate - 40	House - 105 Senate - 39	House - 70 Senate - 42	House - 150 Senate - 31
Number of legislators on appropriations committee	House - 23 Senate - 14	House - 11 Senate - 7	House - 48 Senate - 16	House - 21 Senate - 12	House - 18 Senate - 10	House - 27 Senate - 15
Number of legislative fiscal analysts	Joint staff - 5	Joint staff - 6 Each legislator has from 2 to 5 personal staff	House - 43 Senate - 29	House - 10 Senate - 6 Joint - 18	Joint staff - 18	Joint staff - 89
Budgeting period	Biennial	Annual	Annual	Annual	Annual	Biennial
Number of	Several	2	1	1	1	1

	<b>North Dakota</b>	<b>Alaska</b>	<b>Florida</b>	<b>Louisiana</b>	<b>New Mexico</b>	<b>Texas</b>
appropriations bills						
Approximate appropriations bill(s) length	135 pages	100 pages plus 55-page performance measure bill	369 pages	294 pages	242 pages	1,002 pages
2003 general fund budget	\$874 million <sup>2</sup>	\$2.1 billion	\$20 billion	\$6.6 billion	\$3.9 billion	\$31 billion <sup>2</sup>

	North Dakota	Alaska	Florida	Louisiana	New Mexico	Texas
Number of performance indicators maintained by agencies	N/A	Unknown	Unknown	5,900	Unknown	7,035
Number of performance indicators considered by legislature	For select agencies - Higher education - 25; Commerce - 25	550	1,000	2,300	1,000	2,200
Location of performance indicators considered by legislature	In select appropriations bills	In a separate bill	In the appropriations bill	In the appropriations bill	In the appropriations bill	In the appropriations bill
Agencies excluded from performance budgeting	N/A	Legislative and judicial branches and higher education	Legislative branch	Legislative branch	None	Legislative branch

<sup>1</sup> Legislative committees meet prior to the legislative session to develop a legislative budget recommendation.

<sup>2</sup> Based on 2001-03 biennial appropriation.

### COMMENTS AND SUGGESTIONS

The following are comments and suggestions from representatives of states that have implemented a government performance and accountability system:

1. Require use of the system by statute.
2. Customize the system to accomplish the intended result for North Dakota - Don't duplicate another state's system - Each state is unique.
3. Keep the system simple initially - It can be refined later.
4. Agree on a system approach among legislative leadership.
5. Authorize an agency or committee (legislative or legislative/executive) to oversee development and implementation of the system.
6. Preplanning is very important to ensure that the system operates as intended and to

eliminate changes during implementation which frustrate everyone involved.

7. Provide adequate and ongoing training.
8. Provide consistent direction for agencies.
9. Define the data to be measured so everyone understands the result.
10. Commit to the process for the long term.
11. Be patient - Implementing the system takes time.
12. Performance measures assist in understanding agency activities but do not provide firm answers to budgeting.
13. Refrain from having unrealistic expectations about the system - It is a tool to use in decisionmaking - It does not make decision-making easier.

ATTACH:2