

## DEVELOPMENT OF A GOVERNMENT PERFORMANCE AND ACCOUNTABILITY SYSTEM IN NORTH DAKOTA - ITEMS TO CONSIDER

### PERFORMANCE BUDGETING HISTORY IN NORTH DAKOTA - 1993 THROUGH 2001

When North Dakota began implementing the performance budgeting pilot project in 1993, it was initiated by the Budget Section requesting the Office of Management and Budget to include this type of information as part of the executive budget. The Budget Section, by motion, requested the Office of Management and Budget to ask all state agencies and institutions to include, to the extent possible, service efforts and accomplishments in the 1995-97 budget request forms and to use this information to support the executive budget when it was presented to the 1995 Legislative Assembly. Statutory provisions were not used to implement the performance budgeting methods.

The Office of Management and Budget developed a pilot project involving 12 agencies to begin implementation of performance budgeting. The Office of Management and Budget developed statewide goals and asked the agencies involved in the pilot project to develop agency goals, objectives, and strategies under the appropriate statewide goal for each of the agencies' programs.

The agency measures were not included in the appropriations bills but in supporting documents. Appropriations requests for these agencies were by program rather than object expenditure. The Office of Management and Budget prepared agency performance reports based on the measures prepared and reported by each agency which compared each agency's actual performance to its established goals.

Performance budgeting was not expanded beyond the initial 12 pilot agencies and was discontinued by legislative action after the 1999-2001 biennium.

### ITEMS FOR COMMITTEE CONSIDERATION

The committee is responsible for studying the state's government performance and accountability practices, reviewing other states' performance budgeting practices and strategic planning efforts, and determining how those practices and efforts may apply to North Dakota and improve North Dakota's budgeting process. The committee is to conduct its study and report its findings and recommendations to the Legislative Council, along with any legislation necessary to implement the recommendations. The Legislative

Council will consider the committee's recommendations and any proposed legislation and, if approved, the recommendations and any legislation will be forwarded to the 2005 Legislative Assembly for consideration.

The Office of Management and Budget reported to the Budget Section in January 2004 that its budgeting system will allow agencies to include performance-related information as part of each agency's 2005-07 biennium budget request. The committee may wish to consider either:

1. Encouraging the Office of Management and Budget to proceed with including performance-related information in the 2005-07 budget requests; or
2. Encouraging the Office of Management and Budget to delay including this type of information in the budget requests until the committee completes its study and any recommendations or legislation are considered by the Legislative Council and 2005 Legislative Assembly.

If the committee chooses to recommend a government performance and accountability system, items for committee consideration include:

1. **Administrative or statutory authorization** - Should the system be authorized administratively as part of the budgeting process similar to North Dakota's previous performance budgeting pilot project, or statutorily, through a bill considered by the Legislative Assembly?
2. **Pilot project or full implementation** - Should the system be implemented initially through the development of a pilot project or will all agencies be required to implement the system?
3. **Implementation schedule** - What time period is necessary for implementing the system?
4. **Strategic plan requirement** - Will agencies be required to develop a strategic plan as part of the system and, if so, will each agency's plan need to be approved by either an executive branch official or a legislative committee?
5. **Identification of measurement indicators**
  - a. Who will be involved in identifying measurement indicators for each agency--agency personnel, other executive branch officials, legislative committees, or a combination?

- b. How many measurement indicators will be developed and maintained for each agency or program?
  - c. Will the Legislative Assembly review all measurement indicators of an agency or only selected indicators?
  - d. Will the measurement indicators be included in the agency's appropriations bill or maintained separately in supporting documents?
- 6. Establishment of measurement targets**
- a. Will agencies have measurement targets established prior to a reporting period that they will be expected to achieve or will agencies report their performance at the end of each reporting period to show performance changes from previous reports?
  - b. If measurement targets are established, who will be involved in establishing the measurement targets for each agency--agency personnel, other executive branch officials, legislative committees, or a combination?
  - c. If measurement targets are established, will they be included in the agency's appropriations bill or maintained separately in supporting documents?
  - d. If measurement targets are established, will they be adjusted based on funding levels approved by the Legislative Assembly and, if so, who will make the adjustment--agency personnel, other executive branch officials, legislative committees, or a combination?
- 7. Performance reporting** - How often will agencies report their performance and provide comparisons to previous performance levels or to targets, if established?
- 8. Performance auditing** - Should agency performance reports be audited for accuracy? If so, who will be responsible for conducting the audit and to whom will the audit be presented?
- 9. Interim legislative committee involvement**
- a. Should an interim committee be assigned the ongoing responsibility to monitor and guide the government performance and accountability system?
  - b. If so, should the committee be established in statute or be established administratively by the Legislative Council, as necessary, each interim?
- 10. Legislative Assembly activities** - Will the Legislative Assembly and its standing committees consider, amend, and approve performance and accountability indicators during legislative sessions or will the Legislative Assembly and its standing committees receive the information as part of agency presentations and utilize the data as part of the decisionmaking process?