FY 2014-15 Biennial Budget: Narratives Training

Minnesota Management & Budget
July & August 2012
AGENDA

- Welcome
- Overview and Rationale
- View from the Legislature
- Template Overview
- How to Choose Performance Measures
- Agency Perspective
- Wrap-up and Q&A
MMB’S GOALS FOR THE BIENNIAL BUDGET DOCUMENT

- Focus on statewide outcomes and performance measures
- Focus on answering the question, “what are we getting for our money?”
- Provide simple information in plain language
- Use minimal paper
**WHY OUTCOMES?**

- Shifts the emphasis of our budget from what we are spending to what we are getting for our money.
- Enables better examination of what activities and strategies are best contributing to statewide goals.
- Makes the performance of individual state programs and activities more relevant.
- Provides a strategic tool for budget setting, resource allocation and budget presentation.
- Complements Better Government management strategies.
Outcomes in the Budget Book

- Statewide outcomes will be finalized shortly
  - Used in budget narratives
  - Each appropriation will point towards a statewide outcome
- Results Based Accountability Training may inform some narrative changes
- Templates will be finalized when statewide outcomes are selected
- Templates are due Friday, August 24 to MMB
# Definitions

## Important Terms to Know

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statewide Outcomes</strong></td>
<td>The desired condition for the state</td>
</tr>
<tr>
<td><strong>Strategies</strong></td>
<td>What agencies do to improve the condition through program and/or budget activities</td>
</tr>
<tr>
<td><strong>Goals</strong></td>
<td>Specific results your agency’s programs or activities strive to achieve through their strategies</td>
</tr>
<tr>
<td><strong>Performance Measure</strong></td>
<td>The measure of how agencies know if the strategies are working</td>
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</table>
Statewide Outcome(s)

Agency Strategies that Support Statewide Outcome(s)

Budget Programs or Activities used to achieve statewide outcomes

Each budget program or activity has a description of goals, as well as strategies used to achieve those goals.

Each budget program or activity has performance measures measuring the extent to which the strategies are meeting the goals.
WHAT WE’VE HEARD FROM STAKEHOLDERS

- The way in which people interact with information has changed – technology vs. a printed book.
- Legislators are more interested in understanding program outcomes.
- The budget book is only used by a small group of motivated readers.
- Value of budget book was not proportionate to the effort required to produce it.
- Agencies produce a significant number of supplemental materials outside of the budget book.
MMB’S GOALS FOR THE BIENNIAL BUDGET NARRATIVES

1. Produce a concise, fact-based document that is relatable to the budget and useful in decision making.
2. Reduce duplication of materials
3. Explain what is being accomplished by focusing on performance measures/statistics and showing if things are improving, staying the same or worsening.
4. Demonstrate what citizens are getting for their money
5. Fulfill statutory requirements
16A.10, subd. 1a: Performance data shall be presented in the budget proposal to:

(1) Provide information so that the legislature can determine the extent to which state programs are successful;
(2) encourage agencies to develop clear goals and objectives for their programs; and
(3) strengthen accountability of MN by providing a record of state government’s performance in providing effective and efficient services.

16A.10, subd. 1b: Agencies shall present performance data that measures the performance of programs in meeting goals and objectives. Measures reported may include...outputs, efficiency, outcomes and other measures...Agencies shall present as much historical information as needed to understand major trends and shall set targets for future performance...

16A.10, subd. 1c: .....an agency must file ...

(3) a comprehensive and integrated statement of agency missions and outcome and performance measures; and
(4) a concise explanation of any planned changes in the level of services or new activities
OTHER STATES: WASHINGTON

Agency 350

Superintendent of Public Instruction

State Constitution, Article III, Sections 1 and 22, RCW 28A.300

<table>
<thead>
<tr>
<th>Request</th>
<th>$16,125,654,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net change from current biennium</td>
<td>$316,300,316</td>
</tr>
<tr>
<td>Percent change from current biennium</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

The Superintendent of Public Instruction is a constitutional officer elected by the state's voters for a four year term. The state constitution charges the Superintendent to supervise "all matters pertaining to the public schools, and perform such duties as may be prescribed by law."

Agency Mission

The Superintendent of Public Instruction works to ensure that Washington's public schools provide all students the high-quality education they need to lead successful and productive lives. To this end, the Office of Superintendent of Public Instruction provides technical assistance in finance and curriculum matters to educational service districts and school districts; monitors and consults in such areas as basic education, the student testing program, curriculum development, special needs programs for special student populations, and educational technology; issues certificates for all teaching and support personnel for the K-12 system; administers the child nutrition, student transportation and state school construction programs; gathers and reports school information to state and federal authorities; prepares specifically requested reports each year; disseminates and coordinates the state's education reform efforts; provides the Legislature, Governor's Office, and other entities of state government with information for policymaking and budget preparation; implements state and federal laws pertaining to education by adopting rules and monitoring programs as required; coordinates the audit resolution process for audits of federal programs; apportions and distributes monies to local school districts; approves and monitors the budgets for the nine educational service districts (ESDs) and the 295 school districts; and advises county treasurers of estimated maximum levy capacity for individual school districts. The Superintendent's responsibilities also include serving as a voting member of the State Board of Education; and representing the interests and needs of education by serving on various state boards including: Board of Natural Resources, Washington State Work Force Training and Education Coordination Board, Professional Educators Standards Board, and Northwest Regional Education Laboratory (Board of Directors).

http://www.ofm.wa.gov/budget11/detail/default.asp
Department of Education, Central Office Operations

The mission of the Department of Education is to lead and facilitate the development and implementation of a quality public education system that meets the needs of students and assists them in becoming educated, productive, and responsible citizens.

INNESOTA

DEPT OF EDUCATION

Agency Profile

Agency Purpose

The Minnesota Department of Education’s (MDE) mission is to improve educational achievement by establishing clear standards, measuring performance, assisting educators, and increasing opportunities for lifelong learning.

MDE strives to be an innovative education agency, assisting schools, families, and other education providers with exemplary services that result in high academic achievement for all students, preschool through grade 12, and adult learners.

Every learner will have access to a high-quality education that promotes his or her development to full potential through an outstanding Minnesota education system that is a world leader.

MDE focuses on four primary goals:

- improve achievement for all students;
- enhance teacher quality;
- expand education options for students and families, and;
- implement education finance reform and enhance accountability.

At a Glance

- 831,021 pre-kindergarten through grade 12 students and their parenting/learning partners
- Approximately 2,206 public schools
- 245 school districts and 153 charter schools
- Over 73,067 adult learners
- Over 165,000 children participated in early learning programs.

Est. FY 2010-11 Expenditures by Fund

- Federal Funds
- State General Fund
- Other

Est. FY 2010-11 Expenditures by Program

- General Education
- Special Education
- Preschool
- Special Education
- Higher Learning & Teaching
- Capital
- Federal
- Local
- Other

2010-11 Biennial Budget

$6.5 billion (60%) Federal Funding

2010-11 Biennial Budget

$6.5 billion (60%) Federal Funding

Source: Consolidated Financial Statement

Source: ERSF Financial Balance

State of Minnesota

10/22/2010

2010-11 Biennial Budget

10/22/2010
Previous Agency Profile

Minneapolis Management & Budget (MMB) is responsible for managing the city's financial resources, ensuring compliance with local, state, and federal laws, and providing financial management and reporting services to the city's departments and agencies. MMB is committed to ensuring transparency, accountability, and fiscal responsibility in all aspects of its work.

Mission:

MMB's mission is to provide excellent financial management, reporting, and accountability services to the city of Minneapolis. This includes ensuring the city's financial operations are conducted in a transparent, ethical, and fiscally responsible manner.

Purpose:

- Support the City in establishing policies, and prepare and implement budgets that benefit the people of Minneapolis.
- Provide financial, human resources, and management expertise to help city government meet its goals and responsibilities in an effective and efficient manner.
- Proactively provide information that is accessible, consistent, objective, timely, and accurate to state agencies, the Legislature, and citizens.
- Create a culture in city government that is supportive, cooperative, and healthy for our employees.

Statewide Outcomes:

MMB supports the statewide outcomes of efficient, effective, and accountable state government services.

Strategies:

MMB emphasizes several strategies across two program areas to deliver its mission and support the statewide outcomes of strengthening the effectiveness and efficiency of state government. These include:

- Awarding and human resource systems necessary to support daily activities of the state
- Information access, reporting, and analysis to provide information on state activities and anticipate issues
- Oversight, control, and compliance systems needed to ensure overall integrity of state operations
- Decision support activities for budget development and collective bargaining processes
- State treasury banking transactions, employee health insurance, and management consulting for all agencies.
Minnesota Management & Budget
Budget Services

www.mmb.state.mn.us

Purpose:
Budget Services seeks to ensure that objective and relevant fiscal information is readily available for
decision makers throughout the year but especially when budget decisions are being made. Budget
Services promotes sound fiscal policy in decision making and a statewide focus on the management of
state resources. Budget Services coordinates the development of the Governor’s annual capital and
supplemental budget recommendations; develops and distributes budget information to users by
documentation, staff and training and provides oversight and monitoring of budget implementation by
agencies.

Statewide Outcomes:
Budget Services supports the statewide outcome of efficient, effective and accountable state
government services.

Key Strategies and Goals:
To provide decision makers with high quality, accurate and timely information in order to make informed
decisions. While no single entity can claim to be responsible for Minnesota’s budget and financial
position, having timely, relevant and objective fiscal information available to decision makers is
fundamental to having a financially well-managed state. Budget Services monitors a number of broad
statewide financial management indicators to help track these goals.

Performance Measures and Trends:

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Previous</th>
<th>Current</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price of Government</td>
<td>$15,083</td>
<td>$15,560</td>
<td>Same</td>
</tr>
<tr>
<td>Fiscal Notes Complete</td>
<td>90%</td>
<td>93%</td>
<td>Better</td>
</tr>
<tr>
<td>Average Number of Days to Complete Fiscal Notes</td>
<td>10</td>
<td>9</td>
<td>Better</td>
</tr>
</tbody>
</table>

Performance Notes:
1. Fiscal note data compares 2009-2010 session (previous) to 2011-2012 session (current). Data
   excludes fiscal notes that are Inactive.

Previous Activity Summary

New Activity Summary
THE LEGISLATIVE PERSPECTIVE
AGENCY PROFILE TEMPLATE

- Website
- Mission
- Statewide Outcomes
- Context
- Strategies
- Measuring Success
AGENCY PROFILE: TEMPLATE COMPONENTS

- Enter agency website

  **Website**: Enter Web Address

- Enter agency mission

  **Mission:**

  Click here to enter text.
AGENCY PROFILE: TEMPLATE COMPONENTS

Choose the outcome(s) that are most relevant to your agency’s mission

Delete the outcomes that don’t apply to you
What is the context in which your agency operates?
What are the key issues your agency addresses and what are your priorities?
Questions are for guidance, delete them when you enter your narrative information.


**Strategies:**

Answers the question: What do you do?

- How does your agency address the key issues identified above?
- How does your agency contribute to the statewide outcomes?
- What do you do to advance your agency priorities?

- How does your agency address the key issues?
- How do you contribute to statewide outcomes?
- What do you do to advance agency priorities?
How do you know if what you do is working to address the key issues?

How do you measure success?
PROGRAM/BUDGET ACTIVITY TEMPLATE

- Website
- Statewide outcome(s)
- Context
- Strategies
- Results
- Performance Measures Notes
**Program/Budget Activity: Template Components**

- Drop down to select agency
- Type in name of program or budget activity
- Enter web address for program or budget activity, if it exists
Select the statewide outcome(s) supported by the program/budget activity

Selected outcomes should be included on the agency profile

To select an outcome, consider the outcomes to which each appropriation within the program/budget activity will point

Administrative appropriations should point towards your agency’s core programmatic outcome
Set the context for the reader.

- Use “plain speak”
- Avoid Jargon
Briefly describe the strategies your agency has for the program

These strategies should align with the statewide outcome associated with the program/budget activity.
Discuss how you know whether your strategies are working
What’s your plan for improvement if they’re not

Results:
Answers the question: How do you know if what you do is working?
• How do you know your strategies are working?
• Are your strategies working? What are the results of your agency’s activities?
• What factors are driving the performance trend?
• If the performance trend isn’t stable or improving, how do you plan to improve performance?
Program/Budget Activity: Template Components

- Provide 1-5 performance measures
- Provide information on performance from a previous point in time and the most recent point in time.
- Indicate performance trend: stable, improving, worsening
- Use “Notes” section:
  - To provide the source of the data
  - To indicate the timeframe for the data used
SMALL AGENCY TEMPLATE

- Website
- Statewide Outcomes
- Context
- Strategies
- Results, including performance measures
- Performance Measure Notes
PERFORMANCE MEASUREMENT
Output measures – “How much did we do?”

- Counts of customers served and activities performed.

Examples:
- The number of clients completing chemical dependency treatment
- The number of wells inspected in a year
Efficiency Measures - “How well did we do it?”

- Measures of how well the activities were performed, usually measures of efficiency, timeliness, accuracy, workload ratios, unit cost, staff turnover, etc.

Examples:
- Percentage of invoices paid promptly.
- The number of permits processed on time.
Outcome Measures – “Is anyone better off?”

- Measures of the extent to which your customers are better off than if they had not received your service. This usually has to do with improved skills, knowledge, attitude, behavior, customer satisfaction, or life situation.

Examples:

- Infant Mortality Rate
- Traffic Fatality Rate
- The percent of people who do not get the flu
Context
  • Being able to read proficiently at third grade is a predictor of future success

Strategies
  • Provide Reading Corps tutors in all schools

Results
  • Nearly all participants pass the third grade reading test

Performance Measures
  • Number of students tutored each year
  • Student-Tutor Ratio
  • Percent of participating students passing the third grade reading test
<table>
<thead>
<tr>
<th>How much did we do?</th>
<th>How well did we do it?</th>
</tr>
</thead>
<tbody>
<tr>
<td># Customers Served</td>
<td>% Common Measures</td>
</tr>
<tr>
<td># Activities</td>
<td>Workload ratio, staff turnover rate, staff morale, percent of staff appropriately trained, worker safety, unit cost, customer satisfaction</td>
</tr>
<tr>
<td></td>
<td>% Activity-specific Measures</td>
</tr>
<tr>
<td></td>
<td>Percent of actions timely and correct, percent customers completing activity, percent of actions meeting standards</td>
</tr>
</tbody>
</table>

| Is anyone better off?               |
|-------------------------------------|----------------------------------------------------------------|
| # Skills / Knowledge (e.g. parenting skills) | % Skills / Knowledge (e.g. parenting skills) |
| # Attitude / Opinion                | % Attitude / Opinion                                          |
| Including customer satisfaction:    | Including customer satisfaction:                              |
| Did we help you with your problem?  | Did we help you with your problem?                            |
| # Behavior (e.g. school attendance) | % Behavior (e.g. school attendance)                           |
| # Circumstance (e.g. working, people in stable housing) | % Circumstance (e.g. working, people in stable housing) |
Performance Measures: Resources

- Consult with your agency planning/management staff to identify which measures to include
- Use performance measures that your agency currently uses to manage programs and activities

- Minnesota Compass: www.mncompass.org
- Virginia Performs: http://vaperforms.virginia.gov/agencylevel/src/browse.cfm
Enterprise email users should upload documents to SharePoint site

- Questions regarding setting up a SharePoint group should be directed to Ping Li, ping.li@state.mn.us, 651-201-3781

Agencies not on enterprise email should submit documents to their EBO.

Please use the document naming convention below:

- Agency Profile: “2014 Agency Profile”
  - Example: 2014 Agency Profile
- Program/Activity Narrative: “SWIFT Program/Activity Nbr_Name of Program or Activity”
  - Example: E5001_ArtsBoard
  - Example: T791013_Freight
DISCUSSION AND Q&A