

## PERFORMANCE-BASED BUDGETING OVERVIEW

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Governor Sonny Perdue is committed to changing the culture of state government to be principle-centered, people-focused, and customer-friendly. He envisions Georgia as the best managed state in the nation. Governor Perdue has made responsive and outcome-centered government high priorities of his administration. State resource management is now framed by a paradigm predicated on data-driven decisions with a policy focus: a concept wherein policy determines budget priorities instead of one where budget constraints dictate state policy.

Utilizing successful strategic planning models developed in the private sector, Governor Perdue's planning and budgeting for results model establishes a framework for Georgia government that builds on traditional strategic planning with a four-year cycle, followed by an annual business planning cycle centered on core businesses, programs, and performance measures. The model allows the Governor to provide the General Assembly with similar information on state agencies and their programs.

For the FY 2006 budget agencies were required to update their four-year strategic plan and to develop a one-year business plan, with their budget request tied clearly to the policy initiatives specified in that plan. Agencies use the business plan to report data on results and to measure performance. This information helps agency officials and program managers monitor the effectiveness and efficiency of agency strategies and programs; provides crucial information for state decision-makers; and establishes the context for the state's annual budget.

The *Budget Accountability and Planning Act of 1993* mandates that state agencies develop strategic plans. These plans provide the agency and state decision makers with a thoughtful, organized approach for addressing state priorities. The collaborative process used for strategic planning encourages a shared vision, teamwork, and innovative, future-oriented thinking. The process is directed towards effective and efficient program services and, most importantly, improved outcomes for the agency's customers and beneficiaries.

Agency strategic plans articulate the mission, vision, strategic goals and objectives for the organization, and associate those goals with the Governor's five priority areas: a Safe, Healthy, Educated, Growing, and Best Managed State.

Agency business plans delineate the reason each program and (if applicable) subprogram was created, the impact each is to have on its customers, program results and performance, identified workforce needs, program expenditure history, and funding. Agencies demonstrate their success in responding to customer needs by measuring performance and results.

Performance measures typically focus on program demand, resources, key activities, efficiency, costs, program outputs, or customer satisfaction. Here are three examples of performance measures from the FY 06 Budget:

- Total number of classes funded each fiscal year for Pre-K (*Department of Early Care and Learning*)
- Number of properties listed in the National Register that could qualify for tax benefits (*Department of Natural Resources*)
- Number of Georgians age 65 and over receiving annual influenza vaccination (*Department of Human Resources*)

Results measures typically reflect whether programs are improving, declining, or stabilizing. Here are three examples of results measures from the FY06 Budget:

- Number of parolees arrested for violations and subsequently returned to supervision (*State Board of Pardons and Paroles*)
- Percent of full-time, first-time, award-seeking credit technical program students who entered technical college programs in Fall FY 2004 still enrolled in FY 2005 or graduated (*Department of Technical and Adult Education*)
- Percent of students passing the Math portion of the High School Graduation Test (*Department of Education*)

This year agency strategic plans and business plans are available for review through the Financial Management System developed by the Governor's Office of Planning and Budget. Users can peruse agencies' four-year strategic plans, access their prioritized list of programs and subprograms, and then drill down to program goals and performance measures. Those measures reflect actual data, when available, as far back as five years, with projected data into FY 2006. Please see the Office of Planning and Budget website for more information. [www.opb.state.ga.us](http://www.opb.state.ga.us).