



Performance-Based Budgeting

Joint Finance-
Appropriations Committee

Presented by: Alex Penny,
Principal Research Analyst

November 21, 2024

Overview

- Current performance measurement
 - Strategic plans, performance measurement reports, and executive branch requirements.
- Introduction to performance-based budgeting
 - Brief definition.
 - New questions added formally for enhancement requests.
 - Increased legislative oversight.
- Example of performance-based budgeting timeline and questions for legislators to consider
 - Bureau of Online Certification example (mock agency)

Legislative History of Performance Measurement in Idaho

- Chapter 19, Title 67, Idaho Code
- House Bill 6 (1935)
- House Bill 328 (1993)
- Senate Bill 1509 (1994)
- House Bill 300 (2005)
- In 2004, the Office of Performance Evaluation (OPE) issued a report titled, *Strategic Planning and Performance Measurement Evaluation*.
- Minimal connection between performance and budget changes.

Current Strategic Plans & Performance Measurement Reports



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Questions?

If you have any questions regarding this information please [contact your agency analyst](#)

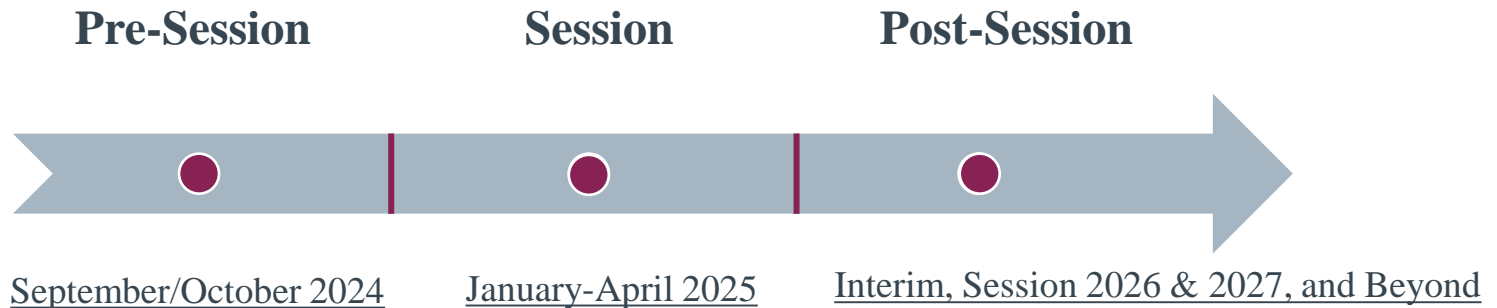
What is Performance-Based Budgeting?

- **Performance-based budgeting connects budget changes to results.**
- Appropriations are more transparent, accountable, actionable, and informed.
- Increased legislative oversight.

“A state like Mississippi will always have needs that outpace our available resources [...] Results First has allowed us to take a step back, evaluate the programs that we are funding in a particular policy area, and then see if those programs are actually evidence-based.”

-Mississippi state Representative Toby Barker (R-District 102)

Performance-Based Budgeting Timeline



1. Agency Requests

1. Agency Hearings
2. JFAC Working Groups
3. Budget Setting

1. Agency Implementation
2. 6-Month updates
3. LSO 18-Month Review

Increased Legislative Oversight

- Pre-Session (September/October 2024)
 - Agencies submit responses to two additional budget questions regarding performance for new enhancements.
- Session (January-April 2025)
 - Legislators can ask questions at budget hearings and help develop performance measures with working groups.
 - Performance measures may be included in the appropriation process for all approved enhancements.
- Post-Session (Interim, Session 2026 & 2027 and Beyond)
 - Agency Implementation.
 - JFAC may request 6-month updates during the next Legislative Session.
 - LSO staff may complete performance evaluations.

Bureau of Online Certification Enhancement Request (Mock Agency)



Pre-Session



September/October 2024

Agency: Bureau of Online Certification

Decision Unit Number: 12.08

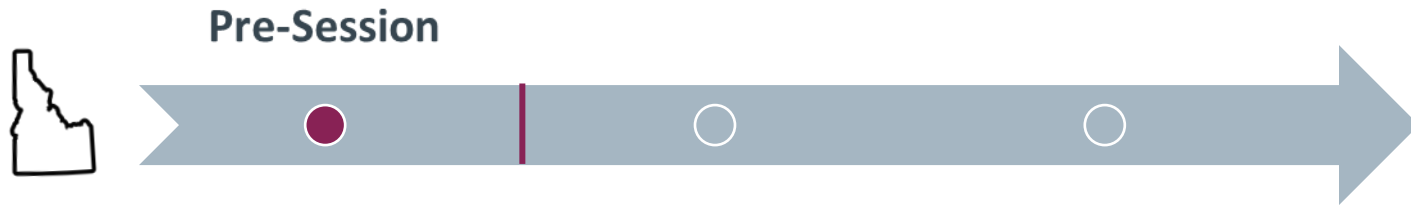
Descriptive Title: Application Processing Software (EZ CERT)

Request Totals	General	Dedicated	Federal	Total
50 – Personnel Cost	0	0	0	0
55 – Operating Expense	187,525	0	0	187,525
70 – Capital Outlay	0	0	0	0
80 – Trustee	0	0	0	0
Totals	187,525	0	0	187,525
Full Time Positions	0.00	0.00	0.00	0.00

Explain the request and provide justification for the need.

The Bureau of Online Certification (BOC) is requesting \$187,525 to update the agency’s application processing software. The BoC has experienced growth in application numbers and the legacy computer system cannot keep up with demand. The increased workload has resulted in an increase to average application processing time. Implementing EZ CERT would lessen the workload, bring the BoC back within its targeted processing timeline, and improve customer satisfaction.

Agency Enhancement Requests



September/October 2024

1. Identify the measure/goal/priority this will improve in the strategic plan or PMR.
2. What is the anticipated measured outcome if this request is funded?

What Makes a Good Performance Measure?



Meaningful



Clear



Valid and Reliable



Practical

Bureau of Online Certification Enhancement Request (Mock Agency)



Pre-Session



September/October 2024

Identify the measure/goal/priority this will improve in the strategic plan or PMR?

BOC would like to improve application response time to better serve its customers. The BOC has set a target of 15 total days from receipt of an application to provide the applicant with a determination regarding their submission.

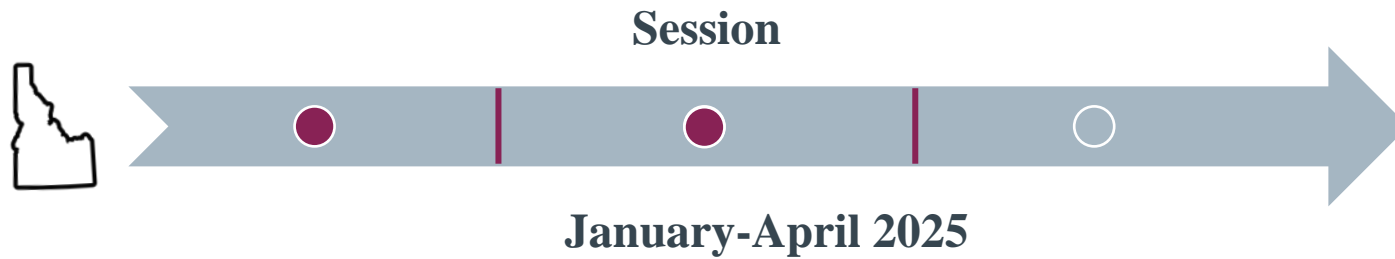
1. The 2023 average application processing time was 26.2 days. The 2024 average processing time is 32 days.
2. Reduce the number of complaints received by the Bureau by 20%.

What is the anticipated measured outcome if this request is funded?

The measured outcomes of funding this request is the reduction in average application processing time to under 15 days from receipt of application to notification of determination within two years of funding.

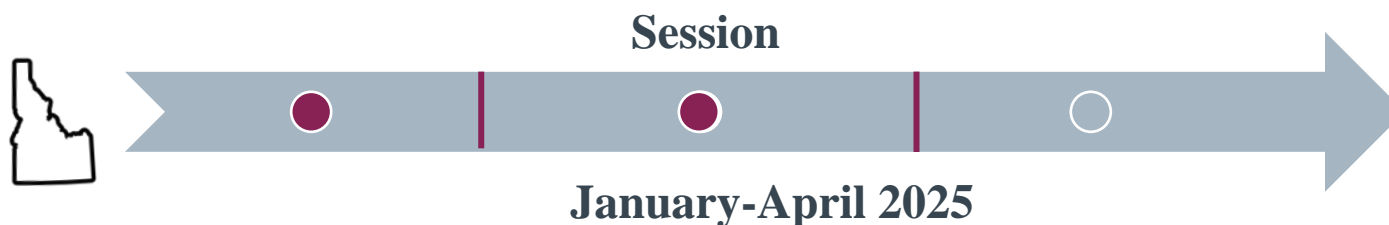
1. Reduced application processing by 10 days within the first year of funding.
2. Improved customer satisfaction and user-friendliness and reduced complaints.

Session 2025



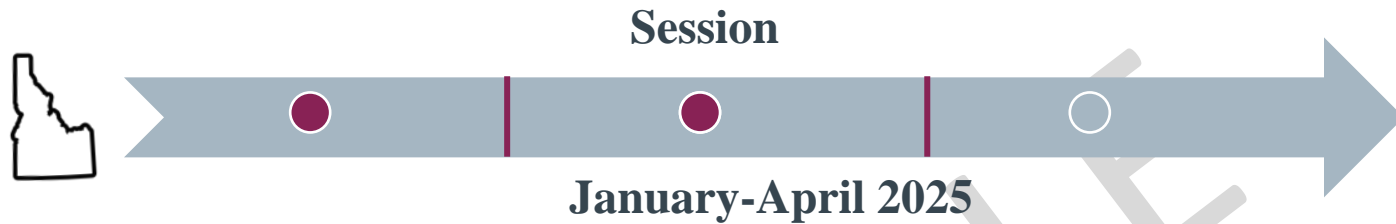
- This information will be shown in the Fiscal Year 2026 Legislative Budget Book.
- During Session, the committee will have an opportunity to ask the agency questions about performance measures related to enhancement requests during hearings.
- JFAC working groups will have the opportunity to review performance measures related to enhancement requests.
- JFAC may decide to have performance measures for enhancement requests be part of the budget setting process.

Possible Agency Hearing Questions



- How will the agency measure performance?
- How do the performance measures connect to, or inform, the goals of the agency?
- How do these measures or goals compare to those of similar programs in other states? How do these measures or goals compare to previous years?
- How have performance measures changed over time?

Bureau of Online Certification Hearing (Mock Agency)



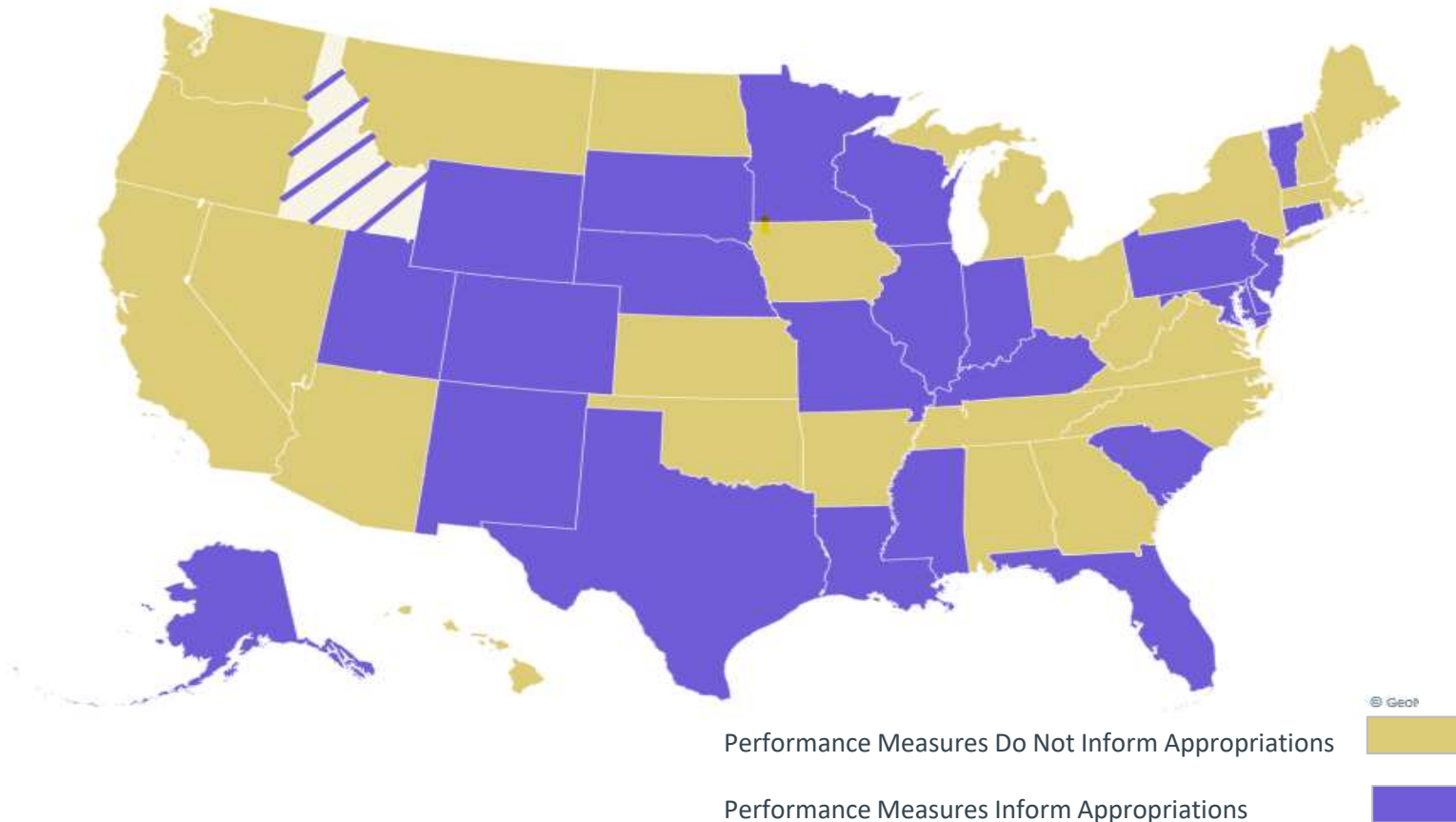
Q: How did the BOC select the 15-day response performance target?

Q: Do other state or federal agencies use EZ CERT? What effect has the software had on timeliness?

Q: How does EZ CERT improve the user experience over the previous software?

Performance Budgeting in Other States

Performance Measures Included in Appropriation Requests



Budget Setting Examples

Texas:

1. **Performance Measure Targets.** The following is a listing of the key performance target levels for the Historical Commission. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Historical Commission. In order to achieve the objectives and service standards established by this Act, the Historical Commission shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	<u>2024</u>	<u>2025</u>
A. Goal: HISTORIC PRESERVATION		
Outcome (Results/Impact):		
Number of Properties Designated Annually	2,085	2,121
Number of Section 106 Federal Undertakings and Antiquities Code Reviews	25,000	25,000
Number of Individuals Provided Training and Assistance in Historic and Archeological Preservation	39,477	40,091
Percent of Eligible Courthouses Fully Restored or Rehabilitated	27.97%	29.39%

Budget Setting Examples

Utah:

In accordance with UCA 63J-1-903, the Legislature intends that the Board of Pardons and Parole report performance measures for their line item, whose mission is "to provide fair and balanced release, supervision, and clemency decisions that address community safety, victim needs, offender accountability, risk reduction, and reintegration." The department shall report to the Office of the Legislative Fiscal Analyst and to the Governor's Office of Planning and Budget before August 15, 2024, the final status of performance measures established in FY 2024 appropriations bills. For FY 2025, the department shall report the following performance measures: 1) measure of recidivism (target = 70% or more); 2) measure of time under board jurisdiction (target = 5 years or more); 3) measure of parole revocations (target = 0.30 or less); and 4) measure of alignment of board decisions with the guidelines (target = 60% or more).

ITEM 81 To Board of Pardons and Parole
From General Fund

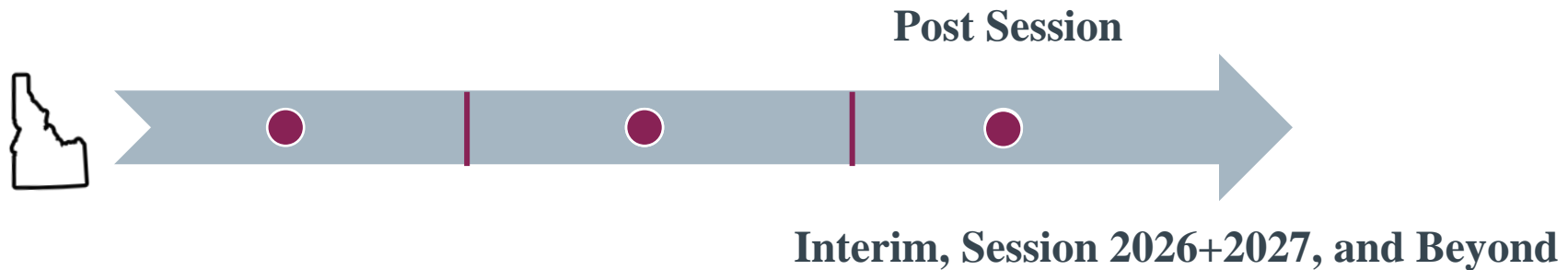
4,900

Budget Setting Examples

Washington:

19 (d) Performance measures and payments for accountable communities
20 of health shall reflect accountability measures that demonstrate
21 progress toward transparent, measurable, and meaningful goals that
22 have an impact on improved population health and improved health
23 outcomes, including a path to financial sustainability. While these
24 goals may have variation to account for unique community
25 demographics, measures should be standardized when possible.

Post-Session



- Agency Implementation July 1, 2025.
- JFAC may request a 6-month update during Session, 2026.
- LSO staff may review performance goals using questionnaires during the interim.
- LSO staff may perform and present in-depth evaluations as performance measures become established during the 2026 interim.

Bureau of Online Certification Update (Mock Agency)

Dear Chairs:

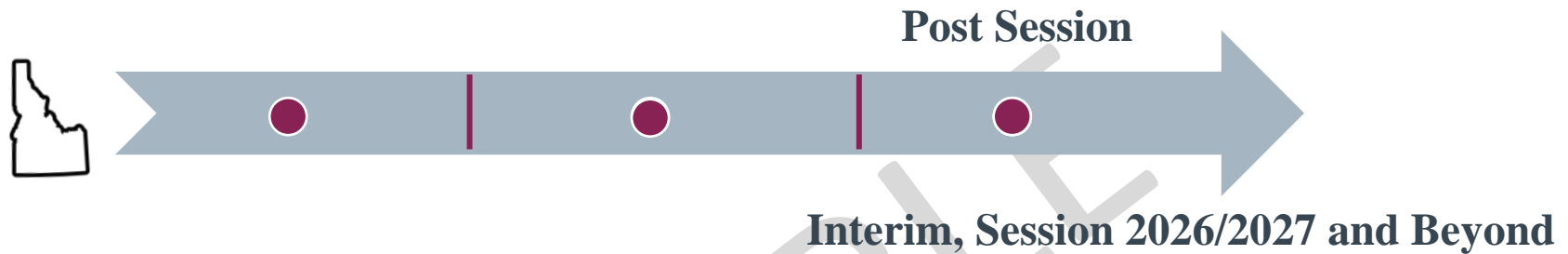
The Bureau of Online Certification (BOC) is transmitting a six-month update on the implementation of EZ CERT and the progress towards decreasing application time and increasing customer satisfaction. The agency has:

1. Decreased the average application time by 7 days down to an average of 25 days.
2. Reduced complaints by 7%.
2. Started surveying customer satisfaction with EZ CERT.
3. Determined that the BOC anticipates additional funds for training will be needed in the next fiscal year to meet agency goals.

Further detail is enclosed. If you have any inquiries, please let me know.

Sincerely,
Director

Bureau of Online Certification Possible Detailed LSO Review (Mock Agency)



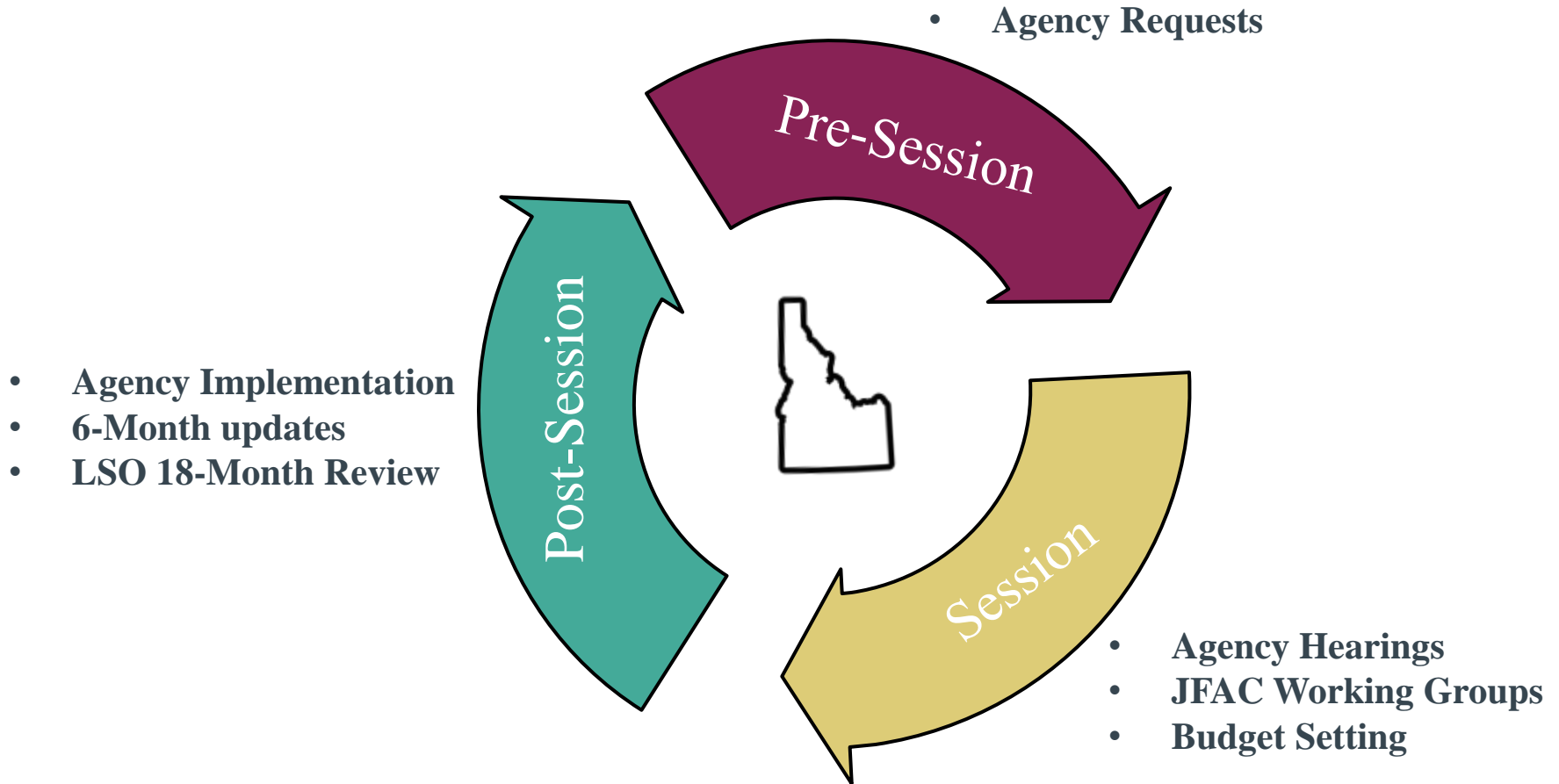
Objectives: To determine the efficacy of the BOC's implementation of EZ CERT regarding application processing time and customer satisfaction.

Methodology: Evidence includes staff interviews, analysis of application data, analysis of complaints, and customer-satisfaction surveys.

Findings: The BOC improved application processing time by 12 days in the past calendar year. Complaints initially increased but have dropped below the previous yearly average. Customers reported increased satisfaction, but improvement is needed.

Considerations: The BOC continue to work with EZ CERT developer to compile data and improve the customer experience.

Performance Budgeting Cycle



What LSO Can Do For JFAC

- Determine the progress the agency has made towards achieving performance goals.
- Determine agency limitations, updates, and needs.
- Produce surveys, data, and figures.

Legislative Services Office

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