

TERMS FOR PERFORMANCE BASED PROGRAM BUDGETING

Agency Goals are the general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. Goals are both qualitative and quantifiable, but not quantified. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge an agency, but they are realistic and achievable.

Agency Mission is the reason for an agency's existence. It succinctly identifies what the agency does, and why and for whom it does it. A mission statement reminds everyone -- the public, the Governor, legislators, the courts and the agency's personnel -- of the unique purposes promoted and served by the agency.

Baseline data means the current level of a program's performance measures established pursuant to guidelines established by the State Budget Division in consultation with the Legislative Finance Committee.

Efficiency measures productivity and cost-effectiveness. These measures reflect the cost of providing services or achieving results. Cost can be expressed in terms of dollars or time per unit of output (or outcome). Efficiency measures can also portray the relationship of inputs to outputs (or outcomes). Ratios are often used to express these relationships. Efficiency measures can gauge the timeliness of services provided. Efficiency measures are important for management decisions and program evaluation; they can help organizations improve service delivery. For example, they are often used to support equipment acquisitions or changes to systems or processes.

External/Internal Assessment is an evaluation of key factors that influence the success of an agency in achieving its mission and goals. Detailed evaluation of trends, conditions, opportunities and obstacles directs the development of each element of the strategic plan. This type of assessment should be heavily quantitative. Key external factors may include economic conditions, population shifts, technological advances, geographical changes or statutory changes. Key internal factors include management policies, resource constraints, organizational structure, automation, personnel, and operational procedures. The agency through customer surveys, opinion polls, employee feedback and independent evaluations can derive this information.

Incremental Budgeting is a process to adopt budgets after policy makers consider the degree of difference between past and projected levels of expenditure, typically for line items. Emphasis is on limiting increases or budget transfers, rather than assessing whether programs are meeting expectations and what level of funding is need to meet those expectations.

Inputs are the resources that an agency uses to produce services, including human, financial, physical or material resources.

Outcomes measure success. Outcomes measure results and assess program impact and effectiveness. Outcome measures are the most important performance measures because they show whether or not intended results are being achieved. These are generally the most important measures for policy makers.

Outputs mean the measure of the actual impact or public benefit of a program.

Output/Workload measures. Output/workload measures the amount of products or services provided or number of customers served. These measures are volume-driven. They focus on the level of activity in providing a particular program. Transaction numbers and workload measures, which are designed to show how staff time is allocated to respond to service demand, are most commonly reported. Output measures are useful for resource allocation decisions, particularly for calculation and justification of workload adjustments. However, they are limited because they do not indicate whether program goals and objectives have been accomplished; nor do they reveal anything about the quality or efficiency of the service provided.

Performance measure means a quantitative or qualitative indicator used to assess the output or outcome of an approved program.

Performance standard means a targeted level of an output or outcome as indicated by performance measures.

Program means a set of activities undertaken in accordance with a plan of action organized to realize identifiable goals and objectives based on legislative authorization.

Program Structure is an orderly, logical array of programs at the agency level. Program structure will not necessarily correspond to functional, organizational or geographical divisions since different functional, organizational, or geographic divisions may serve the same basic purpose or end.

Program Budgeting is a budget system that focuses on program objectives, program achievements and program cost effectiveness, basing decision making on outcomes rather than inputs. A program budget organizes the expenditure budget in terms of total cost of programs to be implemented.

Strategic Planning is a tool to help organizations make decisions consistent with its approach to achieving and organizations, mission, goals, and objectives. It is a process of making and implementing decisions about the use of human and financial resources. These process helps management better position an organization to respond to changes in its environment.

Strategies are methods to achieve goals and objectives. Formulated from goals and objectives, a strategy is the means for transforming inputs, and ultimately outcomes, with the best use of resources. A strategy reflects budgetary and other resources.