

NEW OUTCOMES-BASED BUDGET CONSTRUCT

CHANGING THE WAY WE BUDGET AND REPORT ON OUTCOMES, SERVICES AND PROGRAMS

December 19, 2017

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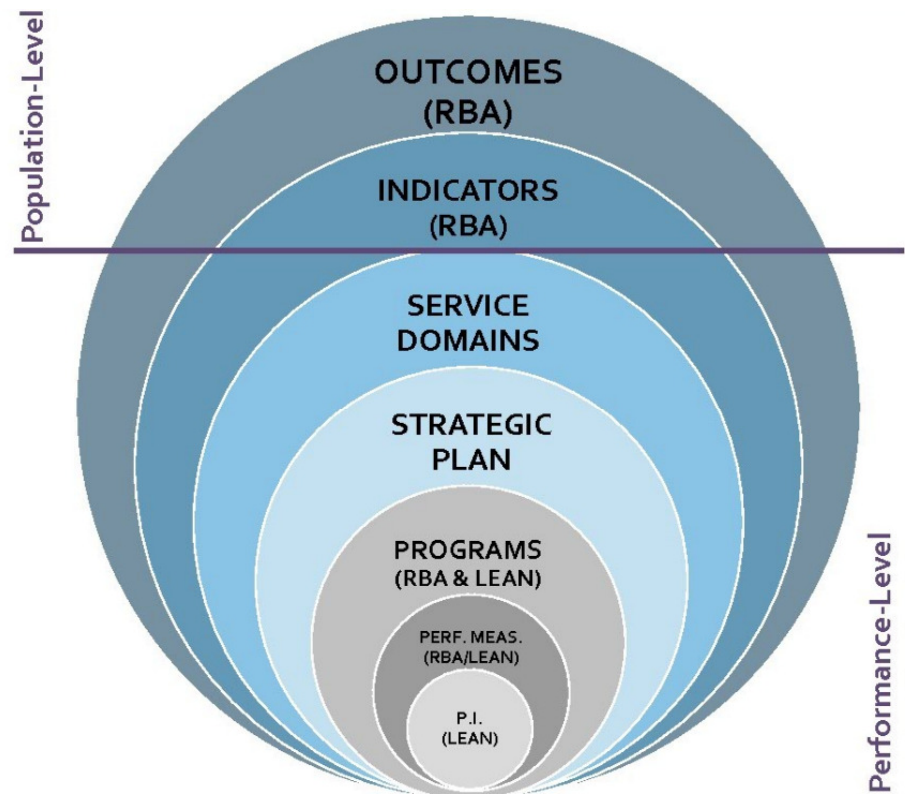


OUTCOMES-BASED MANAGEMENT → ALIGNING PLANNING, BUDGET AND PERFORMANCE MANAGEMENT



FROM TOP TO BOTTOM; OUTCOMES TO PROCESS IMPROVEMENT

- **OUTCOMES**
- **INDICATORS**
- **STRATEGIC PLAN**
- **SERVICE DOMAINS**
- **PROGRAMS**
- **PERFORMANCE MEASURES**
- **PROCESS IMPROVEMENT**



ADVANTAGES OF ALIGNING OUTCOMES AND BUDGET

Public Transparency

Program Performance Measures

Program Accountability

Committees: apply Policy across a Service Domain or individual Programs

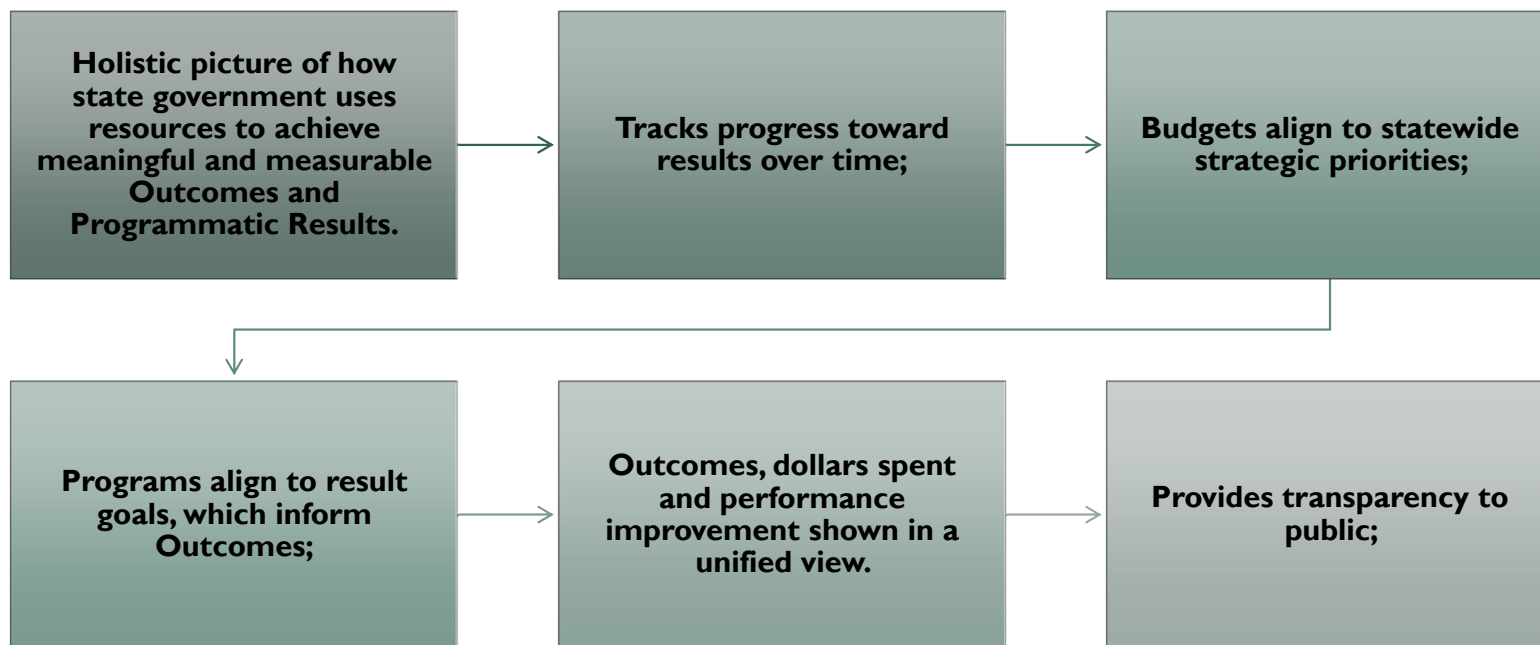
Budget: applied to Service Domain and/or Program

Enhanced Collaboration Across Agencies

Data to Support Decisions

Knowledge:
What % Total Budget = Housing Services?
Is this appropriate%?

OUTCOMES-BASED BUDGET INFORMATION FLOW



OUTCOMES-BASED BUDGET

NEW BUDGET – ADDS SERVICE DOMAIN AND PROGRAM

Rolled up Budget by Service Domain

Allows consolidation of statewide segments like “All Housing Services” regardless of Agency or Department.

Rolled Up Budget by Service Domain

Budgeting above agency/department levels, to a level which cuts across agencies, will break silos.

Will require collaboration by agency/departments sharing the responsibility for “Housing Services” with one entity as “owner”

Budget by Program

Budgeting by Program will require all expenses, including salaries, benefits, IT, etc. be charged or allocated to Programs. Total costing will enable true performance measures to verify programmatic results, and compare like programs, such as “Training Programs”

Budget by Program

Budgeting by Program will require some changes to VISION and VTHR. Expanded use of data to enable better decision making – even evidence-based decision making. Appointing Authorities accountable for measurable results.

Budget by Agency/Dept.

Budgeting by Agency/Dept. will still be require and appointing authorities will still be responsible for budget.

We will still budget and account by fund.

THE LANGUAGE ALREADY EXISTS

- PIVOT Executive Order 04-17: Sec 1(f):
 - Viii) Incorporate known efficiencies and capacity building into future programmatic budgets, aligning programmatic results with the programmatic investment, and strategic outcomes.
- 32 VSA § 307. Form of budget
 - (c) The budget shall also include a strategic plan for each State agency, department, office, or other entity or program. A strategic plan shall include the following:
 - (1) a statement of mission and goals that support the relevant population-level outcomes set forth in 3 V.S.A. § 2311;
 - (2) a description of program performance measures used to demonstrate output and results;



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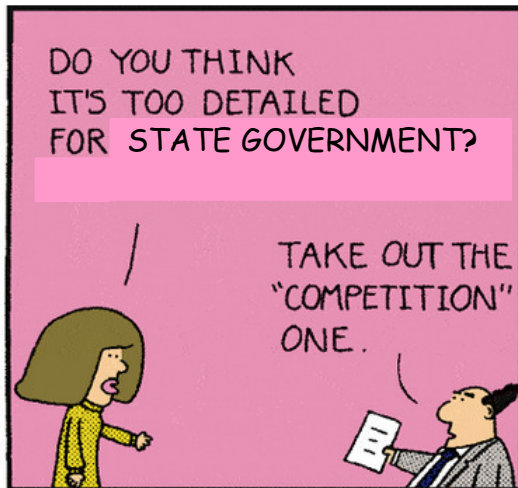
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CURRENT BUDGET CONSTRUCT

Sec. B.314 Mental health - mental health

Personal services	29,838,587
Operating expenses	3,666,056
Grants	<u>198,405,282</u>
Total	231,909,925
Source of funds	
General fund	4,864,021
Special funds	434,904
Federal funds	6,691,092
Global Commitment fund	219,899,908
Interdepartmental transfers	<u>20,000</u>
Total	231,909,925

- Inconsistent levels of detail;
- Some agencies/departments have many appropriations, some only one;
- Total of 500+ “B” appropriations (e.g. B.314);
- No way to consolidate programs which have expenditures in multiple agencies (Race to the Top);
- No way to create reports by categories such as “Employment Services” such as the training programs across multiple agencies and departments.
- Sub-Totals by Government Functions only, no Budget Totals – duplicated or unduplicated.
- Limited use for Government Function sub-totals.

CURRENT BUDGET CONSTRUCT

Sec. B.323 Department for children and families - reach up

Operating expenses	95,202
Grants	<u>33,735,219</u>
Total	33,830,421
Source of funds	
General fund	6,717,098
Special funds	21,806,288
Federal funds	2,674,594
Global Commitment fund	<u>2,632,441</u>
Total	33,830,421

- 3 “major object codes” do not always align with accounting standards
 - Personal Service
 - Operating Expense
 - Grants (expense)
- Most programs not budgeted separately;
- Even when a Program is budgeted separately, total costs may not be included, such as Personal Service
- Many salaries are allocated based on cost allocation plan, not on actual work time.

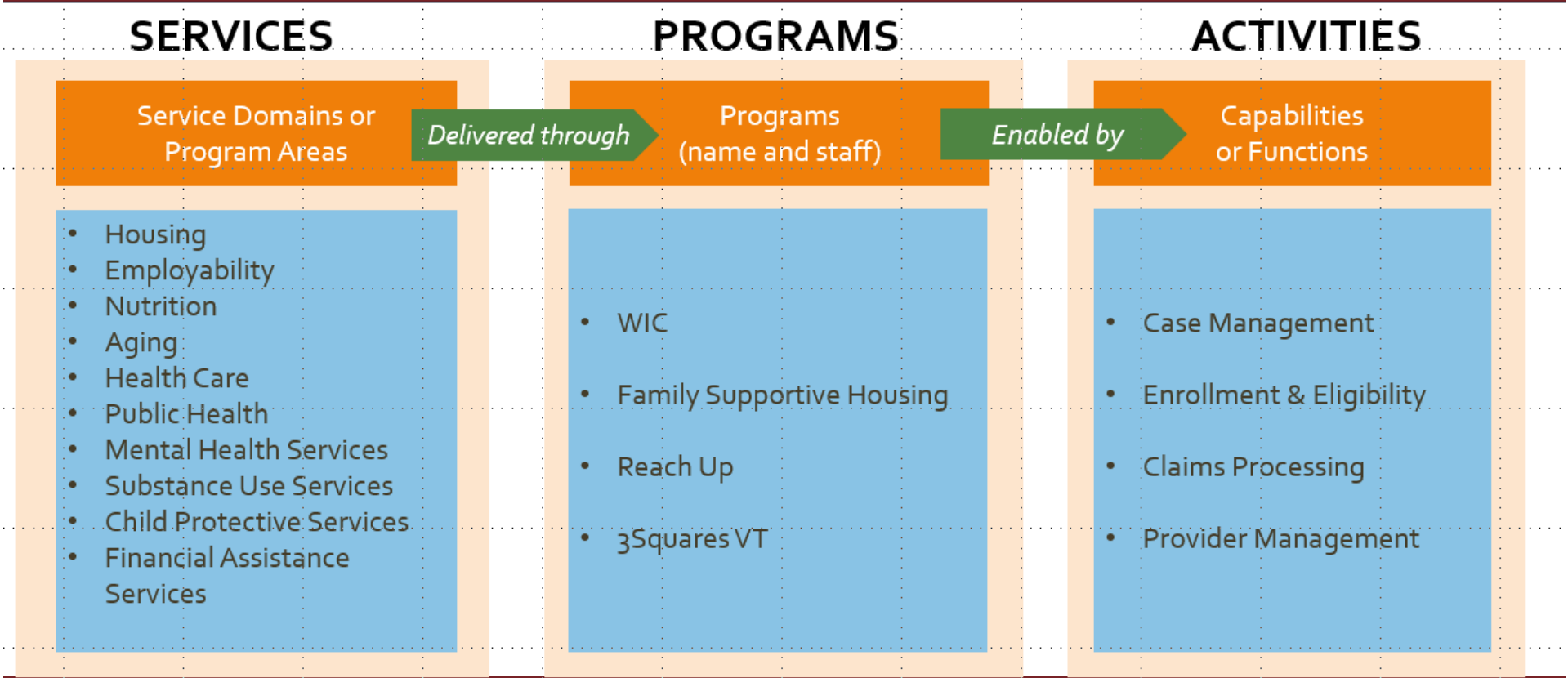
STEP 1: PIVOT INVENTORY – THE “SPA” MATRIX

SERVICE DOMAINS: Areas of service (big buckets) for which your agency or department is responsible (What services do we provide?)
Currently have 45 – consolidate into 10 SD Groups – matched to Act 186 Outcomes.

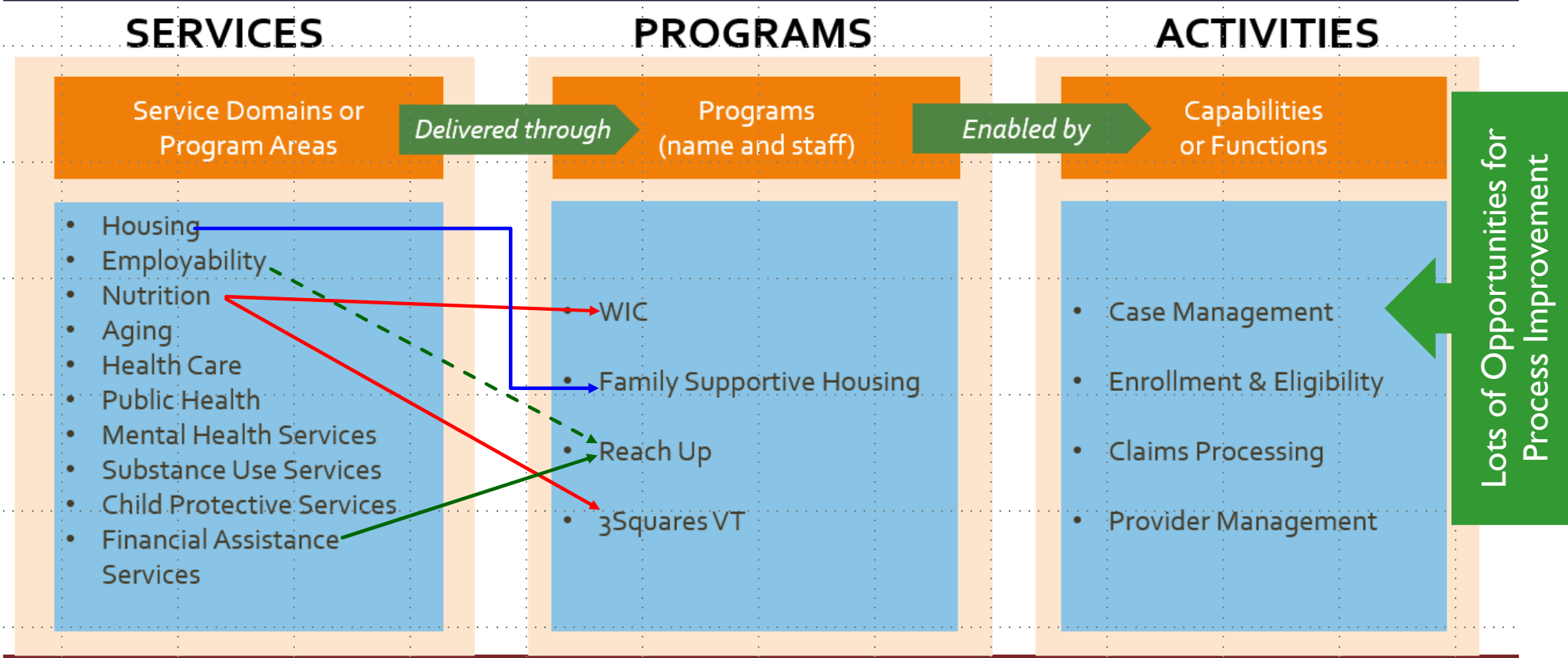
PROGRAMS: How your management or department manages the delivery of service – often with a name, purpose, budget, staff (How do we deliver those services?) (initial list of 803 – lots of work to do)

ACTIVITIES: Processes used by programs to deliver services. (What processes do we use to manage the programs?)

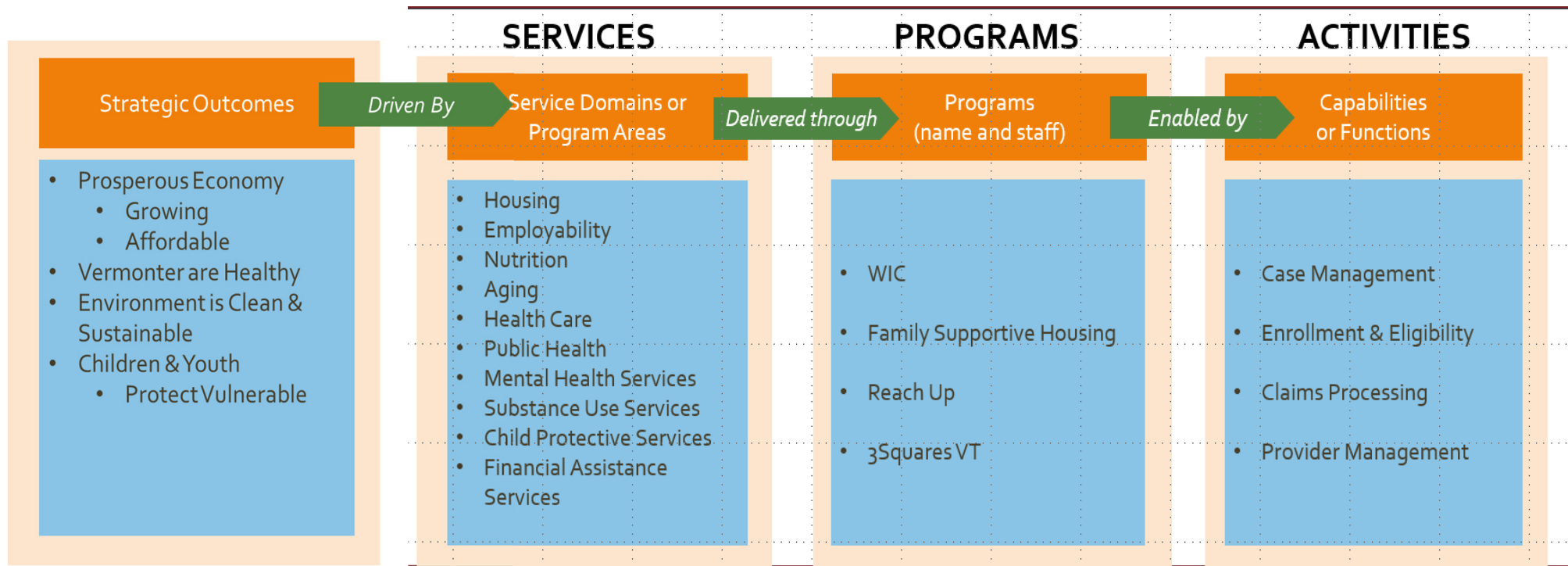
PIVOT INVENTORY – SPA MATRIX (EXAMPLE ONLY)



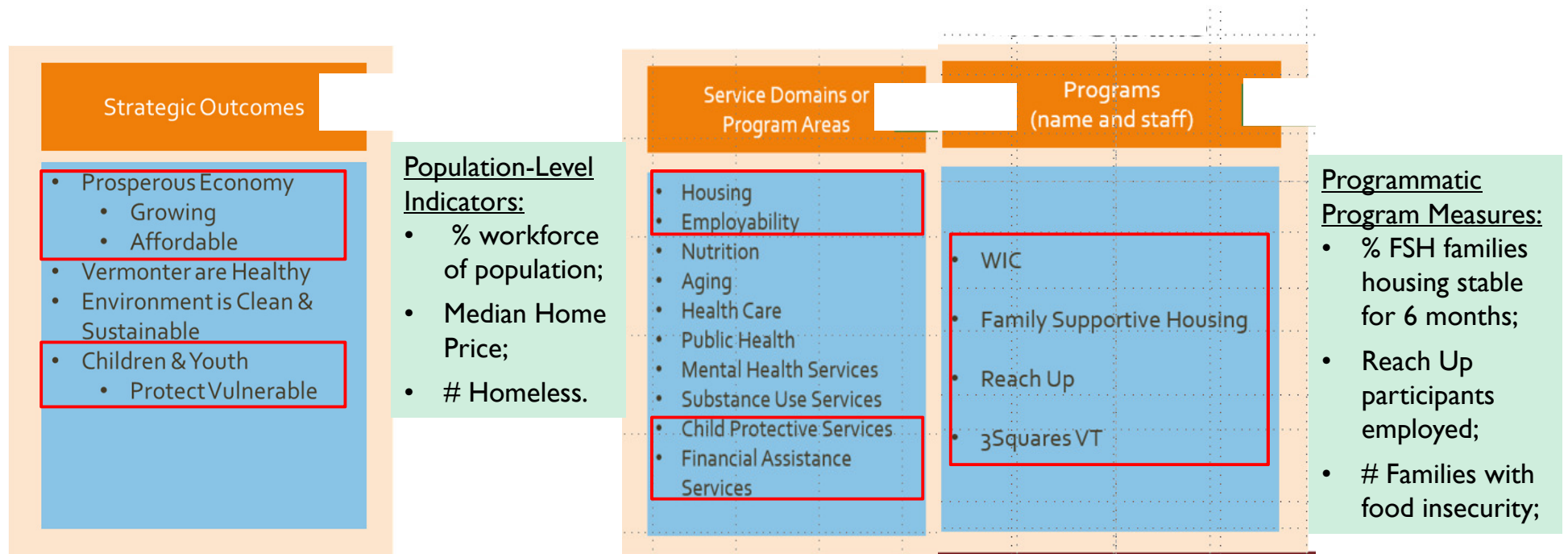
PIVOT INVENTORY – SPA MATRIX (EXAMPLE ONLY)



OUTCOMES DRIVE STRATEGIES, DOMAINS AND PROGRAMS (EXAMPLE ONLY)



OUTCOMES DRIVE STRATEGIES, DOMAINS AND PROGRAMS (EXAMPLE ONLY)



STRATEGIC OUTCOMES - SERVICE DOMAINS - ACT 186 CROSS-WALK

CONFIDENTIAL
DISCUSSION ONLY

GRP	SERVICE DOMAINS - INDIVIDUAL	GRP	SERVICE DOMAINS - INDIVIDUAL
E	Aging Services	D	Identity Protection Services
D	Child Protective Services	D	Legal Services
A	Community Development	A	Marketing
G	Data/Information Services	B	Mental Health Services
E	Disability Services	E	Mobility Services
A	Economic Development	A	Outdoor Recreation Services
F	Educational Services	H	Property Sales
D	Emergency Response & Recovery	H	Property Services
G	Employee Services	B	Public Health Services
A	Employment Services	D	Public Safety & Enforcement
H	Energy Services	H	Public Service
C	Environmental Conservation	G	Purchasing/Procurement
C	Environmental Preservation	G	Regulatory & Standards Compliance
C	Environmental Restoration	E	Rehabilitation Services
C	Environmental Stewardship	A	Revenue Collection Services
E	Family Support Services	G	Risk Management
G	Fiduciary Services	A	Sales
E	Financial Assistance Services	D	Scientific Analysis
E	Food and Nutrition Services	H	State Asset Management
G	Government Business Services	B	Substance Use Disorder Services
B	Health Services	E	Transport Services
A	Historic Preservation Services	A	Warehousing/Distribution
E	Housing Services	A	Workforce Development

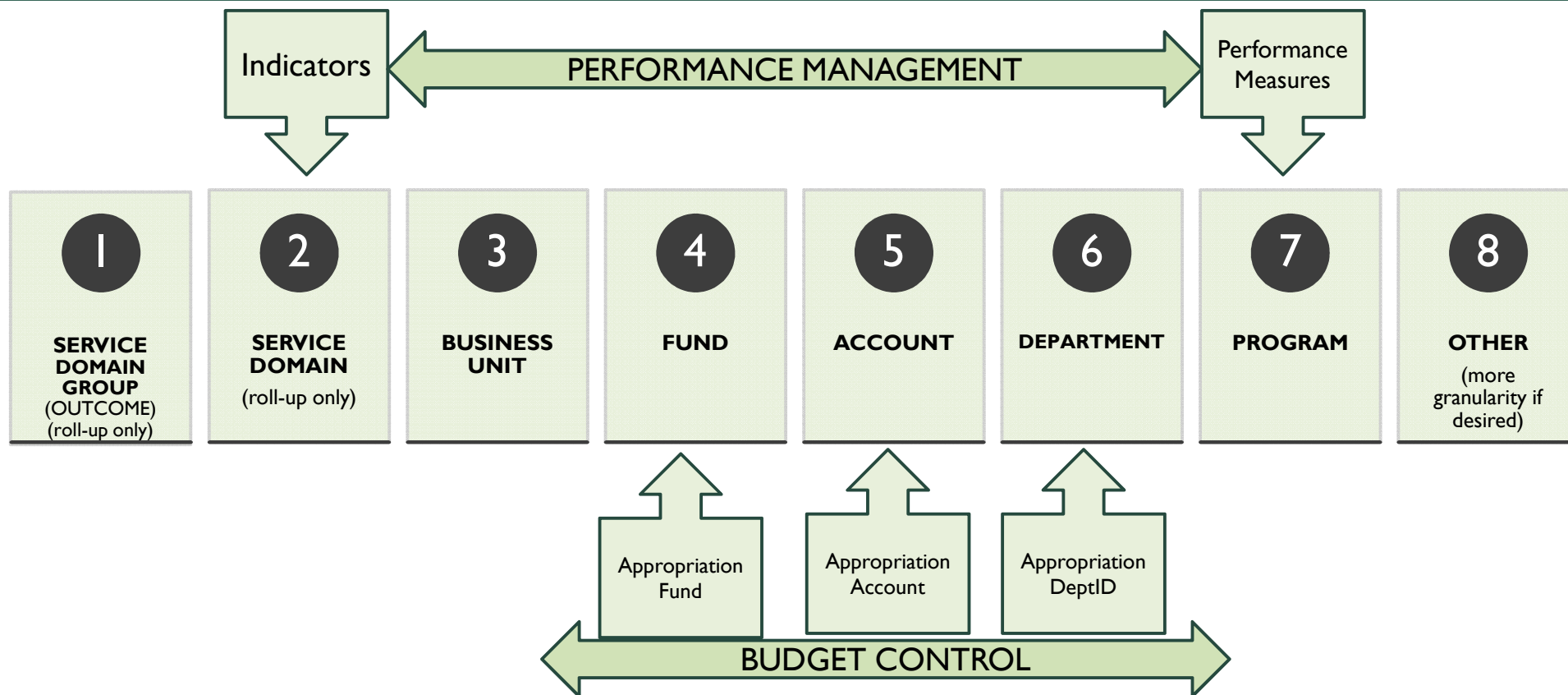
GRP	GROUP DOMAINS
A	ECONOMY, AFFORDABILITY & BUSINESS
B	HEALTH & HEALTHCARE
C	ENVIRONMENT & LANDS
D	SAFETY & COMMUNITY
E	NEEDS-BASED SERVICE AND AID
F	EDUCATION & OPPORTUNITY
G	TRANSPARENCY & ACCOUNTABILITY
H	INFRASTRUCTURE & ENERGY

GOV SP	Act 186
	1
I & II	2
	3
III	4
III	5, 6, 7, 8
	6
IV	9
	10

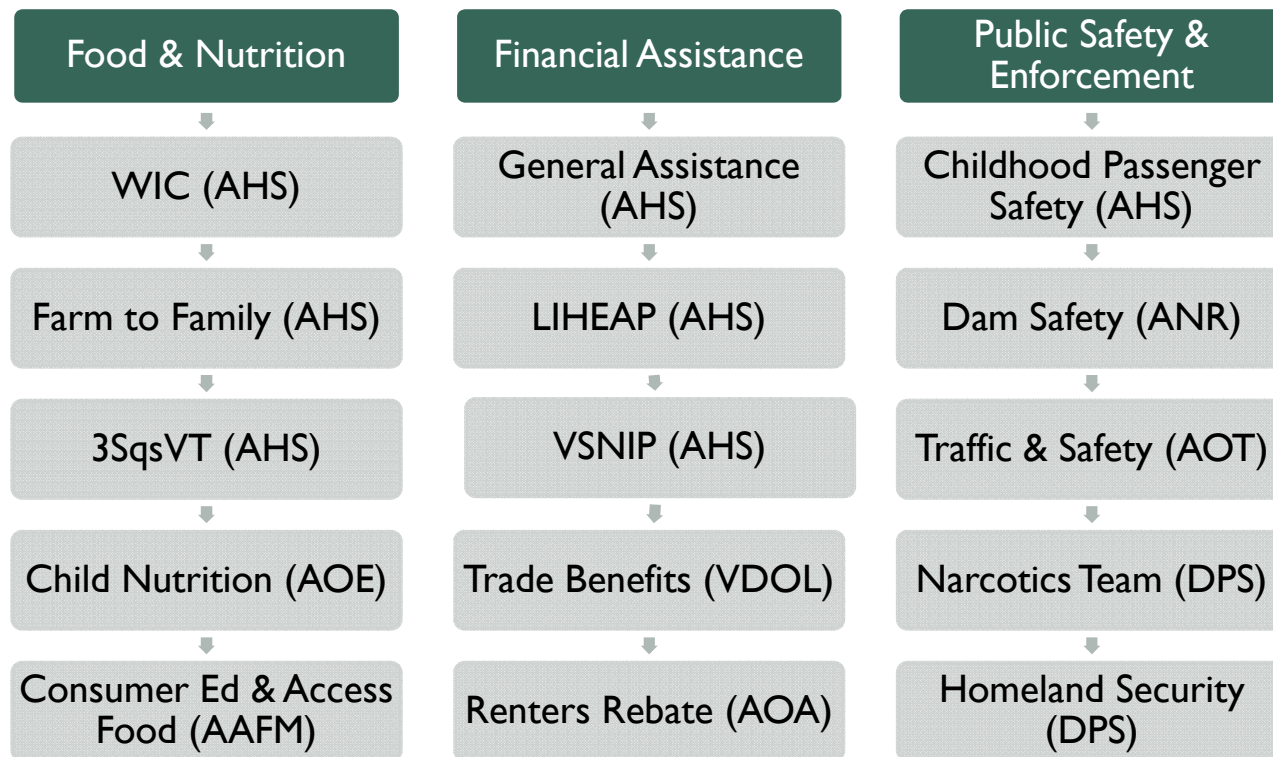
ACT 186 OUTCOMES (32 VSA § 2311 (B))

1	VERMONT HAS A PROSPEROUS ECONOMY	Employment, income, house price, wages, poverty, GDP		
2	VERMONTERS ARE HEALTHY	Obesity, smoking, substance abuse, homeless, HC access		
3	VERMONT'S ENVIRONMENT IS CLEAN AND SUSTAINABLE	water, GHG, air, solid waste		
4	VERMONT IS A SAFE PLACE TO LIVE.	Domestic abuse, crime, sexual assault, recidivism, prison		
5	VERMONT'S FAMILIES ARE SAFE, NURTURING, STABLE AND SUPPORTED.	child abuse, kids/foster, elder abuse, affordable housing		
6	VERMONT'S CHILDREN AND YOUNG PEOPLE	ACHIEVE THEIR POTENTIAL.	Kids/Youth behavior, kids court, kids HC;	K - 12
7	VERMONT'S SENIORS LIVE WITH DIGNITY IN SETTINGS THEY PREFER	elder employment		
8	VERMONTERS WITH DISABILITIES LIVE WITH DIGNITY IN SETTINGS THEY PREFER	Disabled employment		
9	VERMONT HAS OPEN, EFFECTIVE AND INCLUSIVE GOVERNMENT.	voting, judicial timelines, state efficiency, transparency		
10	VERMONT'S INFRASTRUCTURE MEETS THE NEEDS OF VERMONTERS, THE ECONOMY AND THE ENVIRONMENT.	bridges, telecommunication, buildings, energy		

PERFORMANCE MANAGEMENT AND BUDGET CONTROL



SERVICE DOMAINS AND PROGRAMS (EXAMPLE ONLY)



WHAT'S NEXT?

Review and Verify Program to Service Domain Assignment

Proof of Concept Using FY 2019 Estimates

Develop Project Plan

Assemble Project Team

Prepare Formal Needs Assessment

Get Stakeholder Input

Develop System Requirements

Implementation Plan (roll-out to flip the switch)

Implementation



QUESTIONS?

THE END