

# Priorities and Performance Based Budget

*Priorities and Performance Based Budgeting (PPBB) is the process of identifying and prioritizing the Governor’s vision as it relates to the state’s core functions, their costs and delivering effective and efficient outcomes. This includes improved transparency to decision makers and the public; improved methods of measuring what the state does and whether agencies are making a difference; linking activities of government to achievement of objectives; and providing a platform for improvement in funding and budgeting decisions. The goal is to answer the question, “Why is our state spending money the way it is?”*

## Overview

Performance Based Budgeting began during the 2011-2013 biennial budget preparation. Initially presented as Priorities of Government (“POG”), the concept of utilizing performance based budgeting led to the passage of Assembly Bill 248 during the 2011 session, which added the following requirements to the proposed Executive budget:

- a general summary of long-term performance goals;
- establishment of core governmental functions; and
- an explanation of the means by which the proposed budget will provide adequate funding for those governmental functions and services such that ratable progress will be made toward achieving those long-term performance goals.

The Executive Branch is moving forward with Priorities and Performance Based Budgeting (PPBB) in order to provide increased accountability of state government. Additionally, PPBB must accomplish the goal of improving transparency to decision makers and the public by identifying what services the state provides, demonstrating how the state measures its effectiveness, and providing clear results for evaluation.

PPBB utilizes both a top down and a bottom up approach. The process started at the top by identifying the Core Functions of government, objectives were then identified for each Core Function. Objectives are high level goals the Governor seeks to achieve. Starting from the bottom, activities are identified which are then correlated to the objectives.

## Structure

- Strategic Priorities
- Core Functions
- Objectives
- Activities

The Strategic Priorities, Core Functions, and Objectives are established for the Executive Branch of state government. Each department and/or division within the state must identify the activities within the department

and division and determine which statewide objectives within the various core functions the division’s activities support. Activities are determined at the department/division level.

## Definitions

Basic definitions for terms are provided below. Instructions and examples for identifying each of these for your agency are provided later in the document.

- Activity - a program or service; or group of related programs or services performed for a specific purpose and/or population.
- Benchmark - performance measures providing insight into how the state (not necessarily state government) is doing. Benchmarks are related to state level objectives and will include comparative national or regional data where available. It is important to note that benchmarks often measure how well the state as a whole is doing – not just state government and measures progress that is not entirely controlled by state government.
- Population – defined group of people benefitting from or creating the need for an activity (the entire population of Nevada should not be used as an activity population as it is assumed any function of government benefits, at least indirectly, the entire state population). For some divisions this will be the legislatively approved and projected caseload.
- Support Activity – administrative activities supporting a division’s primary activities or programs. The approved support activities are:
  1. Fiscal/Accounting/Budget;
  2. Payroll and Personnel;
  3. Information Technology; and
  4. General Administration.
- Funding Types – basic description of the funding supporting an activity. The approved funding types are: General Fund, Highway Fund, Federal Funds, Transfers, and Other.

## Strategic Priorities

The Governor has established four strategic priorities for the Executive Branch as follows:

- Sustainable and growing economy
- Educated and healthy citizenry
- Safe and livable communities
- Efficient and responsive state government

Strategic Priorities are reflected in NEBS as specific decision units listed in **Decision Units** in Section III – **Appendices** of these budget instructions.

## Core Functions

- **Business Development and Services:**  
*Programs and services which help to diversify and strengthen Nevada's economic foundation and future growth by ensuring appropriate and balanced regulation to cultivate industry, instill consumer confidence, and guide the responsible conduct of business activities.*
- **Education and Workforce Development**  
*Schools, colleges, universities, and workforce development programs that, in collaboration with the private sector, ensure access to quality education and training, provide a skilled and qualified workforce, and promote self-sufficiency for all Nevadans.*
- **Health Services**  
*Programs and services that help Nevadans and their communities achieve optimum lifelong health, including physical, mental, and social well-being, through prevention and access to quality, affordable healthcare.*
- **Human Services**  
*Essential services that promote economic growth, self-sufficiency, and the healthy development of uniquely eligible populations, including children and youth, disadvantaged individuals and families, older adults, and individuals with disabilities.*
- **Infrastructure and Communications**  
*The design, construction, maintenance, operation, and modernization of public works systems and networks to provide safe and effective connections necessary for the movement of people, goods, and data.*
- **Public Safety**  
*Programs and services to protect citizens, property, and commerce by providing a safe and secure environment and by preparing for and responding to emergencies that threaten life, property, and community well-being.*
- **Resource Management**

*Effective management of Nevada's natural, cultural, and agricultural resources to ensure resource conservation and protection, economic vitality, and the overall quality of life, and to address the unique resource challenges in Nevada related to 85% federal land management.*

- **State Support Services**  
*Administrative support services necessary to facilitate and assist state government to operate in the most effective manner possible, and to provide management and oversight to ensure accountability for the efficient and transparent use of taxpayer funds.*
- **Statewide All Functions**  
*Support services within agencies that help them achieve their goals.*

## Objectives

Objectives are tied to the Core Functions of Government for the Executive Branch and have been established at the state level. Each department and/or division within the state must identify activities that support these state-wide objectives within the various core functions. These objectives may or may not be measured by benchmarks (which have also been pre-determined). Additional information will be provided on objectives through an all-agency memorandum at a later date.

## Activities

Additional information will be provided on activities and related NEBS information through an all-agency memorandum at a later date.

## Activities as Primary Building Block

“Activities” were established during the preparation of the initial priorities of government budget. Since that process was completed in a very short time frame and under the general context as a budget reduction tool, it is important that agencies spend time and energy refining their activities.

## Activities tie to Objectives

Correlating activities to established objectives of state government is one of the primary advancements in the PPBB budgeting process and is intended to accomplish the following:

- Identify activities across state government that are seeking to accomplish the same goal;
- Generate synergies between activities that may exist in different departments;
- Compare efficiency and effectiveness of activities towards advancing the objective;
- Identify inconsistencies in performance measures for similar activities or activities that are tied to a common objective.