State of Nevada
2013-15 Biennial Budget
Budget Instructions
Major Changes

Stephanie Day, Deputy Budget Director
Department of Administration, Budget Division

Priorities and Performance Based Budgeting

❖The Budget Instructions describe the concept, structure, and goals of Priorities and Performance Based Budgeting (PPBB).

❖Additional information will be forthcoming
  ➢ Addendum to the Budget Instructions will include the detailed NEBS PPBB Instruction Manual

Priorities and Performance Based Budgeting

❖ Additional details on Priorities and Performance Based Budgeting will be covered in a separate presentation later this afternoon.

Decision Units in Line Item

❖ Enhancement Decision Unit numbers in NEBS correspond to the Governor's Strategic Priorities

  ➢ E125-E150   Sustainable and Growing Economy

  ➢ E225-E250 Efficient and Responsive State Government

  ➢ E275-E300 Educated and Healthy Citizenry

  ➢ E350-E375   Safe and Livable Communities

Governor's Executive Budget Submission Requirements

❖ The 2013-15 Agency Request Biennial Budget submission will be electronic. A hard copy submission is **not** required.

❖ Binders are not required to be submitted to the Budget Division.

❖ Manila folders are not required to be submitted to the Fiscal Analysis Division.

Governor's Executive Budget Submission Requirements

❖ In lieu of a hard copy submission the following are required to be submitted to the Budget Division and Fiscal Analysis Division by 5pm on August 31st:

➢ **Highlight Memorandum** identifying the **major** changes and summarizing Agency Request (exclude standard decision units such as Base, M150, etc.)

➢ **Budget Preparation Checklist** completed for each individual budget account

➢ **Report on Contracts with Former Employees** (AB 240, 2011 Session)

Governor's Executive Budget Submission Requirements

❖**All** budget information **must** be entered in NEBS.

❖**All** notes, back-up documentation, and current spreadsheets **must** be included in NEBS. Information is included in the Budget Instructions regarding the preferred location for text and attachments.

Questions?

State of Nevada
2013-15 Biennial Budget
Nevada Executive Budget System (NEBS)
Major Changes

Stephanie Day, Deputy Budget Director
Department of Administration, Budget Division

Line Item Entry in NEBS

❖ Nearly identical to last biennium

❖ Vacancy Savings Schedule has been disabled – the FY13 Legislatively Approved amount has been automatically populated in FY14 & FY15, DU M150

Changes in NEBS from 2011 Legislative Session

❖Salary Reduction, Furlough, and Suspension of Merit Salary Increase

➢ Included in NEBS in Agency Request base payroll

❖Suspension of Longevity

➢ Included in NEBS as an M150 adjustment

Priorities and Performance Based Budget Hierarchy Structure

❖ Pre-Determined by the Governor's Office and Cabinet Members

➢ **Core Functions of Government**

➢ **Objectives**

➢ Benchmarks

Priorities and Performance Based Budget Hierarchy Structure

❖ Agency determined

➤ Core Function of Government and Objective to Tie To (An Activity can tie to one or more Objectives in one or more Core Functions of Government)

➤ **Activities**

➤ Performance Measures (3 will print in the Executive Budget)

Line Item Fund Mapping

❖ Initial roll-out of NEBS will have similar Line Item Fund Mapping to last biennium

❖ An enhancement to the Line Item Fund Mapping functionality will be implemented

  ➤ More user-friendly

  ➤ Similar to Activity Mapping

  ➤ Agencies can begin using immediately and the data will be converted to the new format with no loss of data

Priorities and Performance Based Budgeting Activity Mapping

❖ Additional levels will be available

➢ Budget Account

➢ Decision Unit

➢ Category

❖ Position Activity Mapping

➢ Position Group (can be different from line item grouping)

➢ Individual Position

Budget Account Level Performance Measures

❖ Update FY12 Actual and FY13 Projected amounts only
  ➢ To be presented to the Legislature in a separate document – not part of the Executive Budget
  ➢ FY14 & FY15 Budget Account level performance measure entries will not be accepted in NEBS

❖ FY14 & FY15 to be replaced with Activity level performance measures in Priority and Performance Based Budgeting

Activity Level Performance Measures

❖ Three digit Agency (Department/Division) level in Priorities and Performance Based Budget Activities

❖ Incorporated into the Executive Budget Document

❖ Separate Numerator and Denominator fields in NEBS
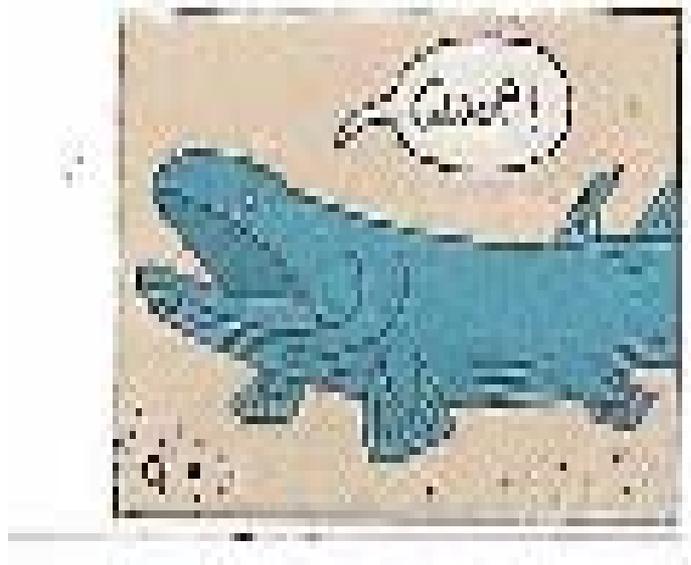 ➢ NEBS will calculate the percent, etc. based on entries

Please contact your assigned budget analyst with agency-specific questions.

Priorities and Performance Based Budgeting 2.0

Evolution

▸ 2011-2013 Biennial Budget was first step

Evolution
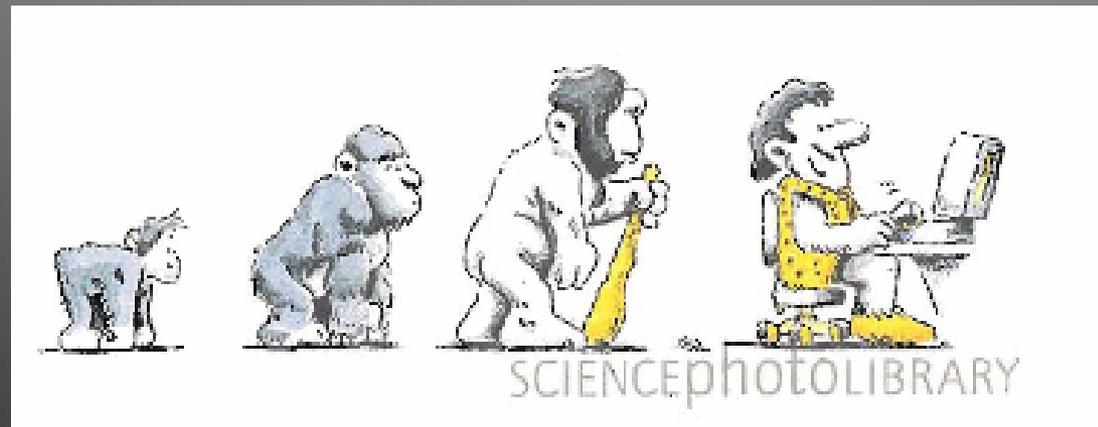
- Lessons learned
  - Good start
  - Too detailed
  - Lacked overarching structure
  - Need to refine
- AB 248 – 2011 Session
  - Performance goals
  - "core governmental functions"

Evolution

Statewide Structure
- Strategic Priorities
- Core Functions
  - Objectives
    - Benchmarks
    - Activities

SCIENCEphotoLIBRARY

Strategic Priorities

- Sustainable & Growing Economy

- Educated & Healthy Citizenry

- Safe & Livable Communities

- Efficient & Responsive State Government

Core Functions

- Business Development & Services
- Education & Workforce Development
- Health Services

- Human Services
- Infrastructure & Communication
- Public Safety
- Resource Management
- State Support Services

Evolution

- Process will continue to evolve until…..

Refining the Definition of Activity

▶ Activity Defined
- ◦ A program or service; or group of related programs or services performed for a specific purpose and/or population

- ◦ Still at the Dept/Division level

  - • No longer using authority as a breaking point (still need to provide info)

  - • No longer using funding type as a breaking point (still need to provide info)
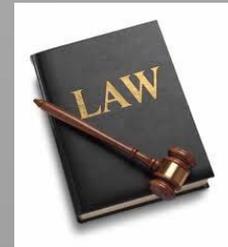
Defining Activities

Questions to ask:

▸ Is it measurable?

◦ Activity and resources

▸ Is there an identified program manager?

▸ Do changes in resources impact performance measures?
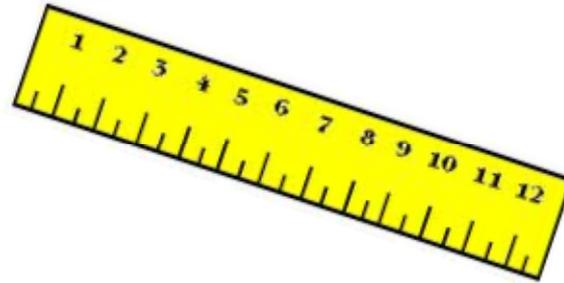
Refining Existing Activities

Questions for existing Activities:

▸ Was this an Activity only because it had separate authority?

▸ Was this an Activity only because it had separate funding type?

Defining and Refining Activities

The purpose of the _____
                    (activity)

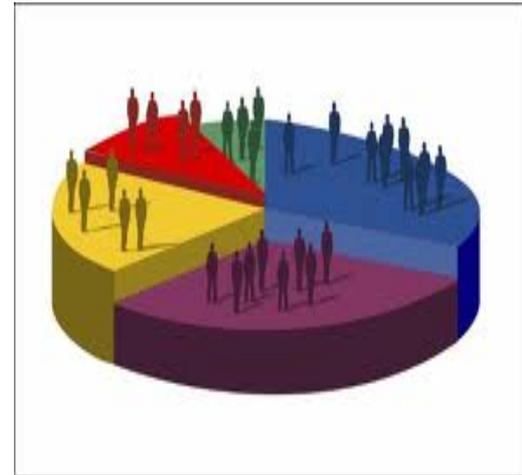is to provide/produce_____
                        (services/goods)

to_____ so they can/in order to
   (whom/population)

_____.
   (planned benefit)

But First, a Word About Populations

Populations

▸ The group benefitting from or creating the need for the Activity

- ◦ Not the entire state
- ◦ Better defined by programs and services than geography
- ◦ How to handle caseloads

Activity Examples

K-12 Education

- Early Childhood Education Programs?
- Education Technology?
- Native American Education?
- Programs for Parental Involvement?
- Student Health?
- Textbooks and Library Books?
- All but Early Childhood Education likely fall under K-12 Education Activity

Activity Examples
K-12 Licensing and Professional Development

- Teacher and Educational Licensure
- Teacher Education Program Approval
- Private Schools
- These are likely a single Activity

- Provide Oversight & Professional Development
- School Recognition & Promising Practices
- State Personnel Development Grant
- These are likely a single Activity

Activity Examples

Health Services

- Mental Health – Urban Residential Support
- Mental Health – Urban Housing and Urban Development
- Mental Health – Rural Housing and Urban Development
- These should be a single Activity with multiple populations

Activity Examples

Public Health and Clinical Services

➢ Licenses and inspects various facilities to protect public from health hazards

➢ Provide public health nursing in the 14 rural counties

➢ This Activity looks like two separate Activities

Activity Examples

- Mental Health – Urban Co-Occurring Disorder

- SAPTA Co-Occurring Disorders Treatment

These should be one Activity

This Activity will tie to multiple Core Functions (Health Services and Human Services) and multiple Objectives

Tying Activities to Objectives

- Review ALL the Objectives for ALL the Core Functions
- Look at the Benchmarks for the Objectives
- Keep an open mind
- Start with all Objectives that the Activity might tie to

Activities with Multiple Objectives

- Activities may tie to more than one Objective

- The Objectives may come from different Core Functions

- When evaluating the tie between an Activity and possible Objectives, use a 25% threshold

Tying Activities to Objectives

Sample Activity
- Student Nutrition

Possible Objectives
- K-12 Graduation
- K-12 Performance
- Math and Reading
- Hunger
- Child Well-Being
- Disease Prevention

Tying Activities to Objectives

Student Nutrition
- K–12 Graduation
- K–12 Performance
- Math and Reading
- Hunger
- Child Well–Being
- Disease Prevention
Apply 25% threshold

Student Nutrition
- K–12 Graduation
- K–12 Performance
- Hunger

Tying Activities to Objectives

Student Nutrition

- Hunger – 50%

- K-12 Graduation – 25%

- K-12 Performance – 25%

- Hunger
  - Human Services
- K-12 Graduation
  - Education and Workforce Development
- K-12 Performance
  - Education and Workforce Development

Distribution By Objective

Objective and Core Function

Tying Activities to Objectives

Mental Health – Forensic Inpatient

- Mental Health (Health Services)

- Reduce Crime (Public Safety)

- Reduce Repeat Criminal Activity (Public Safety)

Tying Activities to Objectives

▸ **Co-Occurring Disorders**

  ◦ Mental Health (Health Services)

  ◦ Risky Behaviors (Human Services)

Pass Thru

- Funds passed from one <u>state Dept/Division</u> to another <u>state Dept/Division</u>

- To avoid duplicate accounting of funding to an Activity, use the Activity Pass Thru

- Do not include any personnel in the pass thru (for example grant admin personnel – they are part of the Admin & Support Activities)

Pass Thru

- Tie the Pass Thru Activity to the Pass Thru Objective in the appropriate Core Function

- Use the Core Function the Pass Thru funds support

Support Activities

- Trimmed Support Activities to Four

  - Fiscal

    - Includes budget, accounting, accounts receivable, accounts payable, contracts, purchasing, etc

  - Personnel and Payroll

  - Information Technology

  - General Administration

Support Activities

- Must have at least .25 FTE dedicated to performing the duties of the Support Activity
  - NOTE – smaller divisions may not have all four Support Activities

Support Activities

- Is it a Support Activity or part of a Primary Activity

  - Two criteria

    - Must be performing a support service

    - If supporting 1 or 2 Activities, then should be allocated directly to those Activities; if more than two Activities, should be Support Activity

Support Activities

- What Objective and Core Function ties to Support Activities?

  - Administration & Support Objective for each Core Function

  - Tie your Administration & Support Activities to the Administration & Support Objective in the Core Function that covers the majority of your Primary Activities

Support Activities

- Example
  - Division 123
  - Primary Activities tie to Objectives in the following Core Functions
    - Human Services 65%
    - Public Safety 35%

Support Activities

▶ Each Support Activity would be allocated to the Admin & Support Objective In the Human Services Core Function

▶ Human Services 65%

▶ Public Safety 35%

50

Mapping

- The Mapping Tab in NEBS is still under construction, but will be ready soon
- Map Line Item Budget to Activities
  - Includes Funding Type
    - General Fund
    - Highway Fund
    - Federal Funds
    - Transfers
    - Other

Mapping

- We will be mapping both line item dollars and FTEs
- For FTEs – use Position Groups
  - These do not have to be same positions groups as line item fund mapping
- More Options for levels of Mapping
  - Budget Account
  - Category
  - Dec Unit and Category

Mapping

- Mapping results must match line item budget for all funding types
  - Example
    - Line Item budget has $500,000 in General Fund – Mapping for that account must = $500,000 in General Fund
  - Work with your analyst to ensure funding types are correct
  - Federal funds received by one account and transferred to another become a transfer funding type in the receiving account

Performance Measures

- Critical to Success
- Need to focus on Outcome, Efficiency and Quality Measures
  - Each primary activity should have Outcome & Efficiency Measure
- Less about widget counting
- At Activity level
- Per AB 248
  - Still need to collect actual data for old approved performance measures at budget account level – FY 2012

Performance Measures

- New Activity level performance measures will be the measures going forward
  - Need to provide historical if available and projections for coming biennium
- Where possible try to tie to one of the Benchmarks for one of the Objectives the Activity ties to

Performance Measures

- Risk Management
  - Safety Consultation & Training Activities
    - Worker's Compensation Claims per 100 Workers
      - Outcome Measure

- Education
  - Early Childhood Education
    - Percent of Early Childhood Students with Disabilities Functioning at Age Level
      - Outcome Measure

Performance Measures

▸ **Taxation**

○ Call Center

• Average wait Time on Answered Calls

• Efficiency Measure

▸ **Motor Pool**

○ Long Term Assigned Vehicle Management

• Rental rate as Percent of Commercial Rate

• Efficiency Measure

Performance Measures

▸ Taxation

◦ Activity: Accounting and Processing

• Percent of Staff Highly Accurate

• Quality Measure

Now What?

- Additional training will be provided

- Work with your assigned Budget Analyst

- Research, Planning and Grants Management (help with Performance Measures)

Questions?