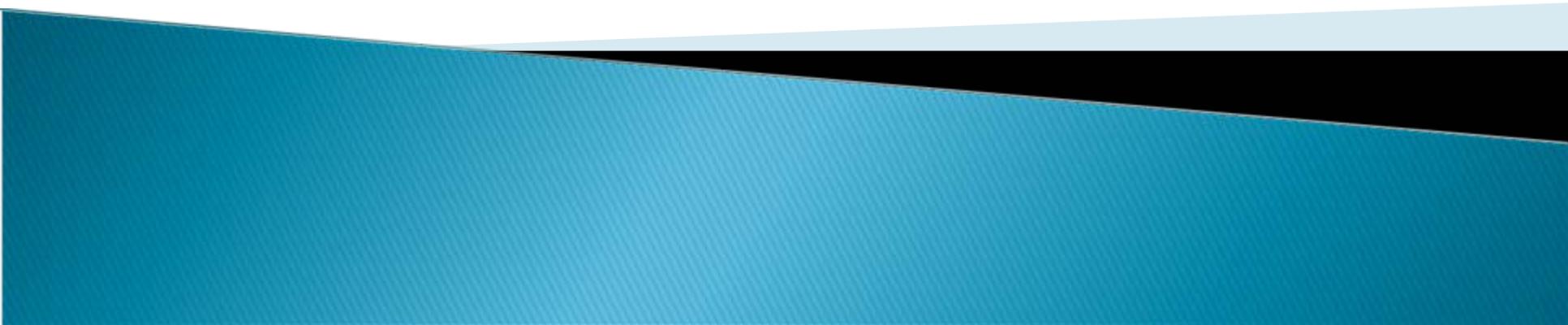


# **Priorities and Performance Based Budgeting**

for  
The State of Nevada

**Jeff Mohlenkamp, CPA**  
**Director Department of Administration**



# Current Budgeting Structure

- ❑ Difficult to ID common goals and coordinate efforts
- ❑ Limited focus on results

# Current Budgeting Structure

- ❑ Department – Division – Budget Account
- ❑ Budget Accounts broken into expenditure categories
- ❑ Budget Account Names and expenditure categories do not reveal much regarding what work is performed
- ❑ Performance Indicators are prepared at the Budget Account level
  - ❑ Inconsistently used by management
  - ❑ Even less frequently by key decision makers

# Current Budgeting Structure (cont.)

- ❑ It is difficult to identify agencies with common goals and therefore hard to coordinate efforts
- ❑ Silos form easily as the structure does not allow clarity regarding what work is completed or the goals and objectives of the organization

# Why Move to Priorities and Performance Based Budgeting

- ❑ Improve transparency to decision makers and public
- ❑ Link government activities to achievement of objectives
- ❑ Reduce silos and identify common objectives
- ❑ Provide platform for improvement in funding and budgeting decisions
- ❑ Measure the efforts of state government to determine whether they make a difference

# Historical Perspective

- ❑ Originated in late 1940s at federal level for Defense
- ❑ Guided by the federal Government Performance and Results Act (GPRA) enacted in 1993
- ❑ By 1990s half of the states are using performance indicators
- ❑ As of 2009, only 13 of the states are not using Performance Based Budgeting in some manner
- ❑ In 2010 Nevada implemented Priorities of Government Process

# Other States'

## Performance Based Budgeting

- State of Utah began in 2009
  - Performance measures based on department-specific critical areas of desired outcomes
  - Balanced Scorecard focuses on strategic planning, performance management, state agency collaboration, and discovering enterprise innovation opportunities
- Commonwealth of Virginia began in 1995
  - Includes metrics on inputs, outputs and outcomes
  - Online scorecard has supported targeted budget reductions

# Movement Towards Performance Based Budgeting is Underway

- ❑ Priorities of Government initiated during 2012/2013 budget preparation
- ❑ AB 248 Passed by 2011 Legislature continues movement
- ❑ Support from the Legislature, Governor and all who testified

# Introducing: Priorities and Performance Based Budgeting (PPBB)

- ❑ Builds on foundation established under the Priorities of Government initiative
- ❑ PPBB has a number of system advances to make it easier for financial and budget staff – to be discussed more in the afternoon
- ❑ We significantly advance the ability to inter-connect activities performed by State government

# Assembly Bill 248 Requirements

- ❑ Summary of the long-term performance goals for core governmental functions
- ❑ Explanations of how proposed budget will fund government so progress is made toward goals
- ❑ Sufficient to help analyze costs and benefits of programs and determine spending priorities

# PPBB Uses Top Down and Bottom Up Approach

# PPBB Top Down

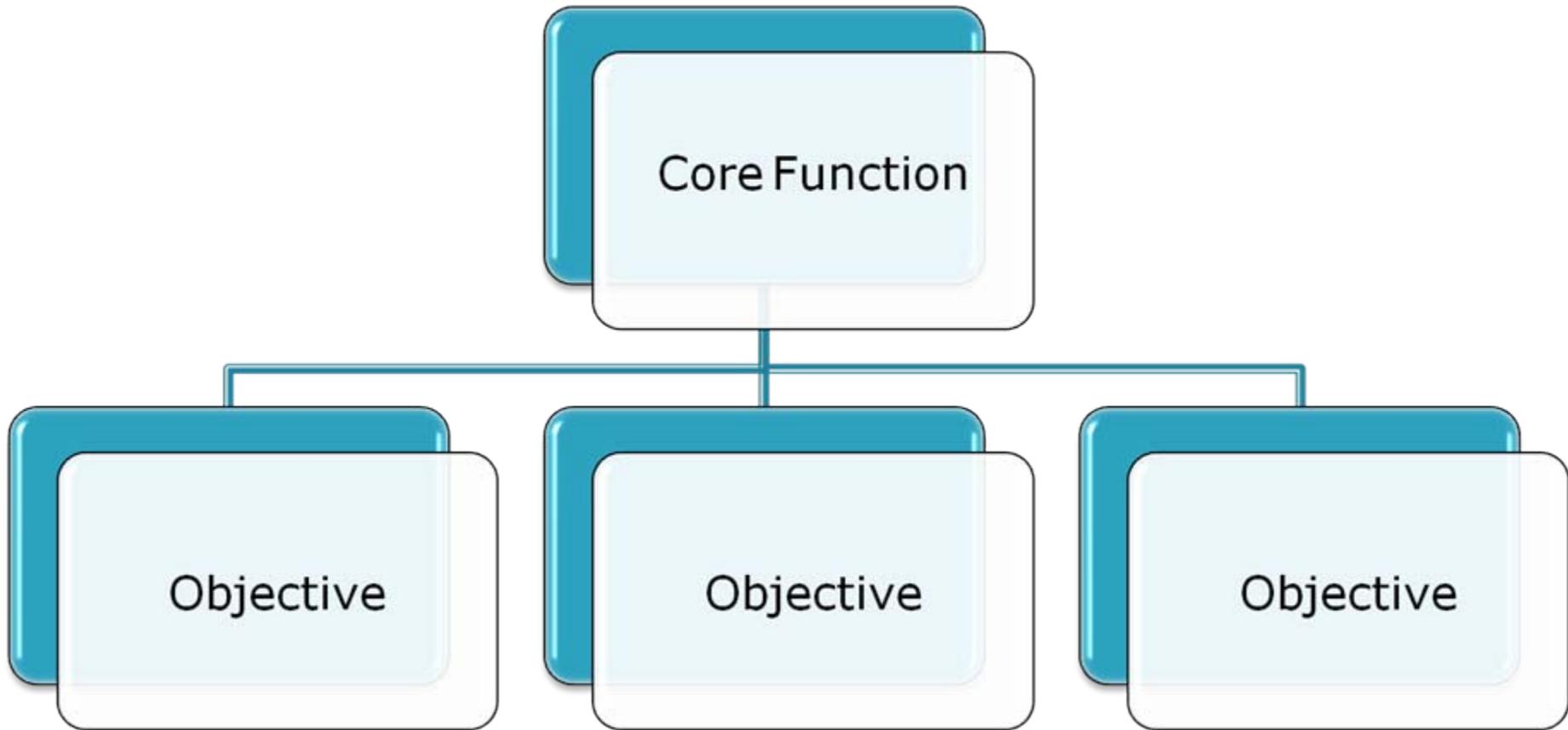
- ❑ The Governor directed the Budget Division to move forward with a budget design to increase accountability and transparency
- ❑ The Governor involved the entire cabinet in establishing Objectives tied to Core Functions of government
- ❑ Objectives advance one or more of the Administration's Strategic Priorities

# Overview of PPBB Structure

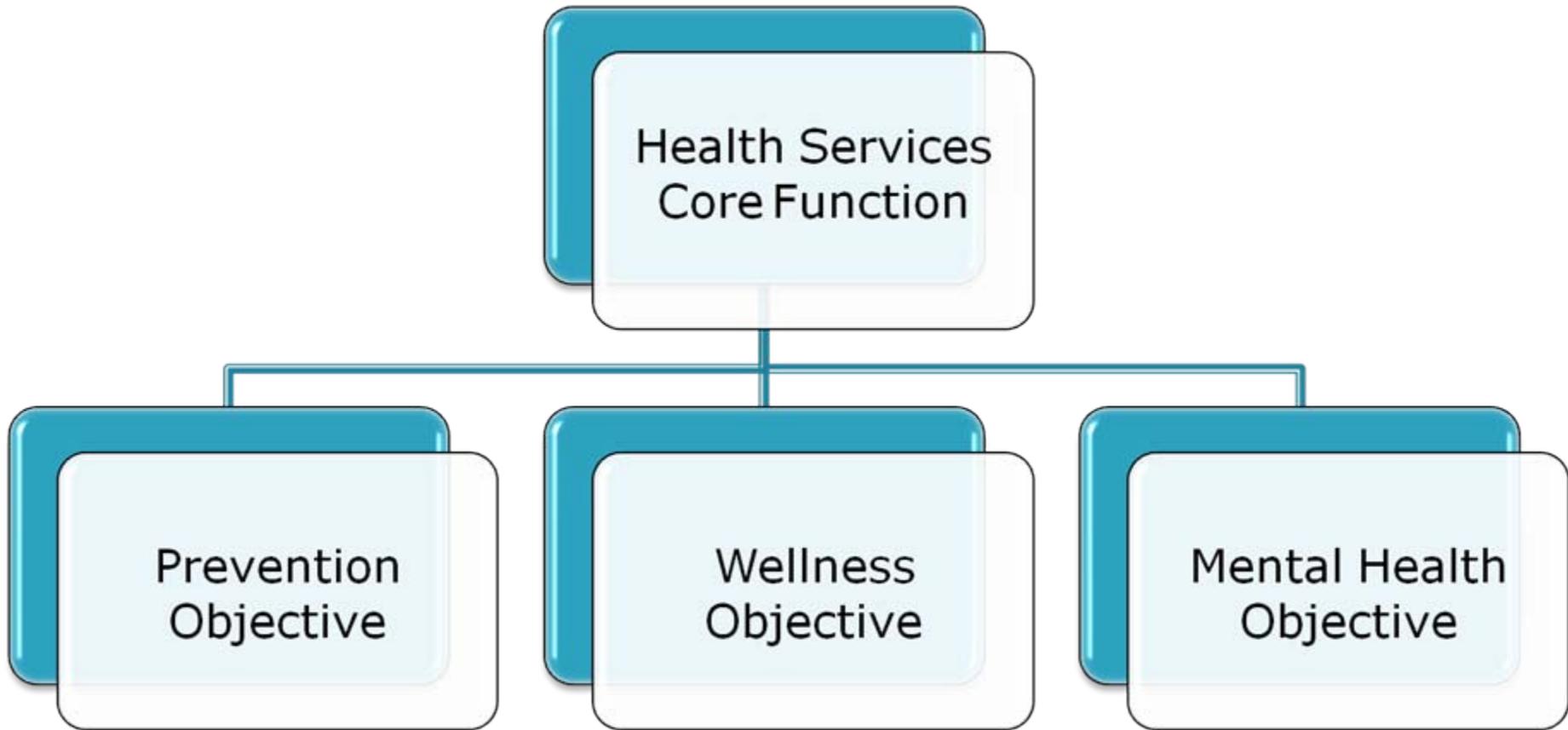
# Core Functions of Government

<b>Business Development &amp; Services</b>	<b>Infrastructure and Communications</b>
<b>Education and Workforce Development</b>	<b>Public Safety</b>
<b>Health Services</b>	<b>Resource Management</b>
<b>Human Services</b>	<b>State Support Services</b>

# PPBB Objectives link to Core Functions



# PPBB Objectives link to Core Functions



# Objectives

- ❑ Objectives are high level initiatives the state is trying to achieve
- ❑ Some Objectives are not entirely within control of government
- ❑ Government can play a key role in advancing all Objectives

# Examples of Objectives

- ❑ Health Services Core Function
  - ❑ Prevention Objective
  - ❑ Mental Health Objective
  
- ❑ Public Safety Core Function
  - ❑ Reduce Crime Objective
  - ❑ Reduce Repeat Criminal Activity Objective

# Benchmarks

- ❑ Objectives are measured by Benchmarks
- ❑ Benchmarks are high level measures of how well the state is doing at achieving or making progress on the state's Objectives
- ❑ State government cannot by itself control all Benchmarks however it should play a key role in all
- ❑ Benchmark parameters tie to national data and historical data (When available)

# Examples of Benchmarks

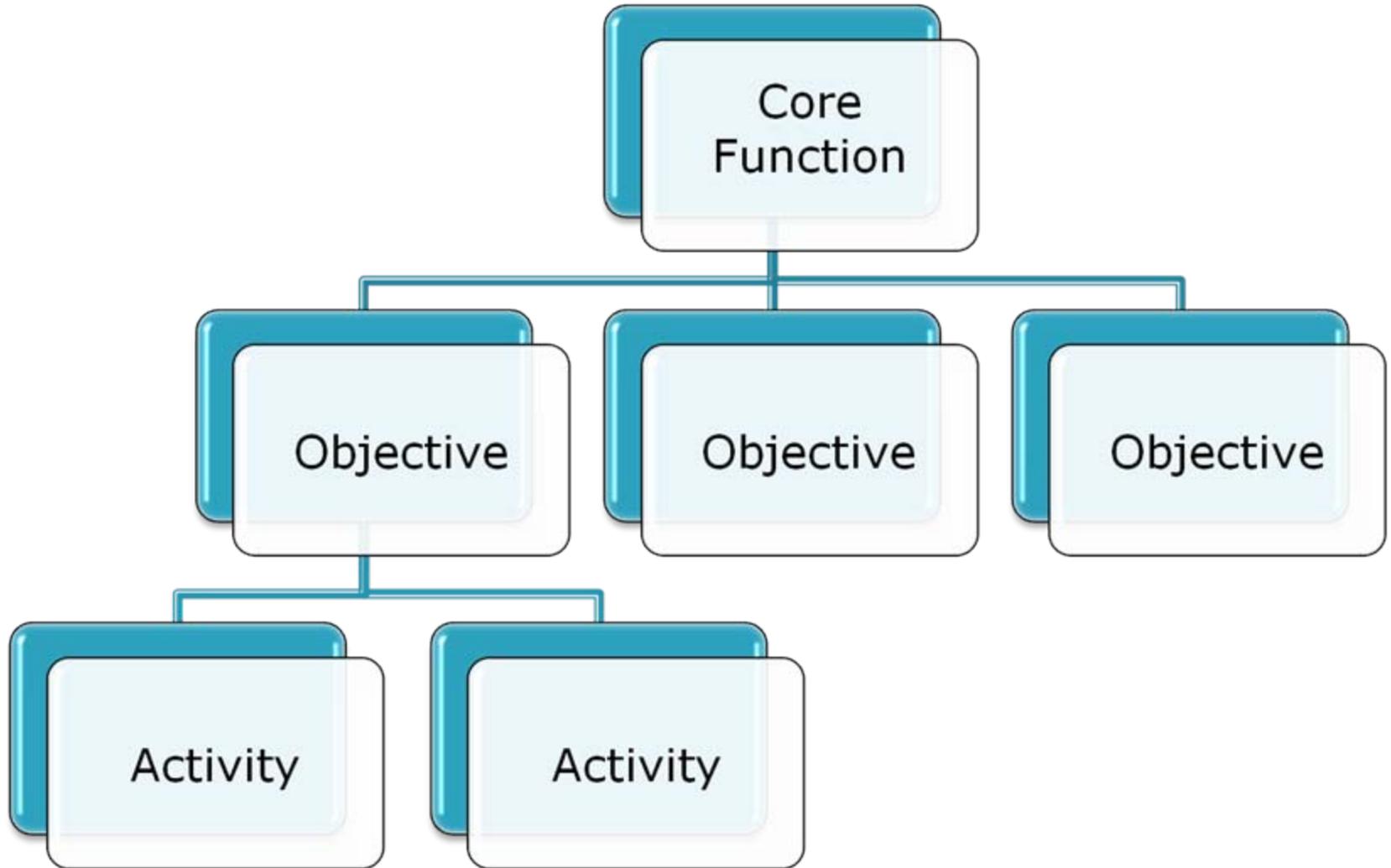
- ❑ Health Services Core Function
  - ❑ Mental Health Objective
    - ❑ Suicide Rate Benchmark
    - ❑ Inpatient Readmissions Benchmark
  
- ❑ Public Safety Core Function
  - ❑ Reduce Crime Objective
    - ❑ Violent Crime Benchmark
    - ❑ Offender Program Success Benchmark

# Core Function Tiers Established

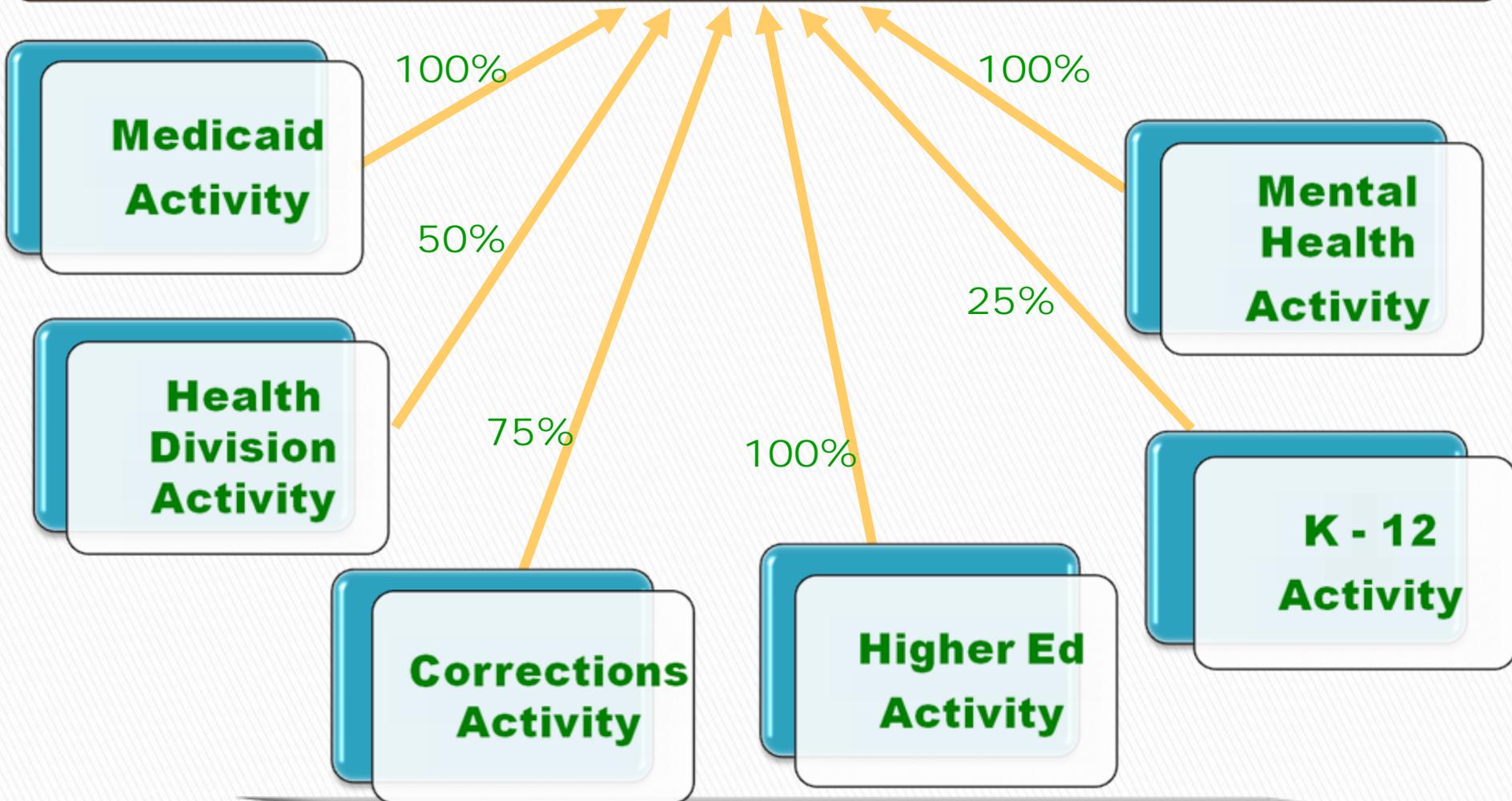
- 8 Core Functions
- 56 Objectives
- 148 Benchmarks

*A complete listing is available  
on the Budget Division Website*

# PPBB Activities link to Objectives



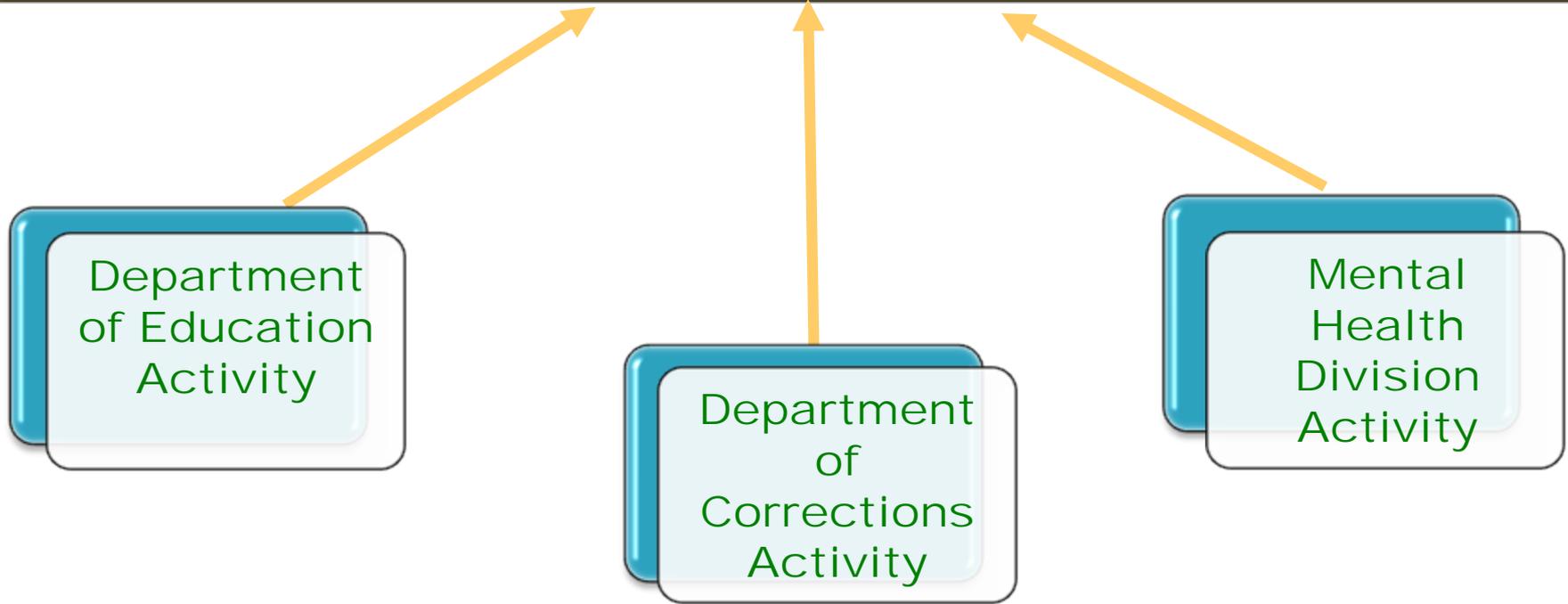
# Objective

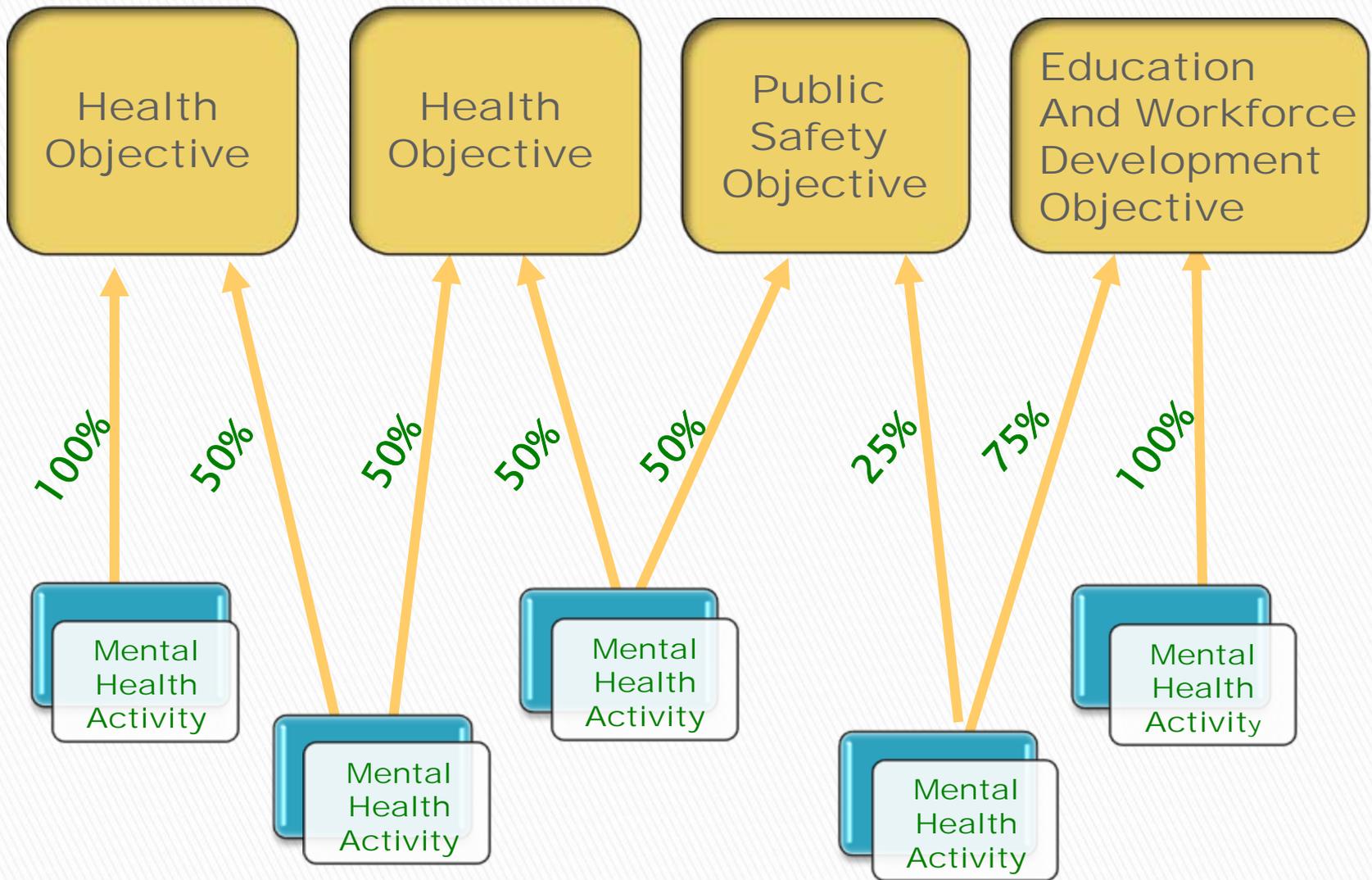


Activities Tie to  
an Objective

# Health Services Core Function

## Mental Health Objective





# Mental Health Developmental Services

# Performance Measurement

- ❑ Activities are measured using Performance Measures
- ❑ Up to three measures per activity
- ❑ Outcome measure is best
- ❑ Efficiency measures used to determine cost effectiveness

# Success Will Be Dependent Upon Continued Engagement by Senior Management

- ❑ The next phase of PPBB requires careful review and evaluation of activities
- ❑ This needs to be followed by an analysis of Performance Measures used
- ❑ Tying Activities to Objectives will require direct attention of Directors and Administrators

# Training Will Be Provided by the Budget Division

- ❑ Budget Analysts will be contacting Directors to set up training for your department
- ❑ Assistance in development of Performance Measures is available upon request

# Questions or Comments?

Jeff Mohlenkamp, CPA  
Director Department of Administration  
Blasdel Building, Room 200  
209 East Musser St.  
Carson City, NV 89701  
Phone 775-684-0222  
[jmohlenkamp@admin.nv.gov](mailto:jmohlenkamp@admin.nv.gov)