

2011 OBP Summit – 2nd Day Notes – LONG-TERM BUDGETING

PART ONE – WHAT CONCERNS OR QUESTIONS DO YOU HAVE?

- LFO: price bills for longer than biennium
- Long-term markers to help balance variation of biennial budgets
- Obligating future legislatures to these decisions?
 - Electoral continuity
 - Mandatory or advisory
 - Currently, 1 legislature passes implementation budget but next legislature pays for program
- How agency budgets impact each other
- Transparency of “true cost”
 - And overlap of \$
- It’s right to look at outcome vs. input
- How to deal with differences in desired outcomes
- Capacity around outcomes, analytics, business intelligence
 - Flexibility around reporting for defined outcomes
- What are the state’s long-term goals? Balancing needs
- Link goals to KPMs to strategies to budget
- Considering reality of politics
- 2-year budget
- Who keeps agencies accountable long-term?
 - Performance management
- Mechanisms for assessing, re-rigging, changing
- Promising practices
 - Evidence-based not evidence-bound
 - Give agencies broad outcomes and therefore flexibility
- Will there be unified access and communication throughout this process?
- Is this going to be another QEM?
- How will accountability for outcomes be considered?
- Process is hidden and has gaps
- Can’t always quantify valuable work
- The challenges of the 10-year budget are a two-year political cycle and sector silos
 - Need integration
- Concern about level of real participation from key internal and external stakeholders and public – need transparency
- Concern that there will not be alignment between outcomes and resources
- How do we get away from ‘use it or lose it’ setup of current budgeting?
- How do we form incentives for cooperation across branches of government across agencies?
- What is the process for identifying allocation teams
 - Keep as transparent as possible to support buy-in
- How do we get to the true cost drivers of a specific service area?
- Define state’s long-term goals and balance the populations needs

- Link goals to metrics, strategies and budgets
- How does this work in the political arena?
- The 10-year time frame:
 - Sticking to it
 - Also, allow for flexibility
 - When does the next 10 years start? A rolling plan?
 - Politics of revenues vs. expenditures, streamlining to excellence?
- First step critical
 - How to set priorities and competencies
 - Who, what, when, why – specifics
- How to protect consumers during the change
- How do you carry out a 10 year plan in a 2 year political process?
- What are the repercussions for an agency that fails to meet the outcomes?
- Metrics – quantity and quality needs to be considered?
- Will the executive and legislative branches work together on one approach to budgeting or will there be two?
- How will we maintain the approach after the first two years?
- Will we be able to modify our budgeting process to deal with second-order effects including cost shifting to local governments?
- How to achieve long-term goals when we are at the mercy of a 2-year budget?
- What is mechanism for assessing, reviewing, changing course?
- We need to be evidence-based not evidence-bound and work with promising practices to ensure equity
- Alignment of legislative and political processes
- Funding teams – roles and responsibilities
- Change process: overcoming silos, staff resistance
- This is efficient compared to what? How do we benchmark?
- Whose outcomes? How do we reconcile diverse needs?
- What will we do about cost drivers when we find them?
- Is this too big, too much, too quickly?
- Paralysis by analysis?
- How do you count on a 10 year budget when we have a new legislature every 2 years?
- Transparency and accountability – how do you measure that?
- Public contracting? How does this new budgeting address the lack of transparency and accountability in public contracting?
- Translation – how do you translate this to the legislature so they adopt this approach?
 - Translate to the public?
- Who are advisors on funding groups? How are they selected? How do you know they're qualified?
- Getting the right data that is needed in such a short time frame may be a problem
- How will budget plan address achievement integration?
- What is the overlap of the budgets for policy areas? How big is it?
 - I.e. Early childhood ed crosses over into health, safety, livable community, and jobs and economy
- Do the policy areas equal/match the core function of state government?

- Defining livable communities and healthy environment may need to be regionalized
- The speed and aggressive time frame may be too fast for stakeholder outreach, input, feedback, etc.
- What are the mechanics of the crossover/communication of the policy areas to ensure integration and efficiency adequate and assure things are not falling through the cracks? Who is steering?
- How do the outcomes get defined?
- There are complexities, where is the rigor to define and track?
- What is the cost/budget to collect the data? What is the data collection component?
 - There are indirect costs
- How will we ensure that the non-profit partners and local groups have the capacity to deliver additional services?
- What about federal requirements for data and funding? Is this integrated?
- Do today/next budget
 - Finish the plan and id the review teams/stakeholders to review/listen to stakeholder groups to prioritize and agree to outcomes
 - i.e. tee Early Learning Council/Healthcare Transformation Council
- In next budget, need to prioritize the allocations.
 - Be aware of indirect cost of data (ypting?)/externalities
- Need to define the outcomes wee want i.e. healthy babies? Jobs? What are the outcomes?
- Better define the budgeting process timeframe
 - How does it all fit?
- Good to have independent groups
- Today,
 - The governor and DAS need to educate the public and agencies on the plan and the strategies
- The plan must be flexible to accommodate policy changes and prioritize and accommodate federal requirements
- Outcomes are connected and programs lead to multiple outcomes so how do we assign \$/budget to outcomes?
- Do we have the data infrastructure and accounting systems across all agencies and districts to accomplish this?
- Concerns about the speed of change without time to test, adjust...
 - and the need to be clear that we are engaged in a 10 year plan but a 2 year budget
- Who influences the process and how are these new teams selected?
 - 7 teams?
- Common understanding of concepts within plan?
- What are the core functions of government? What are we doing that's needed/not needed?
- How do we involve the legislature in budget outcomes process?
- How do you execute a statewide plan locally?
- Government isn't a business, there are political constituencies

PART 2 – WHAT STEPS SHOULD BE TAKEN?

- How does this work in the political arena? (advocates)?
 - How to engage advocates early and ‘steer’ mindset?
 - How to create a ‘safe table’?
 - How to keep them engaged?
- How do we set outcomes that are equitably attainable? I.e. reading by end of 1st grade
- Working with W/M subs to ensure budgets are seen as a whole by the right committee reviewers
- Investment in IT to meet goals and assist with reviewing programs and budgets
- Universities helping with data collection and reporting (Research Center) general source info, central support, etc. that all can pull/learn from
- Regional hubs for underserved areas
 - Locally-based organizations with state as support
- Long-term tracking on early investments
- Clarify communication process between executive and legislative branches with the reality of governor’s budget and legislative procedures to follow
- Consider outcome flexibility, define and reassess with changes
- Be transparent, develop a communications and engagement plan
 - Use one section of budget as a demonstration of the process, drill down on outcomes
 - Open legislative session
- Give agencies the freedom to develop their budget without bureaucratic constraints
- Identify cost drivers and establish priorities for the next budget
- Governor should identify a larger vision/goal for the new budget process
 - Answer ‘why is this important to me?’
- Collaborative group summits for each policy area – safe place for agency heads and allocation teams to come together and discuss issues
- Define ‘true cost’ of policies and overlap of budgets
- Create research center/general source of information, reporting and data analysis with modernized IT systems
- Engage public and agencies
 - On what is outcome-based budgeting
 - To challenge our philosophies, assumptions and mental models
 - E.g. OR State Chambers Day @ Capitol 2/16
- Define outcomes and build data and performance management system
 - Find innovation, analyze what works
- Agencies should be focusing on what they do and how to measure it
- We need to address parts of state budget not spent in agencies
- We need to engage public on outcomes and the resources needed to achieve those outcomes
- We need to engage legislators in determining the outcomes they want to see
- Will legislative branch or executive branch reorganize to align with 7 budget areas?
- Get right people including the public involved to influence the right targeted outcomes so the voters will back them

- Link allocations to outcomes in a realistic way, distinguishing between funded outcomes and outcomes that need funding
- Define aspirational vs. actionable goals, be clear about them, then allow flexibility in achieving the goals
- Get buy-in at the staff level, through education, training and incentives
- Develop a strategic plan as a step between goals and funding
 - Establish priorities and core programs
- Ensure collaboration and communication by using regional solution teams
- Governor needs to address expectations by issuing a series of executive orders
- Get back to basics and identify core function of government
- Fix agency incentives – make it safe to be smart and innovative
- Focus on causes of problems (e.g. weak economy) not only problems
- Build from success
 - Start with more narrow, targeted approach so we can demonstrate success and build from there
- Communication is key
 - Needs to start with the public NOW
 - Legislature
 - Agencies – cultural shift
- High level of leadership over long term
- Define goals
- Decide desired outcomes
- Determine metrics
- Track data toward outcomes
- Decide how to allocate \$ based on outcomes
- Build public awareness
 - e.g. budget games – what would you buy?
- Define a process that is adaptable enough to respond to unexpected changes
 - E.g. initiatives
- Create a clear, official process to involve legislature
- Fund programs based on outcomes (incentives)
- Identify institutional barriers
- Ongoing public engagement – show early success