

**INFORMATION BRIEF**

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## Performance-Based Budgeting

State agencies include performance data in the budget proposals they present to the governor and legislature. However, the funding that agencies receive is not necessarily derived from past or future performance. Instead, performance metrics help the executive branch, legislature, and public better understand and evaluate state programs. Beginning as early as 1969, the legislature required state agencies to measure and report the outcomes achieved through public spending. Today Minnesota is one of many states that use performance-based budgeting concepts to some degree. This information brief explains performance-based budgeting and how it is used in Minnesota.

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## Introduction

Performance information is not a panacea for addressing the state's issues. It is a tool that can help decision makers, but it will not make difficult decisions for them. Knowing how the state is faring on key measures of performance is important, but decision makers will still need to consider reasons for current performance levels, many of which are beyond the control of agencies.

—Office of the Legislative Auditor<sup>1</sup>

Performance-based budgeting (aka performance budgeting, outcome-based budgeting, budgeting for outcomes, etc.) is a budget framework that allocates funding based on each program's success in achieving measurable outcomes or results.

Minnesota and other states have found it difficult to transfer performance-based budgeting from theory into practice.<sup>2</sup> Nevertheless, Minnesota lawmakers have incorporated performance-based budgeting concepts into the state's budget process and statutes.

Performance-based budgeting encourages agency staff and lawmakers to think beyond program inputs and outputs and focus instead on the outcomes that measure how well each program served the public interest and achieved its goals and objectives. For example, the appropriate funding level for a work-release corrections program would be informed not solely by analyzing program inputs (e.g., the program's funding level for the previous fiscal year) or outputs (e.g., the number of offenders participating in the work release program), but also by examining the societal benefits of the program (e.g., the increase in public safety associated with the decline in recidivism attributable to offenders who successfully complete the work release program and do not reoffend).

While simple in theory, the example above illustrates a few of the challenges inherent in performance-based budgeting:

- **Measurement.** Is it possible to accurately capture the program's societal outcomes or to isolate the impact of this program from other state, federal, or nonprofit programs that also attempt to reduce recidivism?
- **Factors beyond an agency's control.** Are there societal, economic, or other factors that affect recidivism that are beyond the control of the employees who administer the work-release program?
- **Appropriate budgetary response.** If the percentage of offenders who successfully complete work release declines from one fiscal year to the next, should policymakers direct scarce budgetary resources to other programs with ostensibly better outcomes, or allocate additional funding to the work-release program in an effort to improve performance and advance public safety?

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<sup>1</sup> Office of the Legislative Auditor, State of Minnesota, Program Evaluation Division, "Performance Budgeting," Report 94-02, February 1994.

<sup>2</sup> National Conference of State Legislatures, "Legislative Performance Budgeting," September 2008, [www.ncsl.org/research/fiscal-policy/legislative-performance-budgeting.aspx](http://www.ncsl.org/research/fiscal-policy/legislative-performance-budgeting.aspx)

Performance information can assist policymakers in the executive and legislative branches with the development of biennial budgets for state agencies. However, as noted by the Office of the Legislative Auditor in the opening quote, performance-based budgeting is only a tool. In Minnesota and other states, performance-based budgeting has not frequently been used by lawmakers to make data-driven, formulaic budget decisions based exclusively on performance data.

Instead, Minnesota policymakers use performance information to better understand and evaluate agency programs and budget requests, as summarized in the following section.

## Current Minnesota Law

Minnesota's budget framework emphasizes the prior funding level for a given agency, program, or activity.<sup>3</sup> The governor's budget proposals build from this "base" spending level. Most public and legislative attention is paid to the governor's proposals to create or eliminate programs or otherwise modify agency spending compared to prior levels.

By law, the governor's budget proposal includes agency and program performance data in order to inform executive and legislative decision making and demonstrate whether state programs are meeting their goals and objectives.<sup>4</sup>

Acceptable performance measures are those that capture program outputs (e.g., number of miles of road constructed), outcomes (e.g., the infant mortality rate), efficiency (e.g., administrative costs as a percent of total grant funding awarded), or other measures useful in understanding the performance of a specific program.<sup>5</sup>

Minnesota Management and Budget (MMB) is the state agency responsible for coordinating the governor's budget proposal. The budget forms and instructions that MMB provides to agencies must include guidelines for reporting performance measures.<sup>6</sup> In turn, agencies must prepare "performance-based budget plans" according to the schedules, forms, and standards established by MMB.<sup>7</sup> MMB is also authorized to require agencies to submit other periodic performance reports.<sup>8</sup>

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<sup>3</sup> [Minn. Stat. § 16A.11](#), subd. 3.

<sup>4</sup> [Minn. Stat. § 16A.10](#), subd.

1b. <sup>5</sup> *Ibid.*

<sup>6</sup> [Minn. Stat. § 16A.10](#), subd. 1.

<sup>7</sup> [Minn. Stat. § 16A.06](#), subd. 4.

<sup>8</sup> *Ibid.*

The explicit purpose for agencies to collect and submit performance data is to:

- allow the legislature to assess whether state programs are successful;
- encourage agencies to develop clear goals and objectives for their programs; and
- strengthen accountability by illuminating whether state government is providing effective and efficient services.<sup>9</sup>

To allow for additional legislative oversight and analysis of executive budget proposals, agencies also must establish targets for future performance when feasible and must submit sufficient historical information to illustrate performance trends.<sup>10</sup>

If an agency requests new or additional program funding that differs from the base level, the agency must include performance measures that the legislature (and public) may use to determine whether—assuming the proposal is funded—the agency achieves its stated goal(s). To the extent possible, for each of these “change items” the agency must identify the relevant statewide goals and indicators related to the proposal.<sup>11</sup>

While the executive branch is required to submit performance data and performance-based budget plans, there is no statutory or parliamentary requirement that the legislature explicitly consider or utilize the performance information supplied by the agencies. Similarly, there is no requirement that legislative proposals to modify agency base budgets be supported by performance data.<sup>12</sup>

## Agency Funding

### Agency funding levels not typically contingent upon performance

Statutory performance budgeting requirements apply only to the budget proposal that the governor submits to the legislature. Within the legislature itself, budget bills and acts typically do not specify expected performance outcomes or condition agency funding on achievement of specified outcomes. Although the governor’s budget proposals are typically introduced in bill form by members of the House and Senate, these “governor’s bills” also do not incorporate the performance data or goals that agencies include in their budget proposal documents.

One exception is in higher education, where recent biennial budget laws have specified that a portion of the state general fund dollars appropriated to the University of Minnesota and the Minnesota State Colleges and Universities system is available only once each organization satisfies specified numeric performance goals (e.g., increasing the employment rate of recent

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<sup>9</sup> [Minn. Stat. § 16A.10](#), subd. 1a.

<sup>10</sup> [Minn. Stat. § 16A.10](#), subd. 1b.

<sup>11</sup> [Minn. Stat. § 16A.10](#), subd. 1c.

<sup>12</sup> In contrast, a 2010 law requires that any bill to create or continue a tax expenditure must state the purpose of the tax expenditure and a standard or goal against which its effectiveness could be measured ([Laws 2010, ch. 389](#), art. 10, sec. 1; [Minn. Stat. § 3.192](#)).

graduates).<sup>13</sup> For more information on the use of performance data in higher education, see the House Research publication *Performance-Based Funding in Minnesota Higher Education*.<sup>14</sup>

## Performance-based budgeting under the Dayton administration

Governor Dayton's budget proposal for the fiscal year 2016-2017 biennium is the latest illustration of the state's performance-based budgeting statutes. Beyond the statutory requirements summarized above, the Dayton administration emphasized the use of performance-based budgeting concepts as agencies developed their biennial budget proposals. Specifically, the administration directed agencies to explain what they do in terms of the public good or outcome(s) that results from the state's investment.<sup>15</sup>

To express the administration's priorities and assist agencies in identifying suitable performance measures, the Dayton administration established overarching outcomes for state government. The eight statewide outcomes are the following:

- Strong and stable families and communities
- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals
- A clean, healthy environment with sustainable use of natural resources
- Efficient and accountable government services
- All Minnesotans have optimal health
- Sustainable options to safely move people, goods, services, and information
- People in Minnesota are safe<sup>16</sup>

Each outcome is supported by quantifiable metrics that the administration uses to evaluate the state's current status. For example, MMB assesses the outcome "Strong and stable families and communities" with statistics such as the percentage of Minnesotans who live below the poverty line, the number of people who are homeless in Minnesota on a given day, and other metrics as displayed on MMB's "Minnesota Dashboard."<sup>17</sup>

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<sup>13</sup> For the most recent example, see [Laws 2015, ch. 69](#), art. 1, sec. 4, subd. 3 (Minnesota State Colleges and Universities) and sec. 5, subd. 2 (University of Minnesota).

<sup>14</sup> Beyond the higher education budget, other examples in recent years pertain to state pass-through grants. For example, in 2010 the legislature established the "Council and Local Results and Innovation" in order to implement an optional performance measurement system for cities and counties that receive Local Government Aid (LGA). Cities and counties that chose to participate were eligible to receive additional LGA and an exemption from state-imposed property tax levy limits. For more, see [Minnesota Statutes 2014, section 6.90](#), and Minnesota Office of the State Auditor, "2012 Performance Measurement Report." Another example is the performance bonus funds appropriated in 2013 for counties that administer the federal Temporary Assistance for Needy Families program and "...exceed their expected range of performance on the annualized three-year self-support index..." [Laws 2013, ch. 108](#), art. 14.

<sup>15</sup> Margaret Kelly, State Budget Director, "2016-2017 Biennial Budget: Agency Narrative Instructions," office memorandum, June 16, 2014.

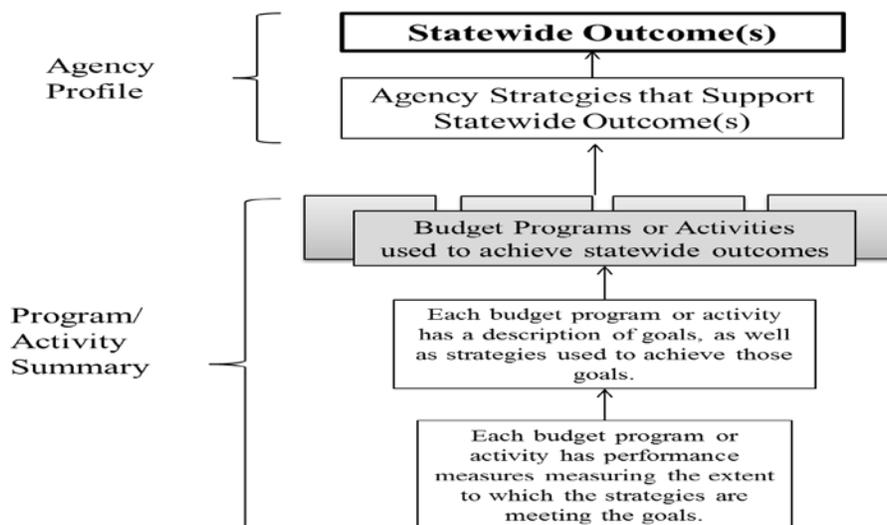
<sup>16</sup> Minnesota Management and Budget, "Minnesota Dashboard," July 2015, <http://mn.gov/mmb/mn-dashboard/>

<sup>17</sup> *Ibid.*

The eight statewide outcomes comprise the overarching priorities for agency performance under the Dayton administration.

As illustrated in Figure 1, MMB’s budget instructions for the fiscal year 2016-2017 biennium required each agency to identify which outcome(s) it supports.<sup>18</sup> Next, for each identified outcome, MMB required agencies to identify the programs and activities that advance that particular outcome. Finally, for each program or activity, MMB encouraged agencies to communicate appropriate goals, strategies, and performance measures using a “Results Based Accountability” framework.<sup>19</sup> MMB staff concluded that relatively small changes—such as encouraging agencies to communicate their budget decisions in terms of program results—could pave the way for broader use of performance-based budgeting in Minnesota.<sup>20</sup>

**Figure 1: MMB Performance-based Budgeting Diagram**



Source: Minnesota Management and Budget. July 25, 2012. “Part A Biennial Budget Instructions – Revised.” FY 2014-2015 Biennial Budget.

<sup>18</sup> Minnesota Management and Budget, “Budget Systems Project Stakeholder Event,” PowerPoint presentation, slide 6, June 13, 2014.

<sup>19</sup> Minnesota Management and Budget, “Statewide Outcomes and Results Based Accountability Instructions,” FY 2016-17 Biennial Budget.

<sup>20</sup> National Association of State Budget Officers, “Investing in Results - Using Performance Data to Inform State Budgeting, State Experiences and Lessons Learned,” Summer 2014, Minnesota case study, pp. 16 and 22.

## Examples from Fiscal Year 2016-2017 Budget Proposal

Two examples from Governor Dayton’s fiscal year 2016-2017 budget proposal illustrate how agencies responded both to statutory requirements and the administration’s emphasis on performance-based budgeting concepts.

### Example 1: Department of Agriculture

The Minnesota Department of Agriculture (MDA) stated in Governor Dayton’s fiscal year 2016-2017 biennial budget request that the agency’s programs collectively further four of the governor’s statewide outcomes—a thriving economy, optimal health, safety of people, and a clean environment.<sup>21</sup>

One of MDA’s statutory duties is to inspect commercial food canneries “at such times as the commissioner may deem proper.”<sup>22</sup> MDA’s 2016-2017 budget proposal asked the legislature to double the maximum inspection fee that MDA may charge each cannery.<sup>23</sup> The agency’s budget narrative explained that the goal of the cannery inspection program is to prevent foodborne botulism. The agency’s strategy for achieving this goal is to physically verify the production of safe and wholesome canned goods through on-site sampling and inspection.

MDA reported that while its objective is to oversee the canning of each vegetable product, a shortage of program funding meant that agency inspectors were not meeting this benchmark. MDA reported that the requested fee increase and resulting bump in program revenue would allow the agency to hire and train additional cannery inspectors and begin to meet the agency’s performance target. In addition to promoting public health through food safety, MDA reported that the increased inspection frequency would also benefit the state economy by ensuring that Minnesota canneries can continue to sell their products in domestic and international markets.

The legislature fully funded MDA’s cannery request.<sup>24</sup> It is not clear to what extent MDA’s use of performance information influenced the governor’s office, legislators, or industry and other stakeholders.

### Example 2: Department of Public Safety

The governor’s fiscal year 2016-2017 biennial budget request for the Department of Public Safety (DPS) reported that the agency’s programs collectively further the statewide outcome that people in Minnesota are safe.<sup>25</sup> DPS requested additional staff and IT funding to support the new

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<sup>21</sup> Minnesota Department of Agriculture, “2016-17 Biennial Budget,” January 27, 2015.

<sup>22</sup> [Minn. Stat. § 31.31](#).

<sup>23</sup> Minnesota Department of Agriculture, p. 20.

<sup>24</sup> While the 2015 Legislature funded MDA’s cannery request, it did so by providing additional general fund dollars in lieu of the agency’s proposed fee increase. [Laws 2015, 1st spec. sess., ch. 4](#), art. 1, sec. 2, subd. 2.

<sup>25</sup> Department of Public Safety, “2016-17 Revised Biennial Budget,” March 2015.

state disaster assistance program established in 2014.<sup>26</sup> The agency's request stated that the proposal would generate the following results: local units of government (i.e., the program's clients) would benefit because the agency could approve or deny a request for a state disaster declaration within 60 days. The agency would measure its success through a satisfaction survey distributed to applicants following an exit briefing. The legislature did not fund this request. As in the cannery example above, it is not clear what role if any the agency's performance information played in this outcome.

## **Brief History of Performance-based Budgeting in Minnesota**

In 1969, the legislature required agencies to present future budget proposals in terms of programs and their anticipated accomplishments instead of traditional "objects of expenditure," such as salaries, mileage, and maintenance/repairs.

The legislature finds that in the present era of increasing cost and complexity of state governmental operations with the attendant increase in sums requested and appropriated at each legislative session to enable state departments and agencies to perform their functions of service to the public, it is highly desirable that budgets considered by the legislature be stated in terms of services to the people in order to present fiscal policies in the context of services to be accomplished. The legislature therefore finds it desirable that future budgets and appropriations be stated in terms of programs and anticipated accomplishment rather than in terms of objects of expenditure. Program budgeting, herein defined as the arrangement of budgetary information into program categories in such a way as to emphasize the purposes for which state monies are to be spent, will be of invaluable assistance to the legislature in its consideration of budgets and appropriations requests. It is believed that it will also assist departments and agencies in clearly stating and properly emphasizing their budgetary needs.<sup>27</sup>

By requiring program budgeting, lawmakers broadened their budget-making focus from exercising fiscal control to simultaneously monitoring the outcomes achieved through state spending.<sup>28</sup> In 1973, the legislature further directed agencies to develop written objectives for all programs "against which performance may be measured."<sup>29</sup>

In 1991, newly elected Governor Arne Carlson directed the state planning agency to develop a tool similar to *Oregon Benchmarks*.<sup>30</sup> Oregon's document identified 162 specific indicators that the state's citizens could use to hold their leaders accountable for results. After holding a series of statewide meetings and publishing a draft report to gather the views of Minnesota citizens,

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<sup>26</sup> Ibid, p. 17.

<sup>27</sup> [Laws 1969, ch. 889](#), sec. 1.

<sup>28</sup> Minnesota Commission on Reform and Efficiency (CORE), "Budgeting and Financial Management in Minnesota State Government," Summary Report, January 1993, p. 5.

<sup>29</sup> [Laws 1973, ch. 492](#), sec. 6.

<sup>30</sup> Minnesota Planning, "What is Minnesota Milestones?" p. 3, [www.mnplan.state.mn.us/pdf/mileston.pdf](http://www.mnplan.state.mn.us/pdf/mileston.pdf).

Minnesota Planning published the final *Minnesota Milestones: A Report Card for the Future* in December 1992. State agencies incorporated *Minnesota Milestones* into their budget requests for the fiscal year 1994-1995 biennial operating budget.<sup>31</sup> The Milestones report card contained five central themes:

- Minnesota will be a community of people who respect and care for one another.
- Our economic activity will create wealth and provide a good standard of living for all our people.
- Our citizens will be good thinkers, creative, always learning, with the skills to compete internationally.
- We will protect and enjoy the natural world.
- Our government will be responsive, effective, and close to the people.<sup>32</sup>

However, *Minnesota Milestones* was not developed primarily for budget purposes and although agencies incorporated *Milestones* explicitly into their budget narratives, the document did not significantly shape the agency budget requests that formed the basis of the governor's 1994-1995 budget proposal to the legislature during the 1993 session.<sup>33</sup>

In January 1993, a gubernatorial commission concluded that the state budget system was not sufficiently oriented toward agency missions and program outcomes. The group recommended "performance-based budgeting" as the budget framework most consistent with the commission's goal of a state government that is "mission-driven, outcome-oriented, efficient, responsive to clients, and respectful of stakeholders."<sup>34</sup> The legislature responded by requiring many agencies to prepare detailed performance reports and directing all agencies to prepare performance-based budgets going forward.<sup>35</sup> The 1993 law defined performance-based budgeting as:

a budget system that identifies agency outcomes and results and provides comprehensive information regarding actual and proposed changes in funding and outcomes.<sup>36</sup>

Coinciding with the new performance requirements, the legislature granted agencies additional budgetary flexibility by ending "complement control" (i.e., legislative control of agency staffing levels) and allowing agencies to transfer operations dollars between programs without legislative approval.<sup>37</sup>

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<sup>31</sup> Ibid, p. 4.

<sup>32</sup> Minnesota Planning, "Minnesota Milestones – A Report Card for the Future," December 1992, p. 5.

<sup>33</sup> Office of the Legislative Auditor, "Performance Budgeting," pp. 65-66.

<sup>34</sup> CORE, p. 1. The CORE commission also recommended that with performance-based budgeting, the need for existing financial controls such as complement control and restrictions on agency transfers were no longer needed and even counterproductive to a flexible, results-based state government, pp. 15-21.

<sup>35</sup> [Laws 1993, ch. 192](#), secs. 39-41 and

48. <sup>36</sup> Ibid, sec. 54.

<sup>37</sup> Ibid, secs. 54 and 66.

In 1994, the Office of the Legislative Auditor (OLA) evaluated the state's nascent practice of performance-based budgeting and made several recommendations, including that the legislature explicitly include performance goals in the text of budget bills and laws in order to give agencies clearer statements of the legislature's expectations and to provide a benchmark for reviewing subsequent performance.<sup>38</sup> OLA considered but did not recommend that the legislature formulaically adjust large components of agency budgets or state aid allocations based on performance outcomes.<sup>39</sup>

OLA also concluded that during the 1993 legislative session, the performance information included in the governor's budget proposal had little impact on public discussion of the proposed budget or on legislative decisions, due in part to the looming budget deficit but also more "fundamental issues, including:

1. distrust between the legislative and executive branches,
2. the lack of explicit agreement between the legislative and executive branches on agency missions and goals,
3. the disregard of the Governor's budget document during legislative budget hearings by many agency officials and legislators, and
4. the Legislature's lack of confidence in the quality of many agencies' performance measures and supporting data."<sup>40</sup>

The stand-alone performance reports—purposely separated from the budget system—required many agencies to undertake strategic planning efforts and develop or improve upon their missions, goals, and objectives; however, most state agencies found it difficult to identify performance measures that sufficiently captured the impact of their programs.<sup>41</sup>

In 1997, persistent problems with the form and utility of the separate agency performance reports led to the creation of a joint legislative-executive working group.<sup>42</sup> The group recommended, and the legislature adopted, several changes to improve the state's use of performance data, including:

1. incorporating the updated agency missions, goals, and objectives directly into budget documents; and
2. enacting statutory language (in effect to this day) that establishes the three-pronged purpose of performance data, requires agencies to include useful performance data in budget documents, and requires the Department of Finance (now known as MMB) to

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<sup>38</sup> Office of the Legislative Auditor, p. xv.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid, p. xii.

<sup>41</sup> Peggy Ingison, Minnesota Department of Finance, Memo to Members of the Legislative Commission on Planning and Fiscal Policy, December 12, 1997, p. 2.

<sup>42</sup> Ingison, p. 1. Also [Laws 1997, ch. 202](#), art. 1, sec. 15, subd. 4.

provide performance reporting guidelines to state agencies as part of the budget development process.<sup>43</sup>

In 1999, the legislature eliminated the separate agency performance-reporting requirement altogether.<sup>44</sup> Although agencies included some performance data in previous budget documents, the fiscal year 2000-2001 budget proposal presented to the legislature in 1999 was the first time that agencies were required to submit performance data for all programs.<sup>45</sup>

In 2001, the legislature established the current statutory requirement that state agencies submit performance data to support any request for new or increased funding.<sup>46</sup>

In 2015, the legislature instructed MMB to evaluate corrections and human services programs using the Pew-MacArthur “Results First” framework.<sup>47</sup> According to MMB, although the agency’s work will not focus strictly on the return on taxpayer investment for existing Minnesota programs, it will seek to inform future budget decisions using the findings from rigorous program evaluations conducted in Minnesota and elsewhere. According to MMB, 19 states currently use the Results First framework to provide policymakers with better information about the outcomes that could result from a given public investment.

## Performance-based Budgeting in Other States

National organizations representing the interests of executive budget staff and state legislatures have examined performance-based budgeting practices in the states.

According to a 2015 report by the National Association of State Budget Officers (NASBO), Minnesota is one of:

- 41 states that require performance measures as part of each agency budget request;
- 39 states that use performance information to inform executive budget recommendations;
- 31 states that have a statutory performance measurement requirement; and
- 22 states that use performance measures to inform legislative decision making on appropriations.<sup>48</sup>

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<sup>43</sup> Ingison, p. 3. Also [Laws 1998, ch. 366](#), secs. 20-21. This 1998 law also eliminated the statutory definition of “performance-based budgeting” that the legislature had created in 1993.

<sup>44</sup> [Laws 1999, ch. 250](#), art. 1, sec. 115, para. (b).

<sup>45</sup> House Fiscal Analysis Department, “State Agency Performance Reports,” *Money Matters*, vol. 13, November 13, 1998, p. 4.

<sup>46</sup> [Laws 2001, 1st spec. sess., ch. 10](#), art. 2, sec. 21.

<sup>47</sup> [Laws 2015, ch. 77](#), art. 1, sec. 13.

<sup>48</sup> National Association of State Budget Officers, “Budget Processes in the States,” Spring 2015, Tables 28 and 29.

Only five states—Alaska, Florida, Mississippi, New Mexico, and Texas—include performance information in the budget laws themselves, while fifteen states report performance data in a standalone format apart from the budget documents—Alabama, Arizona, Colorado, Florida, Hawaii, Illinois, Iowa, Maryland, Massachusetts, Michigan, New Jersey, Oregon, South Carolina, Vermont, and Wyoming.<sup>49</sup>

Many states struggle to link agency performance and funding. According to a 2014 NASBO report, despite widespread interest and growing use of performance budgeting practices, the process of tying performance information to funding decisions in a meaningful way continues to be a major challenge at all levels of government.<sup>50</sup>

The organization consulted its member state budget officers and concluded that although there are no “one size fits all” best practices for state performance-based budgeting, certain lessons and themes have emerged:

- performance-based budgeting is a tool, not a cure-all
- high-level leadership is a key determinant of success
- agency staff must see real value in the initiative
- performance-based budgeting should not only be a budget-cutting exercise
- a statutory basis may promote institutional continuity
- legislative involvement and buy-in is important, but the optimal level is not clear
- agencies must build knowledge and capacity and be held accountable for their data and results
- careful selection of performance measures is required to ensure they are meaningful and useful
- the system must be flexible<sup>51</sup>

On the legislative side, the National Conference of State Legislatures (NCSL) surveyed its members and concluded in 2008 that legislators and legislative staff agree that effective performance-based budgeting requires:

- permanent institutional commitment from the governor, legislature, and agency administrators;
- a statutory base;
- adequate staff resources;
- existence of an oversight agency;
- investment in data management; and

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<sup>49</sup> Ibid.

<sup>50</sup> National Association of State Budget Officers, “Investing in Results - Using Performance Data to Inform State Budgeting, State Experiences and Lessons Learned,” Summer 2014, p. 1. Similarly, in 2011 academic researchers concluded that performance budgeting functions more effectively for executive management than for legislative purposes. See Yilin Hou, Robin S. Lunsford, Katy C. Sides, and Kelsey A. Jones, “State Performance-Based Budgeting in Boom and Bust Years: An Analytical Framework and Survey of the States,” Public Administration Review, May/June 2011.

<sup>51</sup> National Association of State Budget Officers, Summer 2014, p. 17.

- recognition that fundamental change requires time.<sup>52</sup>

According to NCSL, concerns frequently raised by legislators and staff include:

- the performance indicators that agencies choose often do not reflect legislators' concerns;
- agencies report too much information;
- the presentation of performance information is not well planned; and
- the information that agencies report is unreliable.<sup>53</sup>

*For more information about budget issues, visit the government finance area of our website, [www.house.mn/hrd/](http://www.house.mn/hrd/).*

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<sup>52</sup> National Conference of State Legislatures, September 2008.

<sup>53</sup> Ibid.