

## Action Brief 9

### Use Outcome Information In Appropriation Decisions: During Budget/Appropriation Hearings, Seek Information From Agencies About Past and Expected Future Program Results

A major task for a state legislature is deciding on appropriations. A major element is reviewing the governor's budget proposals. A major factor in a legislature's decisions should be the outcomes for the state's citizens that are likely to result from particular appropriations, and whether the results are worth the cost. If results data are included as part of agency budget submissions, the process is usually labeled "performance budgeting" or "performance-based budgeting."

One basic step for legislators is to ask agencies to support their budget requests by identifying specific results they expect the requested funding to achieve. **This should be done whether or not the state has a formal performance measurement process.** If an agency has a formal performance measurement system, the agency should be better able to provide directly relevant outcome data to support its request. (Brief 2 identifies a number of actions legislators might take to encourage the executive branch to have a good performance measurement process.)

"There is no such thing as a perfect budgeting process. This is not about perfection. It is about providing a meaningful internal management tool and making clear what the legislature's expectations are about how public policy will be implemented."

-- Rep. Jerry Luke LeBlanc,  
Louisiana Chairman House  
Appropriations Committee

Following are specific actions the legislature can take in evaluating budget requests and determining appropriations:

**Action 1. Ask each agency in its budget submission to address performance-related information.** Require that the information be provided at least a few days before the hearing to enable legislators and legislative staff to review the material in advance. They should not have to see the performance information for the first time at the time of the hearing.

Examples of such information might include:

- The agency's *past* performance on its major indicators;
- The extent to which the agency had *met or missed its targets* in the recent past;
- *Explanations for problems* indicated by the performance data;
- What the *likely effects on outcomes* are and would be if the program's budget was decreased or increased by X percent.
- The compatibility of the proposed budget with the agency's strategic plan.

Attachment 1 contains a more detailed set of basic questions that legislators might ask agencies to answer in advance of budget/appropriations hearings. The questions, of course, will need to be tailored to the particular program, the performance data the legislature has been provided, and any other special circumstances.

**Action 2: Ask legislative staff to summarize the relevant available agency performance data and identify key issues raised by the data,** such as:

- Gaps in the agency's response to questions such as those in Attachment 1;
- Performance data, both past and projected, that appear to be unusually high or low and for which adequate explanations have not been provided;
- Whether the agency has adequately linked its funding request and projected outcomes to the objectives identified in the agency's strategic plan, if the agency has one; and
- Data whose quality and accuracy seem suspect.

See Brief 6 on "Performance Reviews by Legislative Staff" for more detailed suggestions.

**Action 3. In budget/appropriations hearings, press the agency on any missing or unsatisfactory information. Ask for clarifications where needed. Follow up to make sure the needed information is provided to the legislature in a timely way.**

**“There will always be some tension between agencies and the legislature, but with outcome information the level of discussion is elevated to get to the important things.”**

-- Eldon Mulder, Former Chairman,  
House Finance Committee, Alaska

Note: Hearings are likely to be considerably more useful if legislators with their staffs identify in advance questions about the performance data based on the legislature’s preliminary review of agency budget submissions. When appropriate, ask legislative staff to provide questions in advance to agencies so they can properly respond at the hearing and, as appropriate, with written responses. It is also likely to be useful to ask legislative staff to give agencies the opportunity to suggest modifications to those questions. This step might, for example, clarify in advance understandings that the legislature might have about a program.

At one set of recent legislative hearings, a legislator complained that a very large number of performance indicators had numerical values more than 5 percent above or below the target. The agency pointed out that the total number of performance indicators for which this occurred included indicators for which the agency had bettered the target. This led to confusion between the issue of whether the agency had not met its targets, and the issue of its accuracy in selecting targets. This issue could likely have been readily handled ahead of time by distinguishing between these two issues instead of spending considerable time clarifying this at the committee hearings.

A suggestion: Expand the use of joint committee or joint subcommittee hearings, both across houses of the legislature and across committees, to consider performance issues in which more than one agency has similar outcome objectives.

For example, Maryland has held joint hearings of the Senate Budget and Taxation and House of Delegates Appropriations Subcommittee on Education and Economic Development on children and family issues.

**Action 4. Use the performance information in establishing appropriation levels.**

Following are some approaches that the legislature can take if it is not happy with a program's outcomes:

- Ask the program to provide a written explanation;
- Ask a legislative audit and review commission, or its equivalent, to review the program and provide improvement recommendations;
- Ask the program to provide a service improvement action plan;
- Indicate the legislature's intention to adjust the program's appropriation if future outcomes do not improve;
- More extreme, adjust the program's appropriation until the problem is corrected (but this action should normally not be undertaken before the program has been given full opportunity to give its reasons and to take corrective actions).

NOTE: Inevitably, agencies will have difficulty measuring some of the outcomes that a program seeks to achieve. This should not be an excuse for not addressing those outcomes.

Even if quantitative data on some program outcomes are not available, the legislature should still ask the agency to provide its logic, its rationale, as to how the program is expected to affect desired outcomes. The agency should, at least, be pressed to provide qualitative evidence of past progress towards the desired outcomes.

## **Brief 9 - Attachment 1**

### **Examples of Basic Questions to Address to Agencies at Budget Hearings**

#### **For Continuation Funding:**

- What are the outcomes for each program's major outcome indicators in the most recent years for which data are available? How do these compare to the outcome values proposed for the new budget period?
- How do these recent outcome values compare to the targets set for those years? How do the targets that the programs propose for the new budget period compare to recent targets?
- If the agency has substantially missed its targets on key outcomes in recent years: Why were those targets missed? What actions are the programs planning in order to meet the program's new budget-year target?
- If a substantial increase in outcomes is projected without a request for added resources, how does the program expect to meet the new targets?
- What are the major uncertainties that might affect the likelihood that those targets will be met?
- Who are the program's significant client groups? Are there major citizen subgroups that the program affects, such as groupings by location within the state, gender, race/ethnicity, age group, types of disability, for example?
- What have been the outcomes for these sub groups? For which of these clients have the outcomes been disappointing and for which are they encouraging? What actions are planned to improve the outcomes for those subgroups for which the outcomes have been disappointing?
- What have been the unintended positive effects of the program, if any?
- What have been the unintended negative effects of the program, if any?
- What do you estimate the outcome values would be if the funds are decreased/increased by X percent? What do you estimate the added cost would be to achieve a "Y" increase in your outcomes?
- How does the budget request support the agency's strategic plan (if the agency has a long-term strategic plan).

## **Brief 9 - Attachment 1 (Continued)**

### **Examples of Basic Questions to Ask Agencies at Budget Hearings**

#### **For Initial Funding for New Programs:**

- What is the mission of the program? What outcome indicators will be used to track results?
- For outcome indicators for which data are already available, what are the current levels for each of those outcome indicators (the baselines)? What do you expect will be the numerical values for each outcome indicator for the budget period and for each of the following two/three years?
- Which citizen groups will benefit from the program? To what extent?
- Which citizen groups might lose because of the program? To what extent?
- When are those benefits expected to occur? In which years?

An audio recording of portions of results-focused hearings are included in this kit.