

RESULTS-BASED BUDGETING
Preparing for the 2009-11 Biennium

Results-based budgeting (RBB) was introduced during the development of the 2007-09 budget to encourage more efficient and effective government, and it is the goal of the Office of State Budget and Management (OSBM) to solidify a budget process that emphasizes performance and accountability. To achieve this goal, OSBM is integrating new elements into the RBB process to ensure agencies are adequately preparing for the future, to provide decision makers with detailed information in order to assess the effectiveness of state programs, and to inform the public about state government work and subsequent results.

This document summarizes the requirements of the next phase in preparation of the 2009-2011 biennial budget. These next steps of RBB challenge agencies to bring goals, strategies, and budgets into alignment to shift resources from past patterns to future priorities. Each agency will assess its current goals and operations and ensure its future direction is transparent, explicit, and corresponds to its mission and expected outcomes by addressing the four questions identified below.

1. Where are we now?	2. Where do we want to be?	3. How do we get there?	4. How do we measure our progress?
<p><i>Where are we now</i> documents the current state of an agency. This question is primarily addressed through refinement of the previous RBB elements listed below. It also includes the development of an agency overview, which provides stakeholders with a “big picture” view of an organization. Refer to the full RBB instructions for detailed requirements.</p> <p>Required Elements of <i>Where Are We Now?</i></p> <ul style="list-style-type: none"> - Agency Overview (new) - Mission statement (update) - Fund purpose statements (update) - Service statements (update) - Service analysis (update) 	<p><i>Where do we want to be</i> documents the desired state of an agency and is primarily addressed through the development of key goals. Since goals were previously developed results-based budgeting elements, an agency should review its goals and modify each as necessary to ensure alignment with its mission statement and on-going operations. Refer to the full RBB instructions for detailed requirements.</p> <p>Required Elements of <i>Where Do We Want To Be?</i></p> <ul style="list-style-type: none"> - Goals (update) 	<p><i>How do we get there</i> links an agency’s mission and goals to action through strategies. Strategies should outline specific steps that will be taken to achieve determined goals and, in doing so, identify a longer-term direction for an agency which extends beyond the next biennium. Agencies will also identify up to three key agency indicators, which are intended to help focus the agency on its highest priority goals for the next few years. Refer to the full RBB instructions for detailed requirements.</p> <p>Required Elements of <i>How Do We Get There?</i></p> <ul style="list-style-type: none"> - Strategies (new) - Key agency indicators (new) 	<p><i>How do we measure our progress</i> documents the measures that will be used to determine if an agency is fulfilling its mission and accomplishing its goals. Progress is determined through the ongoing monitoring and evaluation that reviews program outcomes, budgets, and performance. Refer to the full RBB instructions for detailed requirements.</p> <p>Required Elements of <i>How Do We Measure Our Progress?</i></p> <ul style="list-style-type: none"> - Measures (update)

RBB Contact Information	RBB TIMELINE			Public Availability of RBB Information	
	MILESTONES	DUE DATE	RESPONSIBLE PARTY		
<p>Erin Wuchte, RBB Coordinator erin.wuchte@ncmail.net (919) 807-4758</p> <p>Joe White, RBB Analyst joseph.white@ncmail.net (919) 807-4783</p> <p>OSBM http://www.osbm.state.nc.us (919) 807-4700</p> <p>RBB Instructions located at the following http://data.osbm.state.nc.us/source/RBB_instruc_0911.pdf</p>	RBB instructions issued	Nov. 2007	OSBM	Elements available on OSBM website: <ul style="list-style-type: none"> • Agency overview • Mission statement • Goals • Strategies • Key agency indicators 	
	Agency workshop sessions	Dec. '07 - Jan. '08	OSBM / Agency staff		
	Draft submission due of: <ul style="list-style-type: none"> • Agency overview • Mission statement • Goals • Strategies • Key agency indicators 	Feb. 29, 2008	Agency heads, senior managers, and program experts		
	OSBM comments back to agencies	Mar. 21, 2008	OSBM	Elements included in the Governor's Recommended Budget: <ul style="list-style-type: none"> • Mission statement • Goals • Key agency indicators • Fund purpose statements • Service statements • Service analysis • Measures 	
	Draft submission due of: <ul style="list-style-type: none"> • Fund purpose statements • Service statements • Measures 	Apr. 18, 2008	Program / division managers		
	Service analysis (methodology)	Apr. 18, 2008	Agency / program budget staff		
	OSBM comments back to agencies	May 23, 2008	OSBM		
Final Submissions	June 27, 2008	Agency leadership and staff			

RBB Appendix Summary				
Agency Overview	Mission Statement	Goal Statements	Strategies	Key Agency Indicators
<p>The agency overview provides an opportunity to offer a high-level summary of an agency's current environment and performance. The agency overview should be concise, limited to no more than three pages in its entirety, and address the following:</p> <ul style="list-style-type: none"> • Current performance • Major initiatives and progress • Customer and workload trends • Future direction, expectations, and priorities • Challenges 	<p>A mission statement describes an organization's fundamental reason for being. A quality mission statement is straightforward, easy to understand, and answers the following questions:</p> <ul style="list-style-type: none"> • Why does our agency exist? • What does our agency do? • For whom is work done? • What is the impact of our work? 	<p>Goals are broad statements of what an agency wants to achieve over a long period of time. A quality goal statement follows directly from the agency mission statement and answers the following questions:</p> <ul style="list-style-type: none"> • What are you doing or going to do? • Who will be affected? • What method or approach will you use? • What results or outcome do you expect? 	<p>Strategies are statements that describe the actions an agency will take to achieve its mission and goals. Integrated into the big picture of an agency, strategies outline steps that are necessary for attaining desired outcomes or resolving specific issues confronting an agency. Strategies should consider longer-term (3 to 5 year) needs, and consider creative solutions or alternative approaches to achieving desired outcomes. Strategies should also served as the foundation of each agency's future budget requests.</p>	<p>Key agency indicators focus an agency on its most pressing tasks and highest priority goals. Agencies should develop up to three key indicators that do the following:</p> <ul style="list-style-type: none"> • Reflect the mission statement • Focus on results rather than inputs, outputs or • Impact and link to budget decisions <p>Examples:</p> <ul style="list-style-type: none"> • Graduation rate • Teenage pregnancy rate • Juvenile recidivism rate
Fund Purpose Statements	Service Statements	Service Analysis	Performance Measures	Budget Realignment
<p>A fund purpose statement describes the purpose of the programs, services, activities, or functions funded and the work advances agency goals. A fund purpose statement should answer, in summary form, the following questions:</p> <ul style="list-style-type: none"> • Who is being served or helped by the services provided in the fund? • What is the major work that is done? • Why is the work done? (What result is expected?) • How does the work contribute toward achieving the agency's goals? • What major activities are done to accomplish the 	<p>Service statements outline the activities performed in pursuit of the fund purpose. Specifically, a service statement answers the question, "What activity are we doing to accomplish our</p> <p>Note the following:</p> <ul style="list-style-type: none"> • Service statements are required for all budgeted funds. • Select department level administrative services will be accounted for using standard service statements developed by OSBM. For the full list of services, please refer to page 19 of the RBB instruction document. 	<p>A service analysis is an agency's study of the relationship between each of its budgeted funds and the services (activities or business processes) associated with each fund. The relationship is defined in terms of funding dollars and full-time equivalent positions.</p> <p>Note the following:</p> <ul style="list-style-type: none"> • Agencies will provide their OSBM analyst with an explanation of the methodology used for previous service statements. • Guidelines for allocating dollars and FTE across services is located on page 22 of the RBB instruction document. 	<p>Agencies are to submit at least one but no more than three measures for each fund that has service statements. Agencies will also be asked to indicate the service statement(s) to which each performance measure is linked. The same measure may be used for multiple service statements if the individual services are clearly contributing to the same outcome. For previously reported measures, provide data for 2006-07 (2007-08 to be submitted during 2009-11 biennium budget process). For newly reported measures, also provide historical data for fiscal years 2004-05 and 2005-06 if available.</p>	<p>In accordance with section 6.4 of House Bill 1473 (Session Law 2007-323), agencies that need to adjust the 2007-09 certified budget to correctly align positions and operating costs with the appropriate purposes or programs shall submit a type 11 budget revision to OSBM no later than January 8, 2008. For department level administrative functions, agencies in consultation with their OSBM analyst, shall establish a minimum of one responsibility cost center (RCC) budget for each of the administrative service areas listed on page 30 of the RBB instruction document.</p>