

# PERFORMANCE MANAGEMENT - NEW PROPOSAL PROCESS

A Report Prepared for the  
**Legislative Finance Committee**

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**Legislative Fiscal Division**



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# NEW PROPOSAL EVALUATION

## PURPOSE

The appropriation subcommittees are expected to evaluate expenditure proposals in a short period of time. New proposals (NP) that add functions to state government or significantly alter existing functions require a different approach to thoroughly evaluate the proposal and its implementation. The purpose of this report is to provide a general overview of the Legislative Fiscal Division's (LFD) project to establish a standardized format for evaluating new proposals.

When implemented, this process would allow each appropriations subcommittee to see the same information for new proposals. The process will specifically:

1. Aid in evaluating the value of new proposals
2. Provide the opportunity to develop performance standards, and
3. Establish an evaluation of approved new proposals against developed implementation plans.

## PROJECT IMPLEMENTATION

The goal of the LFD is to collect data and information in a standardized format in order to evaluate NPs using a business plan approach. This will facilitate informed decision-making by the legislature. Not all NPs will be evaluated. Rather, only those that add a function to or significantly alter a function of state government would be included. Implementation of this project is dependent upon approval by the Legislative Finance Committee (LFC). If approved, the LFD has a preliminary implementation plan developed to address such issues as agency training, publication changes and subcommittee orientation. A timeline for implementation is attached to this report.

## Standardized NP Information

Key to this process is the ability of the LFD to collect consistent information across all agencies. Each NP evaluation would start with the same basic information. The following list summarizes the standardized information that would be collected in this process.

1. Justification – Identify the problem/issue the NP will address. Provide any corresponding data that supports the activity.
2. Goal(s)– List the goals this NP is designed to accomplish. How does this goal relate to the overall mission of the agency?
3. Performance Criteria – Provide the criteria that will be used to measure progress towards the goal. Include the details of how often it will be monitored, who will do the monitoring, and what results would trigger a change in implementation plans.
4. Milestones – Identify major NP milestones and provide target dates if available.
5. Number of FTE and job class - Provide proposed hiring date(s). Identify any recruitment concerns.
6. Fees- If the NP is based on the collection of new fees, provide projection of fee collections and how it will be monitored.
7. Obstacles – Identify potential obstacles to successful implementation and discuss how those obstacles can be mitigated.
8. Risk – In real terms, identify the risk to the state if the NP is not approved.

After this information is collected, LFD staff would analyze the information, and comment or raise issues as we do now. However, the presentation of the material in the budget analysis would be different.

## Legislative Session – Presentation and Utilization of information

Currently the LFD utilizes a system whereby the analyst documents any issues or comments within the budget analysis document. They contain different types of information but both provide the reader additional information. They appear in the document as follows:

### LFD COMMENT

A comment clarifies the decision package, provides additional information or references the reader back to another part of the budget analysis. Comments are relatively short.

### LFD ISSUE

An issue alerts the reader to the analysts options or concern about the decision packages. This concern provides additional information to form the basis of the concern and provides options for the legislature to consider. The information provided under this heading is often detailed and lengthy.

The evaluation of new proposals would be established differently to draw the reader's attention to a proposal that would create a new program or significantly expand government operations. It could look like this:

### NEW PROPOSAL ANALYSIS

Highlighted as such, this would identify the areas of expansion. The information would be a synopsis of the information collected as part of the justification process and identify any concerns raised by the staff.

## How is this Different?

The difference is in the amount and scope of information provided to the legislature to aid in decision making. Consider the following purely *fictional* proposal:

With the new process, the entity requesting the program would provide to the LFD the data necessary to determine the validity of the project, as outlined in the "Standardized NP Information" section of this report. The information would be requested after OBPP has approved the NP for consideration in the Governor's budget. With this information, new proposal decision package would appear as this:

NP 1001 – Natural Resources Exchange Program -The legislative fiscal division is requesting \$500,000 in state special revenue to establish an analyst exchange program in the area of natural resource and energy development. This would provide funding for international travel for the Principal Expenditure Analyst and the Natural Resources Fiscal Analyst to study programs in advanced European nations to gather new and innovative ideas to improve natural resource and energy development programs. The proposal also includes funds for temporary staffing, laptop computers and new luggage.

As a significant new proposal, the following information is required from the agency:

**Justification:** The proposal will close a research gap for the LFD. The LFD currently does not have personal access to the natural resource programs being developed in European countries. Since the executive has clear intentions of natural resource development, the project would allow the legislature to be better prepared to review proposals and provide appropriate alternatives for consideration.

**Goal:** Provide LFD staff with access to emerging developments in the area of energy and natural resource development to assist the Legislature in developing cost efficient programs.

**Performance Criteria:** The Legislative Finance committee will monitor on a quarterly basis the activity associated with this proposal. Should the LFC determine that significant progress is not being made, the implementation plan could be revised.

- Eight trips to obtain research information will be designed, booked and completed by the end of FY09
- LFD staff will be able to speak fluent German by the end of FY08 to increase the ability to communicate with natural resource policy makers in European countries.
- Following each completed trip a complete report, including digital photos, will be provided to the Legislative Finance Committee for the purpose of conveying information.
- LFD staff will provide the LFC with options to invest in or develop natural resource projects based on the outcome of the exchange program by October 2008.

**Milestones:** Major milestones include:

- September 2007: All eight trips will be booked.
- October 2007, December 2007, March 2008, June 2008 – Updates provided to LFC
- October 2008 – Proposal to the LFC for a new natural resource development program

**Obstacles:** Staff has identified the following obstacles:

- Communication challenges
- Jet Lag

**Risk:** Without this program, the legislature may not be able to establish a cost effective natural resource development program. Exposure to the innovations in European countries would be lost.

From this information, the LFD analysis would look like this:

**NEW  
PROPOSAL  
ANALYSIS**

The proposal is lacking a well thought out plan that demonstrates the value to the state as a whole. The proposal does attempt to tie European travel with the development of new natural resource projects. However, there is no indication that the proposal will provide significant return on investment. The performance criteria are measurable but are not meaningful. The plan also lacks a serious look at potential obstacles and alternatives to on-site research have not been considered. The options available to the legislature are:

- Approve the decision package with language to address the issues
- Request additional information prior to making the decision
- Deny the decision package

## **INTERIM -CONTINUITY OF PROGRAM DEVELOPMENT**

During the interim, as per appropriation requirements, the LFC or another committee would have received information regarding the implementation of the new program. LFD staff would utilize the required information to determine what progress was made during the 2009 biennium and compare the progress to the original proposal. The comparison would help determine if the program achieved anticipated goals and aid in decision-making regarding the continuation of the program.

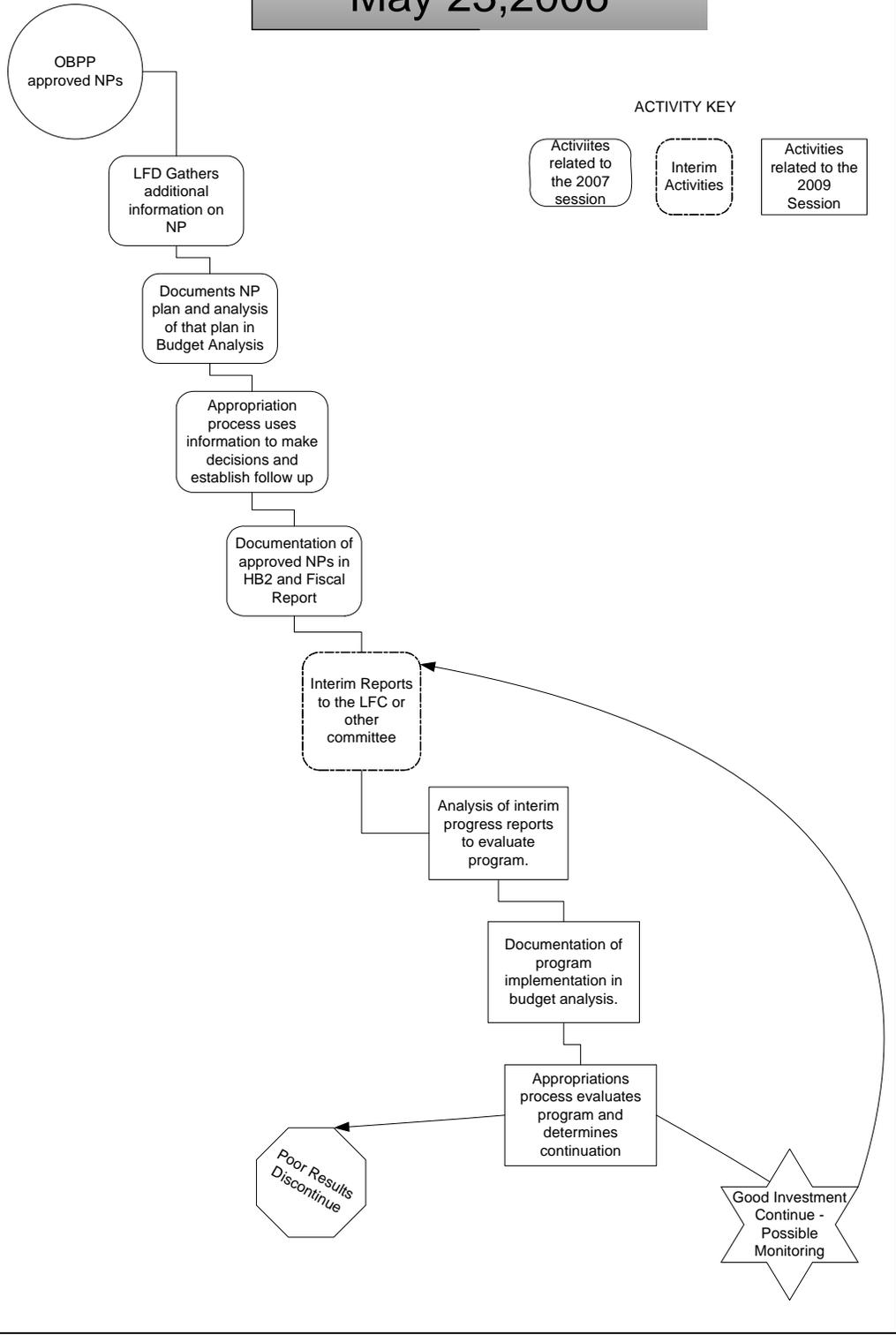
If the program was not implemented as designed, the legislature would have the ability to review additional information regarding the change in implementation plans. The information would potentially identify risks or obstacles the program administrators or legislature was not aware of, and aid in determining future funding and other decisions. The legislature could still approve the program for continuation, but utilize reporting requirements to follow the program another biennium. Or, if the information did not warrant the continuation of the program, the legislature could choose not to establish an appropriation for the program.

## **SUMMARY**

The appropriation process is a fluid process that flows from session to session. When new proposals add or significantly expand activities of state government, the performance of that activity is critical information for the legislature to consider in determining whether to fund the activity, and its success and potential continuation.

The implementation of the new proposal process would serve as a means to document key information regarding program implementation, proposed goals, and short-term outcomes, which can then be utilized to assess the continuation of the program. It is the bridge between new ideas, implementation of those ideas, and the assurance that outcomes are achieved.

# New Proposal Process May 23, 2006



## Project: New Proposal Analysis

#	Task Name	Start	Finish
1	<b>Project Definition Phase</b>	1/30/2006	3/30/2006
2	Define what will be collected	1/30/2006	2/19/2006
3	Define how it will be collected	2/20/2006	3/12/2006
4	Draft Format	3/1/2006	3/15/2006
5	Evaluate need for statutory changes/HB 2 issues	1/30/2006	3/30/2006
6	<b>Negotiating Phase</b>	4/1/2006	4/30/2006
7	Presentation of Proposal	4/1/2006	4/30/2006
8	Transmittal of Information	4/1/2006	4/30/2006
9	Format	4/1/2006	4/30/2006
10	<b>Approval Phase</b>	5/1/2006	6/9/2006
11	Educational Overview	6/8/2006	6/9/2006
12	Direction to Staff	6/9/2006	6/9/2006
13	<b>Training / Development Phase</b>	6/12/2006	8/31/2006
14	Staff training developed	6/12/2006	7/12/2006
15	Staff training delivered	7/12/2006	7/31/2006
16	Publication Issues	7/12/2006	8/30/2006
17	Agency training developed	7/12/2006	8/10/2006
18	Agency presentation guidelines	8/1/2006	8/12/2006
19	Agency Training	8/12/2006	8/31/2006
20	<b>Analysis Phase</b>	9/1/2006	12/15/2006
21	Evaluation of NP	9/1/2006	10/20/2006
22	Publication changes	9/1/2006	12/15/2006
23	<b>Integration Phase</b>	1/1/2007	6/14/2007
24	Subcommittee training	1/2/2007	1/5/2007
25	Executive Action	1/5/2007	2/15/2007
26	House Appropriations Committee		
27	House Floor		
28	Senate Finance & Claims		
29	Senate Floor		
30	Conference Committee		
31	Fiscal Report	4/15/2007	6/14/2007
32	<b>Maintenance Phase</b>	12/22/2007	10/1/2008
33	Review of reports	6/22/2007	9/1/2007
34	Integrate into work plan	9/1/2007	10/1/2008
35	<b>Review Phase</b>	5/1/2008	8/14/2008
36	Evaluation of process	5/1/2008	5/31/2008
37	Design changes	6/1/2008	8/1/2008

5/23/2006

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