Priorities of Government in Washington State

Stan Marshburn

Deputy Director,

Office of Financial Management

Overview

June 18, 2010

2002 - A New Budget Approach

Objectives:

- Address our financial problems by concentrating on "core services". (2002)

- Better understand the budget base and be able to confidently describe what the state does.

- Move to a enterprise-wide perspective, rather than focus on agencies.

- Conduct a statewide, results-based prioritization of services.

- Discuss cuts in a broader context, and be able to explain the rationale for how choices were made.

What is POG?

Priorities of Government (POG) is a strategic framework for budget investment decisions. This top-down approach starts with some basic questions:

- What are the <u>results</u> citizens expect from government?
- What <u>indicators</u> would show success in achieving those results?
- Based on research and evidence, what <u>strategies</u> are most effective in achieving results?
- How should we <u>prioritize</u> spending to buy the <u>activities</u> that are most critical to implementing chosen strategies?
- How will we <u>measure</u> progress?

The resulting prioritization of activities is used to advise the Governor's budget choices, and to help communicate those choices to the Legislature and to citizens.

The POG Framework

RESULTS
Ten key outcomes that citizens expect from government.

KEY INDICATORS OF SUCCESS
How do you know if you are making progress toward results?

PROVEN OR PROMISING STRATEGIES FOR ACHIEVING RESULTS
What does experience/research tell us about critical success factors?

A PRELIMINARY DOLLAR ALLOCATION FOR EACH RESULT
To encourage creativity, keep proposals grounded in financial reality, and force people to articulate priorities and choices.
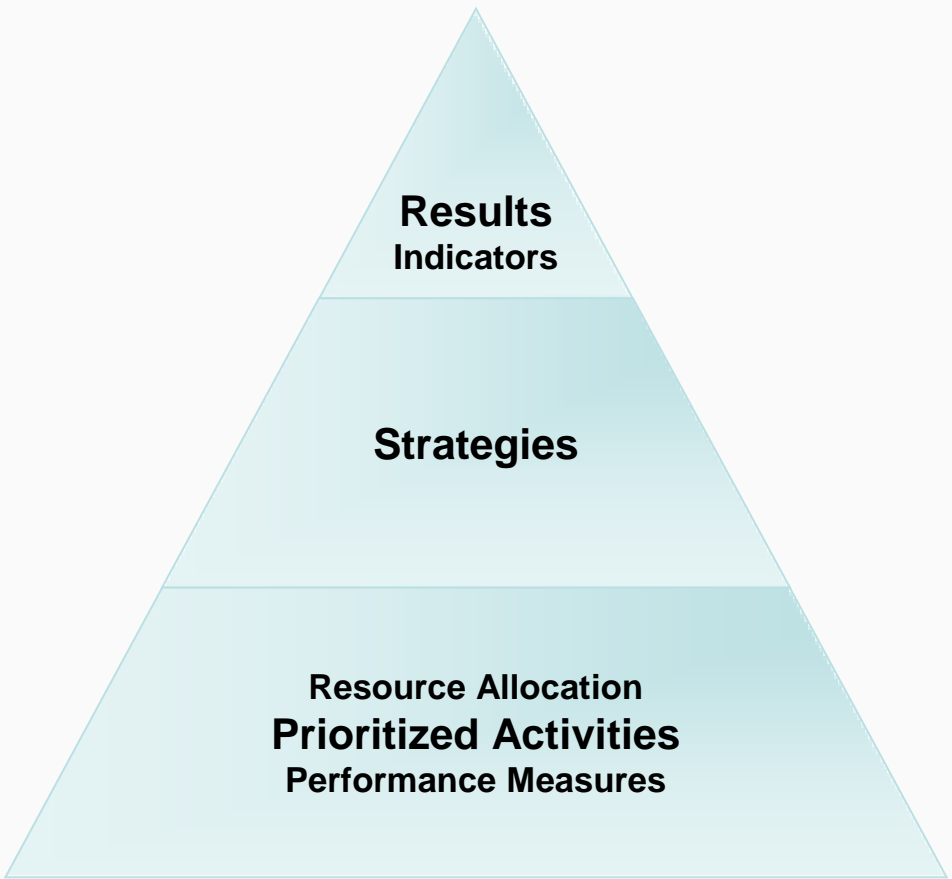
A RESULTS-BASED PRIORITIZATION OF ACTIVITIES
With available resources, what activities would you buy to most directly achieve results? Given the opportunity, what would you buy next?
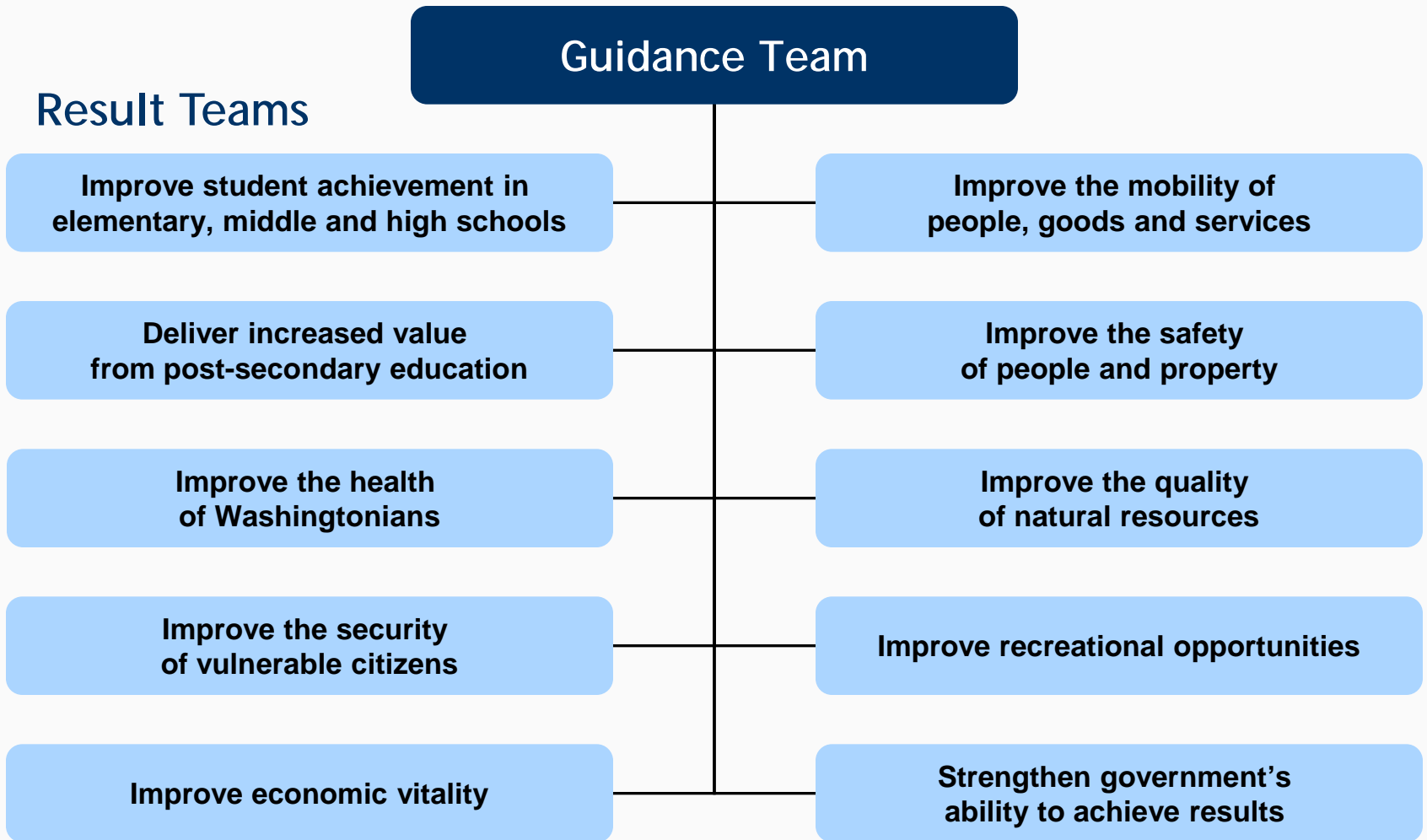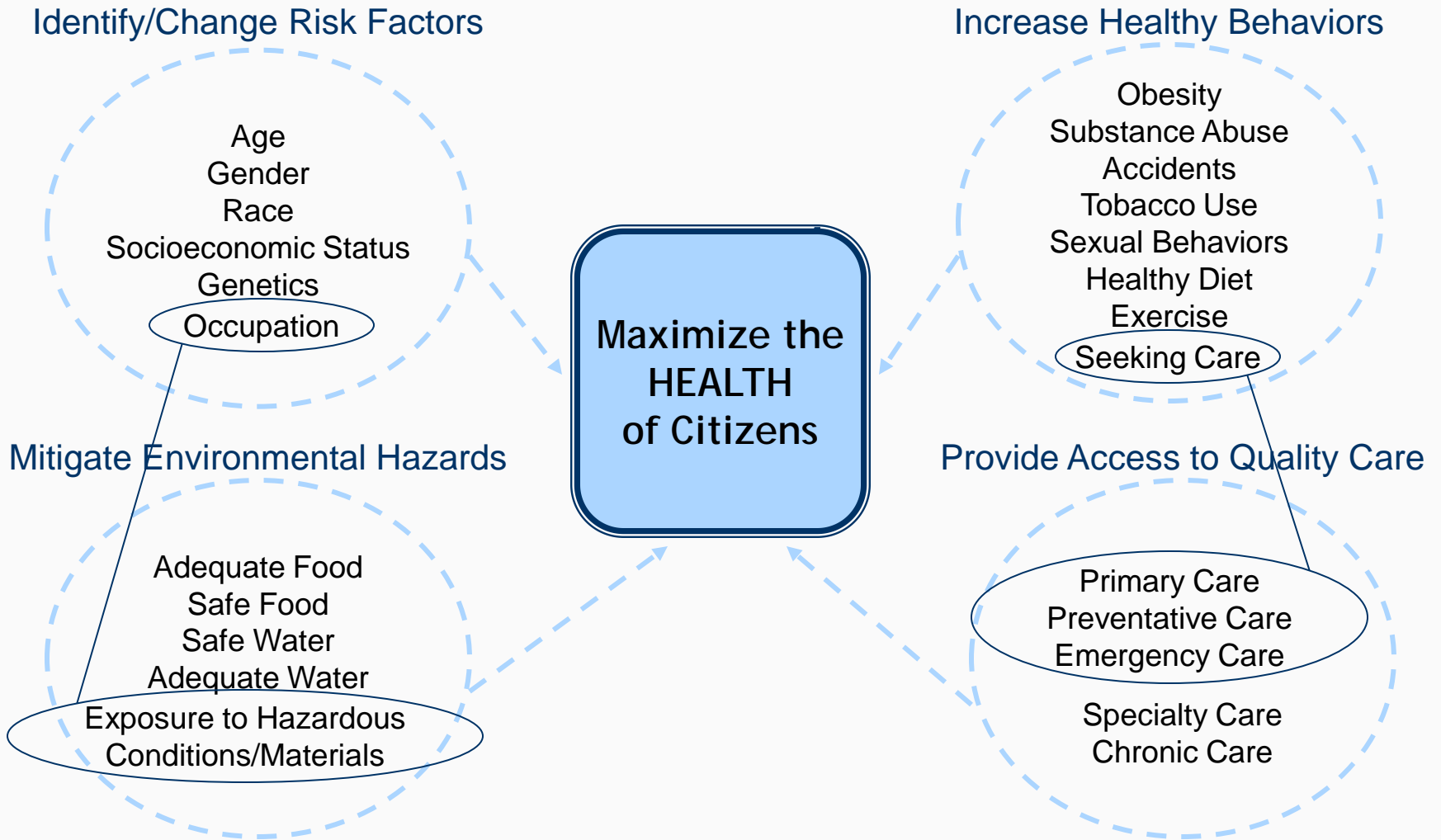
The POG Framework

Budget Decisions

Results
Indicators

Strategies

Resource Allocation
Prioritized Activities
Performance Measures

Implementation and Evaluation

Statewide Results and POG Organizational Structure

Guidance Team

Result Teams

Improve student achievement in elementary, middle and high schools	Improve the mobility of people, goods and services
Deliver increased value from post-secondary education	Improve the safety of people and property
Improve the health of Washingtonians	Improve the quality of natural resources
Improve the security of vulnerable citizens	Improve recreational opportunities
Improve economic vitality	Strengthen government's ability to achieve results

Causal Factor/Strategy Map: Health

Identify/Change Risk Factors

Age
Gender
Race
Socioeconomic Status
Genetics
Occupation

Increase Healthy Behaviors

Obesity
Substance Abuse
Accidents
Tobacco Use
Sexual Behaviors
Healthy Diet
Exercise
Seeking Care

Maximize the HEALTH of Citizens

Mitigate Environmental Hazards

Adequate Food
Safe Food
Safe Water
Adequate Water
Exposure to Hazardous Conditions/Materials

Provide Access to Quality Care

Primary Care
Preventative Care
Emergency Care

Specialty Care
Chronic Care

Example: Purchase Strategies

High-level Strategy:
Increase Healthy Behaviors

Subsidiary strategies tied to causal factors:

- Reduce tobacco usage and substance abuse
- Protect from injury and accidents
- Reduce obesity
- Promote healthy and safe sexual behaviors
- Encourage healthy eating and exercise

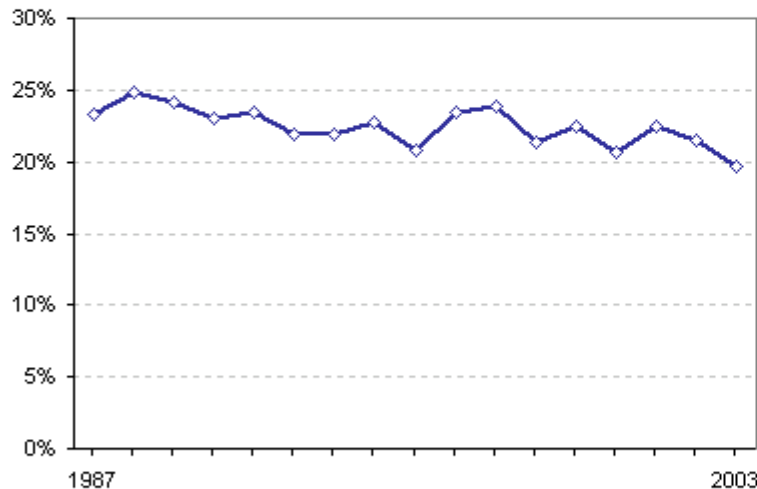# Example: Key Indicators

Improve the health of Washingtonians

State population: 6.3 million
Leading causes of death of Washington residents: cancer, heart disease, stroke, and lung disease

---

📈 **Indicator 1: Improved health.**

1a: Rate of Tobacco Use Among Adults

Description: This indicator is based on self-reported tobacco use on the Behavioral Risk Factor Surveillance System (BRFSS). The measure represents the percent of BRFSS respondents who answer "No" to "Have you smoked at least 100 cigarettes in your entire life?" or "Not at all" to "Do you now smoke cigarettes every day, some days, or not at all?" The BRFSS is conducted annually by the Washington State Department of Health in conjunction with the Centers for Disease Control to gather data on factors affecting the health of Washington residents.
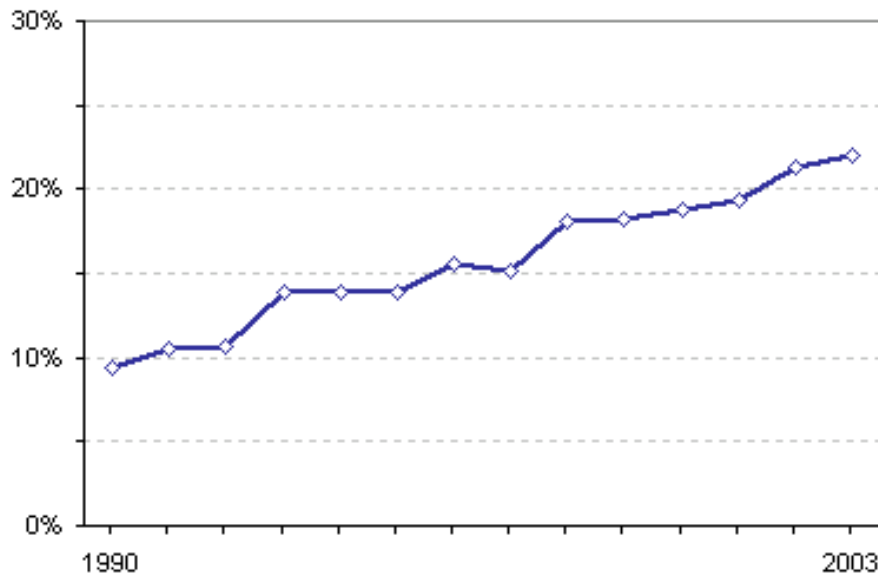
Sources:
Department of Health
U.S. Centers for Disease Control

Percent of Adults Using Tobacco									
	1988	1990	1992	1994	1996	1998	2000	2001	2002	2003
Rate	24.9%	23.0%	21.9%	22.7%	23.4%	21.3%	20.7%	22.5%	21.5%	19.7%

Example: Key Indicators

1b: Obesity Among Adults

Description: This indicator is based on a calculation of body mass index (BMI) from height and weight data collected on the Behavioral Risk Factor Surveillance System (BRFSS). The BRFSS is conducted annually by the Washington State Department of Health in conjunction with the Centers for Disease Control to gather data on factors affecting the health of Washington residents.

Sources:
Department of Health
U.S. Centers for Disease Control

Rate of Obesity in Adults	1990	1992	1994	1996	1998	2000	2001	2002	2003
Rate	9.4%	10.6%	13.9%	15.6%	18.1%	18.8%	19.3%	21.3%	22.0%

Program vs. Activity Descriptions

Program Description Example

- The **Air Program** manages air quality throughout the state. The program has primary responsibility in 18 of the state's 39 counties and oversight responsibility through local air pollution control authorities in the remaining 21 counties. The program has statewide authority for airborne emissions from chemical pulp mills, primary aluminum smelters, and motor vehicles.

Activity Description Example

- **Reduce Health and Environmental Threats from Smoke and Dust in Eastern Washington** — Regional smoke and dust pollution plagues many areas in central and eastern Washington, especially when source-specific air pollution problems are not resolved quickly and efficiently. In order to achieve satisfactory air quality levels in this area by 2010, the agency is developing a web-enabled agricultural burning permit system; auditing local burning permit programs to ensure effectiveness; establishing a land clearing burning permit program; improving the capacity, infrastructure and use of alternatives to outdoor burning, and reducing emissions from cereal grain stubble burning.

Transition to the Actual Budget

Budget development blends priorities identified in the POG process with other factors, including:

- Most current revenue assumptions.

- Agency budget requests and priorities.

- Newly-identified issues.

- Governor's policy priorities and concerns.

- Dedicated fund sources.

- State or federal laws.

The "Drilling Rig" Presentation

Health Care

*Spending Plan: **$4.2 billion GF-S and HSA***

New revenue buys:

- Basic Health Plan coverage for 17,200 people
- Dental care for adults
- Partial restoration of cuts to community clinics
- $98 million for new, higher Medicaid payments to care providers

*Cuts and Savings: **$97 million GF-S $6 million HSA***

Higher Priorities

Lower Priorities
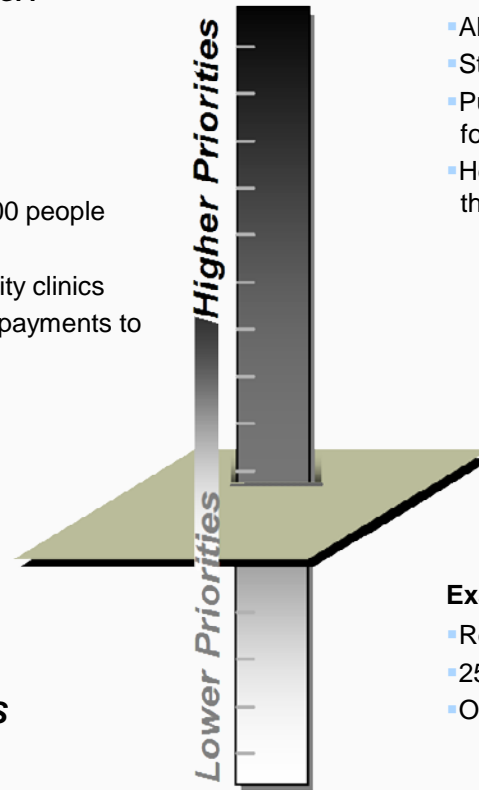
Key purchases with existing revenue:

- Medicaid health care for 891,000 vulnerable children and adults
- All current children's health programs
- Statewide public health programs to protect all citizens
- Public health programs to improve testing, surveillance and follow-up for childhood diseases
- Health insurance for 81,600 low-income people, which is 17,200 fewer than currently served

Examples of what's not purchased:

- Reduced Medicaid payments to teaching hospitals
- 25 percent of state grants to community clinics
- Optional Medicaid coverage for workers with disabilities

Benefits and Challenges

Benefits

- Creates an understandable framework for making and explaining decisions.

- Helps the budget be more conscious of the common-sense logic that most revenue needs to go to the highest priorities.

- Agency priorities and requests are considered in the context of statewide results.

Benefits and Challenges

Challenges

- It's difficult to be 100 percent objective.

- Performance measurement is still an imperfect science.

- The "right" programs still might not have the right price.

- It remains a parallel and therefore additional process

POG -- the next generation

We continue to refine the process

- Fewer results statements
- Focus application where prioritization matters
- Less board game; more work on performance measures and results indicators
- Think differently about fund sources

Thank you
For Further Information

Office of Financial Management
Olympia, WA
Stan.marshburn@ofm.wa.gov
candace.espeseth@ofm.wa.gov

http://www.ofm.wa.gov/budget/pog