

Lesson 8

PERFORMANCED BASED BUDGETING

PURPOSE

- Introduce performance based budgeting
- Discuss performance measurement
- Reasons for adopting performance based budgeting

WHAT IS A BUDGET?

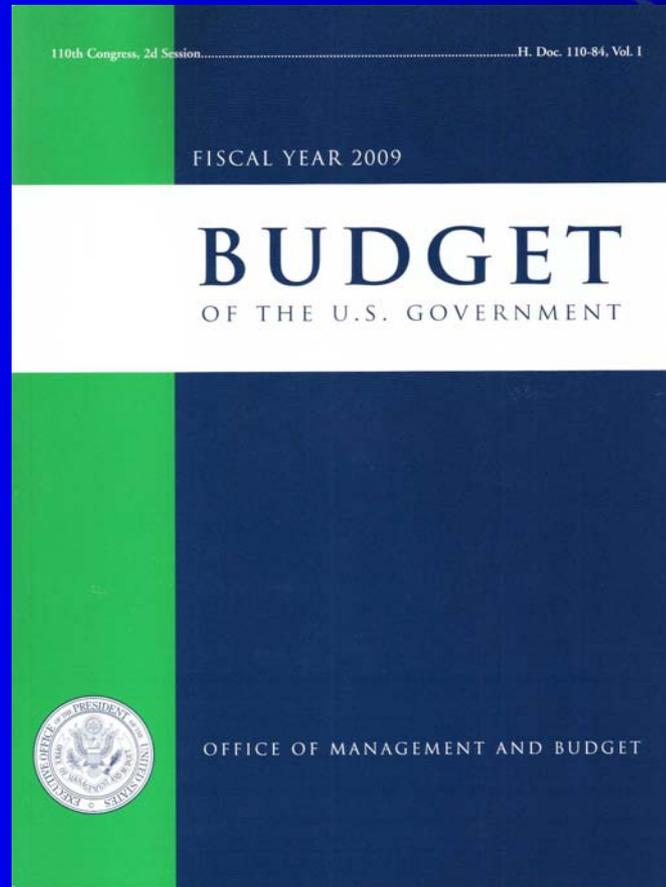
- “a plan for the coordination of resources and expenditures”
- A statement of the financial position of the administration for a definite period of time based on estimates of expenditures during the period with proposals for financing .

WHAT IS THE FEDERAL BUDGET?

- “..the Budget of the United States Government, which sets forth the President’s comprehensive financial plan for allocating resources and indicates the President’s priorities for the Federal Government.”

SOURCE: President’s Budget, Analytical Perspectives, Glossary of Budget Terms, Fiscal Year 2008

BUDGET BOOK



WHAT IS PERFORMANCE BASED BUDGETING?

Linkage of budget and performance

to improve program results and ensure that performance is routinely considered in funding and management decisions

WHAT IS PERFORMANCE?

- a way to measure accomplishments

HOW DO WE MEASURE PERFORMANCE?

- Performance Measures

TYPES OF PERFORMANCE MEASURES

- Three Main Types of Measure
 - Economy – Express relationship between resources and inputs
 - Efficiency – Express the relationship between inputs and Outputs
 - Effectiveness – Express the relationship between outputs and outcomes

GOOD METRICS

- Balanced
- Focused
- Valid
- Reliable
- Economic
- Useful

- SOURCE : George Mason University

HOW ARE PERFORMANCE MEASURES USED IN BUDGETING?

- To assist managers in prioritizing the contents of our budget.
- To assist managers in measuring the performance of our program.

WHY?

- President's Management Agenda
- The right thing to do

PRESIDENT'S MANAGEMENT AGENDA

- Purpose: Improve the management and performance of the Federal Government

PRESIDENT'S MANAGEMENT AGENDA

- Guiding Principles
 - Citizen-centered, not bureaucracy-centered
 - Results-oriented
 - Market-based, actively promoting rather than stifling innovation through competition

PRESIDENT'S MANAGEMENT AGENDA

- Six Government-wide Goals
 - Strategic Management of Human Capital
 - Competitive Sourcing
 - Improved Financial Performance
 - Expanded Electronic Government
 - Budget and Performance Integration
 - Real property asset management

SUMMARY

We

- Defined the term budget
- Defined performance based budgeting
- Discussed performance measures
- Discussed why we adopted performance based budgeting