

# Performance Based Budgeting & Evidence Based Initiatives: Overview & Program Inventory Guide

Kansas Performance Based Budgeting Steering Committee

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## Why Performance Based Budgeting

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The Legislature retained the services of **Alvarez and Marsal (A&M)** to examine several areas of state operations and spending, including a review of the state budget process. A&M issued fifteen recommendations relating to fiscal stability, improved accountability, and budget transparency. Among the fifteen recommendations, A&M specifically recommended that Kansas conduct a program service inventory (*Kansas Statewide Efficiency Review—Budget Process and Review—Recommendation #9*), include evidence of program effectiveness in budget decisions (*Kansas Statewide Efficiency Review—Budget Process and Review—Recommendation #11*) and implement performance budgeting (*Kansas Statewide Efficiency Review—Budget Process and Review—Recommendation #12*). These three recommendations were part of legislation passed by the 2016 Legislature (2016 **HB 2739**) requiring the state to begin the implementation of Performance Based Budgeting (PBB).

Agencies currently submit a wealth of information in their budget narratives relating to outputs, outcomes and performance. However, this information is not used effectively or emphasized in our budget process. The premise of PBB is to bring agency results and outcomes to the forefront of budget decisions and appropriating resources.

## What is Performance Based Budgeting

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Performance Based Budgeting (PBB) “is a budget preparation and adoption process that emphasizes performance management, allowing allocations decisions to be made in part on the efficiency and effectiveness of service delivery.”<sup>1</sup> Programs that demonstrate positive outcomes and results while also spending resources efficiently provide clear signals to budget decision-makers how to best appropriate funding. Negative performance measures do not indicate a program should necessarily be defunded. PBB is not a tool primarily intended to reduce government spending. However, negative performance measures may indicate that the state should evaluate alternative programs to achieve the same objectives.

Performance Based Budgeting (PBB) differs from the current budget process in Kansas by emphasizing performance measures and, to the extent possible, creating correlations between dollars, outcomes and objectives. Many current performance measures are output measures which reflect agency activity but do not indicate whether an agency is achieving its goals and objectives relative to committed resources. In addition, current performance measures are not effectively used by Legislators to evaluate agency performance. Using PBB will create an opportunity to change the effectiveness of performance measures and how the measures are used by decision-makers.

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<sup>1</sup> Kelly, Janet M., and Rivenbark, William C. Performance Budgeting for State and Local Government. Florence, GB: Routledge, 2014. ProQuest ebrary. Web. 8 June 2016.

PBB best succeeds if there is a commitment by state leadership to the principles of PBB. All participants in the budget process must ensure agency and program service goals align with performance measures. It is also important to note that the PBB process requires continuous training and education.

PBB has shown to be less successful if there is:

- No purpose or direction in the implementation;
- No link to organization wide objectives – performance measures should stem from agency goals, objectives and mission statements;
- No training or support for agency personnel;
- No performance measures reflected in agency budgets;
- No support from the budget office;
- Unrealistic expectations that performance measures will make budget decisions easy and allow reductions without affecting agency core missions; and,
- No monitoring – Any performance measure system requires constant upkeep and monitoring to insure that the selected measures are correctly evaluating performances.

## Implementing Performance Based Budgeting

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**Exhibit 1** on the following page depicts the broad timeline for implementing PBB in Kansas. **Some of the dates in the timeline will be adjusted throughout the process to accommodate workload capacity of state fiscal staff.** However, the “hard” deadlines will be the dates the Governor is required to submit information to the Legislature. These dates are specified in HB 2739.

### Key Dates & Deadlines

- **October 17, 2016** – Agencies submit drafts of **program inventories** to respective Division of the Budget and Kansas Legislative Research Department analysts.
- **December 1, 2016 (not in time line below)** – Agencies submit **program inventories** and **materials supporting evidence ratings** to Division of the Budget analysts.

**IMPORTANT:** the total budget entered into your program inventories should match your total September budget submissions for FY 2017, FY 2018 and FY 2019.

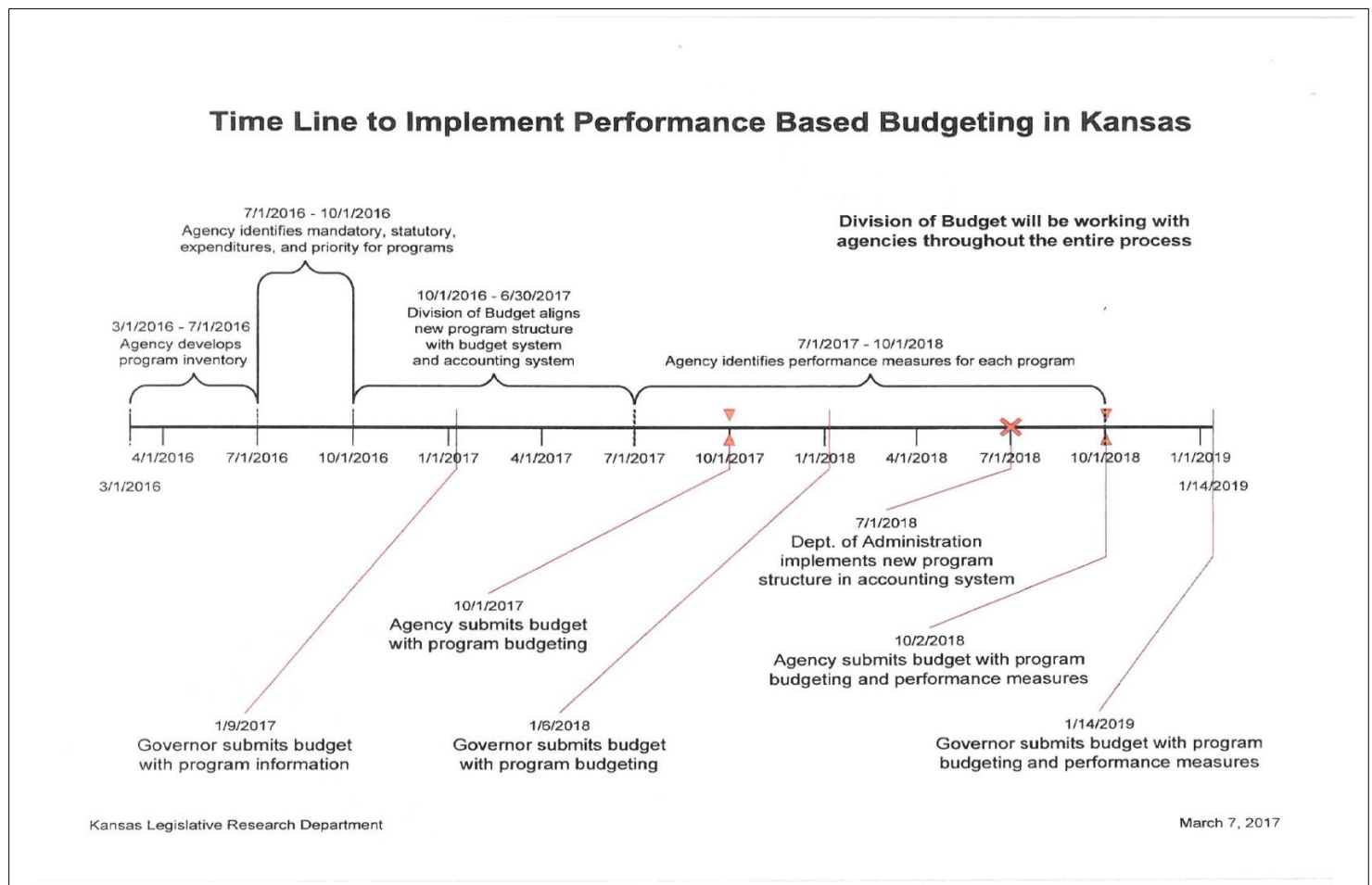
- **January 9, 2017** – Governor submits program inventories to Legislature.

**IMPORTANT:** the budget figures in the program inventories submitted to the 2017 Legislature will be as of the Agency Request, not the Governor’s Recommendation. The Division of the Budget will be

unable to effectively manipulate Agency Requests until IBARS is updated with new program structures from the program inventories.

- **September 15, 2017** – Agencies submit budgets with new program structure to Division of the Budget.
- **January 6, 2018** – Governor submits budget with new program structure to Legislature.
- **September 15, 2018** – Agencies submit budgets with new program structure and revised performance measures to Division of the Budget.
- **January 14, 2018** – Governor submits budget with new program structure and revised performance measures to Legislature.

**Exhibit 1**



The implementation of PBB will be done in three phases:

### **Phase 1**

This phase includes creating program inventories for submission to the Legislature on **January 9, 2017**. Per HB 2739, the program inventories should include:

- Identification of agency programs and subprograms by objective, function and purpose;
- The state or federal statutory citation authorizing those programs, if any;
- Identification of programs that are mandatory versus discretionary;
- A history of the programs, including interaction with other agency programs and objectives;
- State matching or other federal financial requirements;
- Prioritization of the level of all programs and subprograms; and,
- The consequence of not funding the program or subprogram.

A PBB template has been developed for agencies to use in compiling and reporting the required information. Please see the Division of the Budget website to download the template. Instructions for filling out the PBB template can be found in **PBB Program Inventory Template: Step-by-Step** in this document.

### **Phase 2**

On or before January 6, 2018: An integrated budget fiscal process, such process will institute common accounting procedures consistent with budget development, budget approval, budget submission, through actual expenditures by fund. This phase will include the alignment of IBARS and SMART with new program structures.

### **Phase 3**

On or before January 14, 2019: A Performance Based Budgeting System; including:

- Incorporation of various outcome based performance measures, for state programs; and
- Enhanced capability to compare program effectiveness across multiple state and political boundaries.

## Evidence Based Initiatives & Results First

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PBB will be linked to external Evidence Based Initiatives such as the Pew-MacArthur Results First Initiative (Results First) when possible. The Pew-MacArthur Results First Initiative, a project of The Pew Charitable Trusts and the John D. and Catherine T. MacArthur Foundation, works with states and localities to develop the tools policymakers need to identify and fund effective programs that yield high returns on investment. Using innovative and customizable methods, Results First partners learn to:

- Create an inventory of currently funded programs.
- Review which programs work.
- Conduct benefit-cost analysis to compare programs' likely return on investment.
- Use evidence to inform spending and policy decisions.

Taken together, these efforts have helped agencies and government leaders improve public outcomes, reduce costs, and increase accountability by ensuring that resources are directed toward effective, cost-beneficial approaches.

For purposes of this first phase of PBB rollout, agencies will focus only on the program inventory component of the Results First approach (bullets 1 and 2 above). Phase 1 of the PBB implementation will involve one pilot agency ("**Results First pilot agency**") that will use the Results First approach to create a Results First program inventory, using the Results First template. The Results First program inventory template is separate and distinct from the PBB template. While all agencies are required to submit the PBB template, the Results First template does not need to be submitted – however it is required for **Results First pilot agency** to complete in order to fill out certain information in the PBB template (namely the 'evidence level' column in the PBB inventory template). Results First works within a limited area of policy areas including adult criminal justice, juvenile justice, education, child welfare, general prevention, substance abuse, and mental health. The Steering Committee recommends one of the following agencies use the Results First approach as a **Results First pilot agency**:

- **Department for Children and Families; or,**
- **Department of Corrections**

Other agencies that may eventually use Results First are:

- Department for Aging & Disability Services;
- Department of Health and Environment;
- Department of Education;
- State Library; and,
- Kansas State Historical Society.

While only the **Results First pilot agency** will have access to the Results First inventory template, guidelines, and technical assistance from Pew staff during phase 1, the remaining above agencies will have the opportunity to develop a Results First inventory over the course of time, as the capacity is built to take on additional agencies.

All agencies, **except the Results First pilot agency**, will follow a similar but alternative approach to assigning levels of evidence to their subprograms.

## Levels of Evidence Ratings

As part of the PBB template submission process, *all agencies* will be required to categorize the subprograms they operate according to their evidence level (column H in the ‘program overview’ tabs of the PBB template.)

**Results First pilot agency** must categorize their subprograms’ evidence level using the Results First approach. This requires agencies to fill out key portions of the Results First inventory template (Required/Highly Recommended columns in the RF program inventory templates) in order to properly match their subprograms’ to the Results First Clearinghouse and determine the subprograms’ level of evidence. *Results First pilot agencies must still submit the PBB template* – and are not required to submit their Results First program inventory template. Rather, the Results First template is used to collect the necessary data points to determine a given subprogram’s *evidence level*, which does need to be reported in the PBB template. That said, the Results First program inventory template serves as a powerful tool to help the pilot agencies inform their programmatic decision making and it is strongly encouraged that pilot agencies use the tool not only to populate required information in the PBB template, but also to use for internal policy making.

*Technical assistance from Pew staff will only be provided to those who are using the Results First approach and template.*

**Results First pilot agency will assign the following ratings to their programs using the Results First Clearinghouse:**

- **Highest rated/Model (green)** — The clearinghouse assigned the intervention its highest rating. In general, this requires one to two evaluations that: a) use the strongest research designs, including randomized control trials or high-quality quasi-experimental designs; and b) show that the intervention had a statistically significant positive impact.
- **Second-highest rated/Promising (yellow)** – The clearinghouse assigned the intervention its second-highest rating. This generally requires an evaluation that used a quasi-experimental design and showed that the intervention had a positive impact.



- **No evidence of effects (gray)** – The clearinghouse found the intervention to have no statistically significant effects based on at least one evaluation that used a randomized control trial or a quasiexperimental design.
- **Mixed effects (blue)** –This category is only used for interventions reviewed by What Works Clearinghouse. It is applied when two or more evaluations using randomized control trials or quasiexperimental designs found inconsistent effects of a given intervention. That is, one study showed a positive effect and either another showed a negative effect or at least two others showed indeterminate effects.
- **Negative effects (red)**—The clearinghouse determined that the intervention had negative effects, which could be statistically significant or not, based on at least one evaluation that used a randomized control trial or a quasi-experimental design.
- **No rating**—Agencies can use this rating when a subprogram is not listed in the Results First Clearinghouse or otherwise cannot find any research outside the clearinghouse that meets any of the above rating criteria. This designation does not mean the program is inefficient or ineffective. Rather, some programs are niche programs and relevant research may be sparse or nonexistent. The designation means that more research is needed to measure a program’s effectiveness.

All other agencies should assign their programs the following ratings. The “KS” designation means they are Kansas-specific ratings criteria. Sources may include academic research, federal studies, national organizations, non-profit foundations, national trade group standards, market studies or any reputable research group.

- **Evidence Based (KS)** – A program that has been evaluated, proven effective, and determined to have a positive impact through **more than two** sources.
- **Promising Practice (KS)** – A program that has been evaluated, proven effective, and determined to have a positive impact through **up to two** sources.
- **Mixed (KS)** -- A program that has been evaluated and determined by at least **one** source to have a positive impact but also determined by at least **one** other source to have a negative impact.
- **Negative (KS)** -- A program that has been evaluated and determined to have a negative impact through **two or more sources**.

- **No Evidence (KS)** – A program that has not been evaluated and proven effective by any sources. This designation does not mean the program is inefficient or ineffective. Rather, some programs are niche programs and relevant research may be sparse or nonexistent. The designation means that more research is needed to measure a program’s effectiveness.

**Agencies should submit materials or references supporting their level of evidence ratings along with their PBB program inventories.**

## Phase 1 Overview

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The main goal of Phase 1 is to re-examine agency programs and subprograms by objective, function and purpose. The information below is provided to help agencies take a fresh look at what they do and how they do it. The information found under the **Strategic Planning** section of the *Budget Instructions* is also useful for this exercise.

### Agency Function or Mission

Agency functions encompass the total purpose for an agencies existence. If an agency is engaged in an activity that does not fit within the agency function, an analysis should be engaged as to whether that activity is a better fit within another agency.

### Program Mission Statement

The program mission statement conveys the purpose for which a program exists. A mission statement does not include specific goals but rather describes what outcome the program is attempting to achieve.

### Program Definition

The Government Accountability Office defines a program as, “Generally, an organized set of activities directed toward a common purpose or goal that an agency undertakes or proposes to carry out its responsibilities.”<sup>2</sup> Using this definition, we can define subprogram to mean a single activity or focus within a program that is tied to specific outcome. For agencies using **Results First**, the term “program” or “intervention” is used rather than subprogram. When completing the program inventory, programs should be seen as “families” of like subprograms (activities) or programs.

When developing a performance budgeting system, programs should be based on either outcomes or clients whenever possible. Outcomes are the specific end result the program is trying to achieve. A client focus will be on a specific entity or consumer group. When considering how to identify programs and subprograms, the following questions should be considered:

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<sup>2</sup> United States Government Accountability Office, “Glossary of Terms Used in the Federal Budget Process”; September 2005; [www.gao.gov/assets/80/76911.pdf](http://www.gao.gov/assets/80/76911.pdf)

- What statutory or regulatory requirements are required of my agency?
- Who are my clients? For regulatory agencies, think both in terms of Kansas citizens who operate within a regulated environment and those individuals or entities which are regulated. For human services agencies, clients are those persons who avail themselves of your services.
- What is the outcome my agency is attempting to achieve?

Programs should be, among other things:

**Externally recognizable.** Agencies should use programs that are or relate to programs or objectives used in appropriations bills, statute, are recognized by stakeholders, or are already publicly known; agencies should use program names that are known outside the agency, and generally not create new names.

**Operationally Meaningful.** Agencies should use programs that are operationally meaningful to agency senior leadership and components of the agency. Programs should represent how the agency is managed and delivers on its mission.

**Linked to an organizational component(s), such as headquarters, bureau or office.** Programs should be operationally meaningful to the agency and agency senior leadership.

**Persistent.** Generally, programs that persist over time should be included. However, agencies have the flexibility to identify short-term efforts as programs.

Practically speaking, some current program designations in state budgeting are program “themes” and include several programs that have different functions, clients or outcomes. One of the purposes of PBB is to disaggregate some of these large groupings into discrete programs for statewide budgeting and reporting. Many agencies are already organized and budgeting at these lower program levels. In these cases, the information required for PBB will not be much different than the information that is already submitted under the current budget process.

One example is from the Department of Agriculture. Certain state reporting uses the program Agri-Business Services. However, this program is actually made up of several programs including Meat and Poultry Inspection, Dairy, Agricultural Commodities Assurance, Weights and Measures, Grain Warehouse, Agricultural Laboratories, Food Safety, and Plant Protection. While all of these programs are related to the Agri-Business Services program theme, they could be viewed as separate programs in the program inventory because of different program goals, performance measures, functions and sets of activities.

Another illustration can be found in the Department of Corrections. Currently, budget information is reported using the program Reentry & Offender Programs. However, this program is made up of several programs including sex offender treatment, substance abuse, academic and vocational education, employment, cognitive skills-building, family services, transitional housing, mentoring, and reentry and release

planning. All of these could be listed as separate programs in the program inventories each with their own, specific subprograms or prevention programs.

During Phase 1 of implementation, expenditures associated with programs that provide centralized services for an agency, such as administration, IT, legal or other, should be allocated to the various direct service programs. Please see **Program Inventory Template: Step-by-Step** for additional comments on how overhead costs are to be allocated.

### **Mandatory versus Discretionary**

Discretionary programs are programs that are within the scope of an agency's grant of authority but not directed by a specific statute or federal regulation. Administrative or overhead programs are usually discretionary.

### **State or Federal Statutory Citation**

For mandatory programs include the state or federal statute requiring that program. Please **do not** rely on the general authorizing statute for the agency but only specific statutes for identifiable programs.

### **History of the Programs**

This should include:

- A description of the program;
- When the program was authorized,
- Anytime the program was moved between agencies;
- History of legislation impacting the program; and
- Other significant program events.

### **State Matching or Other Federal Financial Requirements**

If your program has either a state match or maintenance of effort requirement, please indicate that fact. The agency is not required to indicate the amount of the maintenance of effort requirement or the specifics of the match.

### **Prioritization of the Level of All Programs and Subprograms**

Indicate from 1 to X the level of priority for the program based on the following considerations:

- Statutory requirement for the program;
- The relationship between the program and the agency function and mission statement;
- Impact on the public if program if not funded;
- The program's performance measures; and,

- Whether other third parties could absorb the program responsibilities.

## Program Inventory Template: Step-By-Step

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The Program Inventory is an excel document that will require data entry by agencies. The template should be viewed as a common reporting document. **To ensure consistency, agencies should only enter data that is requested in the template.**

It is possible that some agencies may find it necessary to also keep customized working templates to accommodate more detail or other desired information. In particular, **agencies using Results First may find it useful to also use the program inventory templates provided by Pew alongside the Program Inventory template provided by the Steering Committee.** The working program inventory templates or Results First program inventory templates do not have to be submitted. **Only the Program Inventory template provided by the Steering Committee must be submitted.**

The template is comprised of a number of sheets, including **Agency Overview, Allocation, Program Overview, and Program Performance Measures.** The template starts with the **Agency Overview** sheet and is shown in **Exhibit 2** on the following page.

**IMPORTANT: the total budget entered into your program inventories should match your total September budget submissions for FY 2017, FY 2018 and FY 2019.**



programs should be allocated to direct programs to determine the total cost of service delivery. The titles for the allocable programs can be changed. The only allocable programs that need to be entered in Overhead Program 1 through Overhead Program 5 are **operating overhead programs** such as **Administration, Legal, Human Resources, or IT**. **Capital Improvements** and **Debt Service** should be entered in the **regular program sections**.

**IMPORTANT: Do not delete the allocable program rows from the Agency Overview sheet. If there are allocable programs that are not needed, they can be left blank or hidden. If more than five allocable programs are needed, please consult with the Division of the Budget.**

In addition to the allocable programs, the **Agency Overview** sheet goes on to list 14 more direct service programs. These programs can have the program title altered and should be altered by the agency to reflect agency program titles. The programs also have subprogram (or prevention program) cells that can and should be altered to match agency subprogram titles. Agencies should enter program costs according to subprogram and agencies should indicate costs according to State General Fund and All Funds.

#### **Agency Overview Sheet: Step-By-Step**

1. Enter **program titles** under the “Program” headings in **Column A**. The **first five programs sections** are for any **operating overhead programs**. The remaining program sections should be all other programs, Debt Service, and Capital Improvements.
2. For each Program, enter **subprogram titles** under the “Subprogram” headings in **Column B**.
3. Enter budget data for each **subprogram**. Each fiscal year is divided into **SGF** and **All Funds**. Enter budget information for all fiscal years. The budget figures for each subprogram will sum at the top of each program section to provide a program total.

The next sheet is the **Allocation-Overhead Program 1** sheet (**Exhibit 3**) and is the first of five allocation sheets. These sheets are for the allocable programs discussed earlier in this section.





program) will also populate in this sheet based on the information provided in the **Agency Overview** sheet. The Overhead Program subprogram costs are for reference only and pull from the **Agency Overview** sheet. **The Overhead Program subprogram costs do not allocate to the other programs; only the total Overhead Program costs are allocated to the direct service programs on the sheet.**

Agencies should then input **Overhead Program 1** costs in the respective direct service programs. **The costs should be entered at the subprogram level.** The amounts entered will roll up into direct service program totals and are broken down by SGF and All Funds. The very top row of the **Allocation-Overhead Program 1**, and all other allocation sheets, says ‘**Spreadsheet in Balance?**’ This cell checks the SGF and All Funds totals for each fiscal year for Overhead Program 1 against the sum of all the subprogram allocable costs for each direct service program. This allows the agency to quickly check to ensure the column is in balance when the sheet is completed. These functions and formulas are universal for all allocation sheets.

**IMPORTANT: Do not delete the Allocation Sheets. If there are Allocation Sheets that are not needed, they can be left blank or hidden. If more than five allocable program sheets are needed, please consult with the Division of the Budget.**

### **Allocation Sheets: Step-By-Step**

1. In the **yellow section**, enter the portion of Overhead Program 1 costs for each subprogram within each program section. Do this for **SGF** and **All Funds** for each fiscal year.
2. **Make sure Column C through Column H are in balance.** The first row of the sheet will indicate if the costs allocated to each subprogram equal the total costs for “Overhead Program 1.”
3. **Repeat** steps 1 and 2 for all other **Allocation Sheets.**

**Exhibit 4**

Overhead Program 1													
	History:												
	Program Goals:												
Sub-Program Name	Priority	Required by Statute?	Statutory Basis	MOE Requirement	Purpose	Consequences of not Funding	Level of Evidence Rating	FY 2017 SGF	FY 2017 AF	FY 2018 SGF	FY 2018 AF	FY 2019 SGF	FY 2019 AF
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subprogram								\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Allocable Program Overview.** After completing the allocation sheets, agencies should complete the program overview sheets. The one pictured above is for **Overhead Program 1**. **Reminder: Agencies will need to name all program tabs according to program title.** Agencies will need to enter information for program history and goals along with subprogram priority, statutory requirement and basis, MOE requirement, purpose, consequences of not funding, and level of evidence rating. Agencies should refer to the Phase I overview for definitions of these items. *Please give extra consideration to the program objectives and do not copy your existing program structure into this sheet.*

The costs will auto populate based on what was entered in the **Agency Overview Sheet**. Direct service program overview sheets will require the same information to input as overhead program overview sheets. However, these sheets will look a little different from one another. Below is an example of a direct service allocable program overview sheet.

**Exhibit 5**

Program 1											Program Priority: ##			
History:														
Program Goals:														
Sub-Program Name	Priority	Required by Statute?	Statutory Basis	MOE Requirement	Purpose	Consequences of not Funding	Level of Evidence Rating	FY 2017 SGF	FY 2017 AF	FY 2018 SGF	FY 2018 AF	FY 2019 SGF	FY 2019 AF	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	
Subprogram								Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	Direct \$ Indirect \$ Total \$	

**Program Overview Sheets.** The difference in the sheets is that direct service programs will show “Direct”, “Indirect”, and “Total” costs for SGF and All Funds by fiscal year. The program overview sheets will also ask agencies to rank each program by priority. The direct cost is pulled from the **Agency Overview** Sheet and the indirect costs are pulled from the allocation sheets. All allocable costs associated with a specific subprogram are added together to generate an aggregate indirect cost. For example, should a subprogram include \$1,000 of administration costs and \$1,000 IT costs, the aggregate indirect cost for that subprogram would be \$2,000. Finally, the direct and indirect costs are added together to produce a total cost for each subprogram and is represented by SGF and All Funds by fiscal year. This is done by formulas inserted into the excel workbook.

The template includes tabs for up to 14 direct service programs. **If more sheets are needed, please consult with the Division of the Budget.**

The final sheet to discuss is the **Performance Measures** sheets. There is a sheet for each allocable and non-allocable program. The one pictured below is the **Program 1 Performance Measures**.

### **Exhibit 6**

Program 1							
Subprogram	Performance Measure	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Est.	FY 2018 Est.	FY 2019 Est.
	Measure 1						
	Measure 2						
	Measure 3						
	Measure 4						
	Measure 5						
	Measure 6						
	Measure 1						
	Measure 2						
	Measure 3						
	Measure 4						
	Measure 5						
	Measure 6						

**Performance Measures.** The title at the top of the sheet will auto populate based upon what information is put into the **Agency Overview** sheet. Agencies will need to input subprogram and performance measure titles along with actual program performance by fiscal year. Agencies are encouraged to add as many measures and subprograms as necessary to meet the needs of the agency. The only cell locked on this sheet will be the program title. However, the state will not start active development of new Performance Measures until Phase 3 of the Performance Budgeting Initiative. Agencies are free to use existing output measures that they currently submit as part of the annual Agency Report.

### Resources

The **Program Inventory Template** and **House Bill 2739** can be found on the Agency Information and Download Center on the Division of the Budget website: <http://budget.ks.gov/agencyinfo.htm>

The **A&M Kansas Statewide Efficiency Review** can be found on the Kansas Legislative Research Department website: <http://www.kslegresearch.org/KLRD-web/Appropriations&Revenue.html>

General Information regarding **Results First** can be found here: <http://www.pewtrusts.org/en/projects/pew-macarthur-results-first-initiative>.

The **Results First Clearinghouse Database** is located here: <http://www.pewtrusts.org/en/multimedia/data-visualizations/2015/results-first-clearinghouse-database>

## Questions & Assistance

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For questions or additional information on PBB, please contact:

In the Division of the Budget:

Brendan Yorkey (brendan.yorkey@ks.gov; 785-296-2805)

Luke Drury (luke.drury@ks.gov; 785-296-2436) or

In the Kansas Legislative Research Department:

Dylan Dear (Dylan.dear@klrd.ks.gov; 785-296-3181)

Bobbi Mariani (bobbi.mariani@klrd.ks.gov; 785-296-3181).

For specific questions regarding the template please contact Brendan or Luke in the Division of the Budget.