

Performance Based Budgeting: Phase 2

Agency Explainer & Checklist

Performance Based Budgeting: Phase 2

Overview

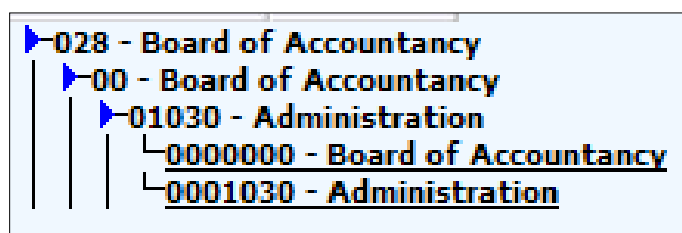
Per **2016 HB 2739**, the second phase of Performance Based Budgeting (PBB) requires an “integrated budget fiscal process, such process will institute common accounting procedures consistent with budget development, budget approval, budget submission, through actual expenditures by fund.” Phase 2 will require a budget to be submitted to the Legislature in January 2018 that contains the new program/subprogram structures identified in agency program inventories. Modifications will need to be made to financial systems in order for (1) agencies to develop budgets, (2) the Division of the Budget (DOB) to create a Governor’s Recommendation, and (3) the Kansas Legislative Research Department to create Legislative Approved budgets all using the new program/ subprogram structures. Phase 2 will include the alignment of IBARS, SMART and SHARP with new program/subprogram structures identified by agencies in their program inventories.

The new program/subprogram structures will have to be implemented in SMART and SHARP before the start of FY 2018. This will allow agencies to use the new program/subprogram structures for accounting and payroll beginning July 1, FY 2018 (which will result in FY 2018 Actuals containing the new program structures). The new program/subprogram structures will be implemented in IBARS in summer 2017 for the Revised FY 2018 and Revised FY 2019 budget cycle.

Implementing the new program/subprogram changes will require close coordination between DOB, agencies, and the Department of Administration. **In most cases, changes will be customized for each agency and require an agency-by-agency review and implementation of program/subprogram structures.** The purpose of this checklist is to guide that process.

IBARS Reporting Levels

Currently, there are four reporting levels in IBARS: **Agency (Level 1), Division (Level 2), Program (Level 3) and Department ID (Level 4).**



One of the goals of PBB is to capture greater program and subprogram detail. **IBARS will not be modified to add a new reporting level.** Instead, DOB will make greater use of Level 2 to capture budget data for large programs. For example, the Department of Corrections currently uses the program Reentry & Offender Programs which is a Level 3 program in IBARS. Within it are several subprograms such as education, substance abuse treatment, transitional housing, cognitive skills building, mental

health, batterers intervention, reentry, mentoring and workforce development. The budget data for these subprograms are aggregated or rolled-up into the program Reentry & Offender Programs.

Under the new program structure in IBARS, Reentry and Offender Programs could become a Level 2 program and the subprograms could become Level 3s. **This will not be the case for all agencies.** Depending on coordination with your DOB analyst, some agencies will still utilize Level 2 as a Division roll-up.

SMART & SHARP Reporting Levels

In the SMART program tree structure Level 2 is Program codes and Level 3 is Subprogram codes. **To view a complete list of your agency program/subprogram codes in SMART, the following SMART query can be run: KS_GL_PROGRAMS.** In this query, Level 2 Program codes are shown in the “Program Roll Up” column and Level 3 Subprogram codes are shown in the “Program” column.

Generally, if your agency made changes to your programs and subprograms in the program inventory, modifications may need to be made to your SMART & SHARP Program Level 2 codes and Subprogram Level 3 codes. **In many cases, it is likely that SMART and IBARS program codes will not change. The only changes that will likely occur are existing SMART subprogram codes will become new IBARS subprogram codes.**

SMART/SHARP & IBARS Data Crosswalk

In cases where there are program/subprogram changes, data from SMART Level 2 Programs will be loaded into IBARS Level 2 reporting levels and SMART Level 3 Subprograms will be loaded into IBARS Level 3 reporting levels. **This will not be the case for all agencies.** Some agencies will retain the use of IBARS Level 2 as a Division roll-up based on coordination with Division of the Budget analysts. Using the example from the Department of Corrections above, the crosswalk for SMART/SHARP and IBARS would look like this:

<u>Current IBARS:</u>		<u>Current SMART:</u>	
<u>Program/Subprogram</u>	<u>Level</u>	<u>Program/Subprogram</u>	<u>Level</u>
Offender Programs	3	Offender Programs	2
		Education Programs	3
		Substance Abuse Treatment	3
		Sex Offender Treatment	3
		Transitional Housing	3
		Cognitive Skills Building	3
		Mental Health	3
		Batterers Intervention	3
		Reentry	3
		Mentoring	3
		Workforce Development	3

<u>PBB IBARS:</u>		<u>PBB SMART:</u>	
<u>Program/Subprogram</u>	<u>Level</u>	<u>Program/Subprogram</u>	<u>Level</u>
Offender Programs	2	Offender Programs	2
Education Programs	3	Education Programs	3
Substance Abuse Treatment	3	Substance Abuse Treatment	3
Sex Offender Treatment	3	Sex Offender Treatment	3
Transitional Housing	3	Transitional Housing	3
Cognitive Skills Building	3	Cognitive Skills Building	3
Mental Health	3	Mental Health	3
Batterers Intervention	3	Batterers Intervention	3
Reentry	3	Reentry	3
Mentoring	3	Mentoring	3
Workforce Development	3	Workforce Development	3

Checklist/Process for Agencies

- Your agency will receive a program/subprogram structure sheet from your DOB analyst.** The program structure sheets were created from your agency program inventory. Use this sheet to identify the IBARS reporting level configuration based on desired changes from your program inventory sheet. These program/subprogram reporting levels will determine how the agency's expenditures are summarized and budgets are submitted in IBARS.
- Confirm program/subprogram structure.** Using the program structure sheets, confirm that the program/subprogram structure indicated in the program inventory is acceptable to you. This is your chance to make any changes, so if you wish to do something different, then make those changes on the program structure sheet.
- Identify Level 2 and Level 3 reporting levels.** Identify what will be the IBARS Level 2 reporting levels and IBARS Level 3 reporting levels. These levels will be initially filled out by your DOB analyst. Confirm that what is filled out is correct or if changes are necessary.
- Changes to program/subprograms and Level 2 and Level 3 reporting levels.** If you disagree with or have changes to programs/subprograms and reporting levels, contact your DOB analyst to work out a solution.
- Implement changes in SMART & SHARP.** Once DOB and the agency are in agreement on the new program/subprogram structure, begin implementing changes in SMART and SHARP.
 - Add or update Program Codes in SMART. Job Aids can be found on the SMART Web:
 - *Adding Program Codes* <http://smartweb.ks.gov/docs/default-source/upgrade-training-materials---general-ledger/adding-program-codes---10-23-2015.docx?sfvrsn=2>
 - *Updating Program Codes using Add a New Value* <http://smartweb.ks.gov/docs/default-source/upgrade-training-materials---general-ledger/updating-program-codes-using-add-a-new-value---10-23-2015.docx?sfvrsn=2>
 - *Updating Program Codes using Find an Existing Value* <http://smartweb.ks.gov/docs/default-source/upgrade-training-materials---general-ledger/updating-program-codes-using-find-an-existing-value---10-23-2015.docx?sfvrsn=2>
 - Review funding combination codes and funding defaults in SHARP. Move positions to the correct funding in SHARP, as needed.
- Enter new IBARS program/subprogram codes in program structure sheet.** Once you obtain any new program/subprogram codes from SMART and SHARP, enter the new codes in the program structure sheet. **In many cases, SMART and IBARS program codes will not change. The only changes that will likely occur are existing SMART subprogram codes will become new IBARS subprogram codes.**
- Send completed program structure sheets to Division of the Budget.** E-mail program structure sheets with final IBARS programs/subprograms, reporting level designations, and

program/subprogram codes to **Brendan Yorkey in the Division of the Budget** (Brendan.yorkey@ks.gov). The program structure sheets will be the roadmaps DOB uses to make changes in IBARS.

- **Due date.** In order for the new program structures to be used in FY 2018, all SMART and SHARP changes must be made by May 20, 2017. All program code additions or changes must be entered and approved by central office staff prior to the first payroll period of fiscal year 2018. The start date of the first payroll period is June 18, 2017.