

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

SECOND REGULAR SESSION-1996

Legislative Document

No. 1790

S.P. 700

In Senate, February 15, 1996

An Act to Implement Performance Budgeting in State Government.

(EMERGENCY)

Reference to the Committee on State and Local Government suggested and ordered printed.

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS
Secretary of the Senate

Presented by Senator AMERO of Cumberland. (GOVERNOR'S BILL).
Cosponsored by Representative DAGGETT of Augusta and
Senators: BERUBE of Androscoggin, HANLEY of Oxford, Representatives: JOSEPH of
Waterville, MORRISON of Bangor, SIMONEAU of Thomaston.

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** Public Law 1995, chapter 395 created the Commission
on Performance Budgeting; and

8 **Whereas,** the Legislature proposes to require each state
agency to develop a performance budget for one program by the
10 1998-1999 biennium and for all programs by the 2000-2001
biennium; and

12
14 **Whereas,** the Legislature proposes to require state agencies
to develop strategic plans by August 1, 1996; and

16 **Whereas,** state agencies need advance notice and lead time to
conduct their planning processes in order to meet the schedule
18 proposed by the Legislature; and

20 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
22 Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
24 safety; now, therefore,

26 **Be it enacted by the People of the State of Maine as follows:**

28 **Sec. 1. 5 MRSA §1710-K,** as enacted by PL 1995, c. 395, Pt.
B, §1, is repealed and the following enacted in its place:

30 **§1710-K. Commission on Performance Budgeting established**

32 **1. Definitions.** As used in this chapter, unless the
34 context otherwise indicates, the following terms have the
following meanings.

36 A. "Commission" means the Commission on Performance
38 Budgeting.

40 B. "Measurable objective" means a specific, quantifiable
42 outcome that defines how an agency will achieve its goals
44 and that defines the actual impact on the public being
served rather than the level of effort expended by the
agency. It is a tool to assess the effectiveness of an
agency's performance and the public benefit derived.

46 C. "Performance budgeting" means the method for developing
48 and finalizing an agency's request for appropriations or
allocations derived from its strategic plan. It allocates

2 resources based on the achievement of measurable objectives,
3 which in turn are related to the agency's mission and goals.

4 D. "Policy area" means a broad, functional category into
5 which departments, state agencies, organizations,
6 corporations, associations or programs and subprograms are
7 grouped according to the degree to which they share the same
8 or similar goals; encompass activities that share a common
9 purpose; have common or similar customers; have common or
10 similar measurable objectives; and may be analyzed by
11 similar methods as defined by the State Budget Officer and
12 the Director of the Office of Fiscal and Program Review.

14 E. "Program" means a grouping of activities and expected
15 results that are directed towards the accomplishment of a
16 set of goals and objectives and represent a department,
17 bureau, division or operational entity to which the
18 Legislature appropriates or allocates resources as defined
19 by the State Budget Officer and the Director of the Office
20 of Fiscal and Program Review.

22 F. "State agency" means a department, agency, organization,
23 corporation or association that receives a direct allocation
24 or other appropriation from the State or is required to
25 comply with chapter 149.

26 G. "Strategic plan" means a long-range, policy-oriented
27 document that maps an explicit path between the present and
28 a vision of the future. It is derived from an assessment,
29 goal-setting and decision-making process that relies on
30 careful consideration of an agency's capabilities and
31 environment. It identifies a state agency's mission, goals,
32 measurable objectives and strategies and leads to
33 priority-based resource allocation and other decisions. For
34 purposes of implementing this chapter, the State Planning
35 Office may prescribe the format and process for developing a
36 strategic plan.

38 H. "Subprogram" means a grouping of activities and expected
39 results that is directed towards a set of measurable
40 objectives and represents a subset of a program.

42 2. Commission established. The Commission on Performance
43 Budgeting is established to monitor, track and guide performance
44 budgeting in State Government and to report to the Legislature
45 and the Governor periodically on recommendations for improvements
46 in performance budgeting.

48 **Sec. 2. 5 MRSA §1710-P** is enacted to read:
49

50

§1710-P. Performance budgeting

2
3 State Government shall implement fully performance budgeting
4 by policy area for the biennium ending June 30, 2001 according to
5 the following schedule:

6
7 **1. Selection of program by state agency.** For the fiscal
8 biennium ending June 30, 1999, each state agency shall select at
9 least one program or significant subprogram, in consultation with
10 the State Budget Officer and the Director of the Office of Fiscal
11 and Program Review, for purposes of implementing the performance
12 budgeting requirements outlined in this chapter.

13
14 **A. By August 1996, each state agency shall develop a**
15 **strategic plan. Each state agency shall submit its**
16 **strategic plan to the Director of the State Planning Office,**
17 **the State Budget Officer, the Director of the Office of**
18 **Fiscal and Program Review and the joint standing committee**
19 **of the Legislature having jurisdiction over that agency's**
20 **matters.**

21
22 **B. By September 1, 1996, each state agency shall develop**
23 **budget proposals for one program as selected in this**
24 **subsection that are tied to measurable objectives for that**
25 **program.**

26
27 **2. Selection of program by policy area.** Each state agency
28 shall identify at least one program or significant subprogram, in
29 consultation with the Bureau of the Budget and the Office of
30 Fiscal and Program Review, that has the same or similar goals and
31 objectives as one or more other state agencies; develop jointly
32 with those state agencies measurable objectives; and coordinate
33 strategies for achieving those objectives. By September 1, 1997,
34 each state agency shall submit its joint measurable objectives
35 and strategies to the Director of the State Planning Office, the
36 State Budget Officer, the Director of the Office of Fiscal and
37 Program Review and the joint standing committee of the
38 Legislature having jurisdiction over the agency's matters.

39
40 **A. For the fiscal biennium ending June 30, 2001, the State**
41 **Budget Officer and the Director of the Office of Fiscal and**
42 **Program Review, in consultation with state agencies, shall**
43 **group all state agencies into policy areas, which must be**
44 **formed around common goals and measurable objectives.**

45
46 **B. By June 30, 1998, state agencies within each policy area**
47 **shall develop joint strategic plans that identify common**
48 **goals, measurable objectives and strategies for all**
49 **programs. Plans must be submitted to the Director of the**
50 **State Planning Office, the State Budget Officer, the**

2 Director of the Office of Fiscal and Program Review and the
3 joint standing committees of the Legislature having
4 jurisdiction over the matters encompassed by each policy
5 area.

6 C. By September 1, 1998, state agencies within each policy
7 area shall develop budget proposals that are tied to their
8 joint measurable objectives and strategic plan.

10 **Emergency clause.** In view of the emergency cited in the
11 preamble, this Act takes effect when approved.

14 STATEMENT OF FACT

16 This bill defines a schedule for implementing performance
17 budgeting in State Government. Performance budgeting allocates
18 resources based on the achievement of measurable objectives,
19 which, in turn, are related to an agency's mission and goals. As
20 strategic planning clarifies agencies' objectives and lays the
21 foundation for performance-based budgets, this bill requires all
22 state agencies to develop strategic plans. This bill requires
23 that each state agency develop in the next biennium a strategic
24 plan and tie measurable objectives for one program to its budget
25 proposal.

26 Because performance budgets are based on an agency's goals
27 and objectives, the budget unit is centered around programs that
28 will achieve those goals. Frequently, agencies share common
29 goals. A goal "to improve Maine's water quality," for example,
30 can not be achieved by one state agency alone. It requires the
31 coordination of programs by several agencies. As a result,
32 effective budgeting requires agencies to conduct joint strategic
33 planning and budgeting. This bill requires that agencies of
34 State Government that share common goals and objectives be
35 grouped into policy areas. For the 2000-2001 biennium, this
36 bill requires strategic planning and performance budgets on a
37 policy-area basis.
38