

State of Arizona

STATE GOVERNMENT

PROGRAM BUDGETING – MANAGING FOR RESULTS

A Guide for Agency Program Structures
Calendar Year 2004

Janet Napolitano
Governor



FOREWARD

Dear Agency Director:

The following guidance is provided to assist your agency as we move toward the final phase of program budgeting as required by A.R.S. § 35-113 and A.R.S. § 35-122. Over the past six years budget reform has required agencies to migrate to program budgeting in order to link resources to results. When we began the migration, OSPB provided agencies with the *Managing for Results Handbook*. As we have proceeded through Phase I and II, questions and challenges have arisen, and it is our hope that this publication will provide further clarification.

In Phase III, the final and most complex phase of the migration, it is essential that program structures are both operationally sound and easily comprehended by the public. This guidance is meant to provide some common definitions that will serve as a springboard for upcoming discussions regarding the alignment of your agency's budget and planning structures. Alignment of these structures will benefit the public and eliminate unnecessary redundancy in the budget and planning development process. OSPB looks forward to working with your planning and budget staff as we move toward the finalization of budget reform.

A handwritten signature in black ink, appearing to read 'D. P. Jankofsky', with a large, stylized flourish at the end.

David P. Jankofsky, Director
Governor's Office of Strategic Planning & Budgeting

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GENERAL OVERVIEW - KEY ACTIONS –

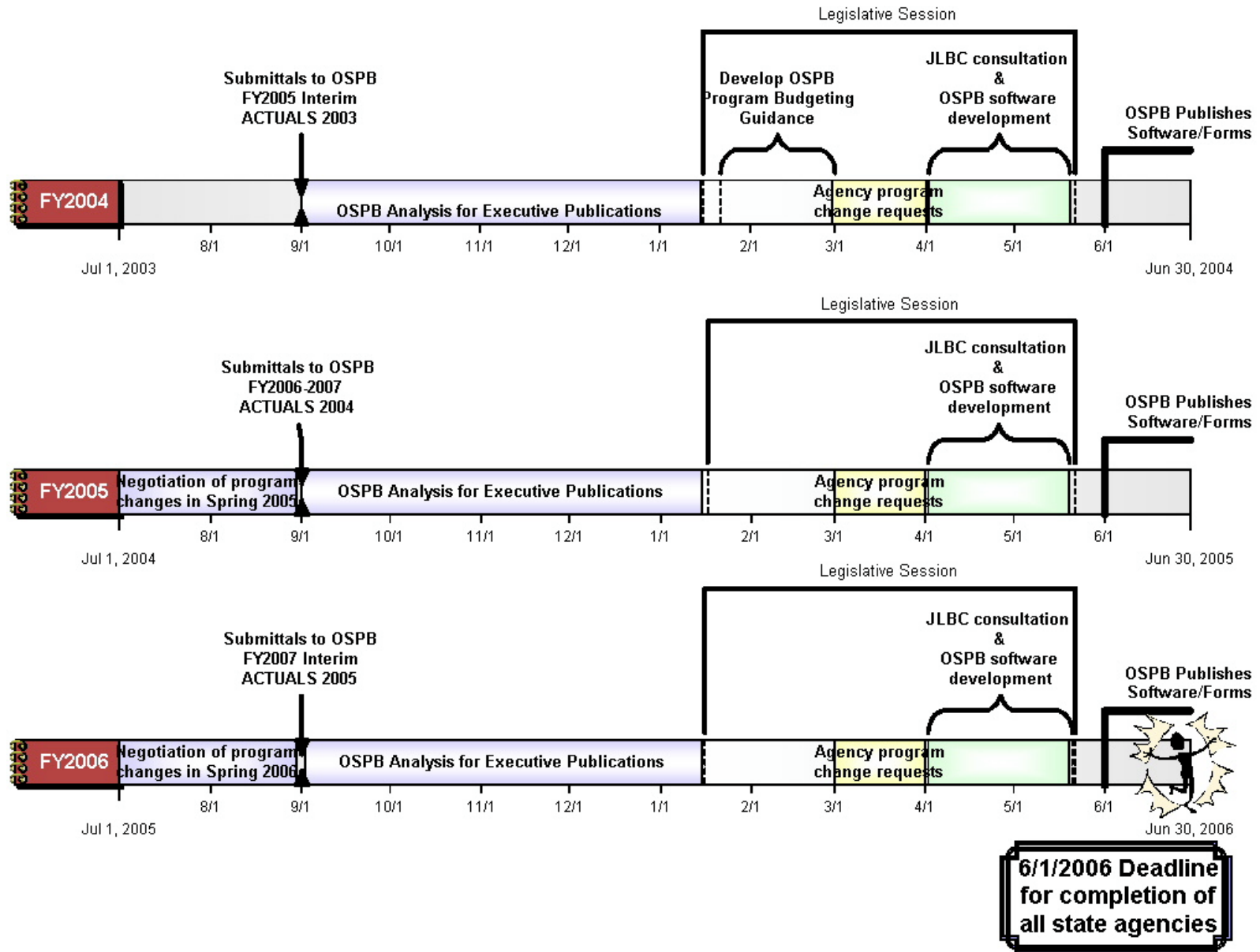
- ◆ Since 1998, OSPB has learned many lessons during the implementation of Phases I and II of program budgeting. This guidance is developed to clarify the lessons learned of what works and what doesn't work in the implementation process, and to apply those lessons to the final phases of fully implementing program budgeting in Arizona state government.
- ◆ Agencies who do not have alignment in the budgeting and planning structures must be revisited during the final phases of implementation. Agencies should review their structures to ensure alignment is maintained. During the negotiations for Phase I and Phase II, 88 agencies were aligned in accordance with the rules of this guidance.

- ◆ This guidance must be applied to 14 of the following Phase I and Phase II agencies to be re-visited:

ADA - Department of Administration	IDA - Department of Insurance
AEA - Radiation Regulatory Agency	JCA - Arizona Criminal Justice Commission
AHA - Department of Agriculture	LOA - Arizona Lottery
BRA - Board of Regents	PSA - Department of Public Safety
COU - Judicial System	RTA - Arizona State Retirement System
DIA - Disease Control Research Commission	RVA - Department of Revenue
GMA - Department of Gaming	WCA – Department of Water Resources

- ◆ All 14 of the Phase III agencies remain to be negotiated.
- ◆ Agencies in Phase III and the above re-visit list should become familiar with the guidance and review their program structures to propose changes. Agency letters should include: 1) current structures for budget and planning, 2) proposed structures for budget and planning, and 3) rationale applied.
- ◆ Agencies should send their program structure change requests with the rationale for the structure change to the OSPB Director, 1700 W. Washington, Suite 500, Phoenix, AZ 85007, and copy the JLBC Director, 1716 W. Adams, Phoenix, AZ 85007. Please copy the respective budget analysts and the OSPB strategic management analyst on these requests as well. OSPB will provide written confirmation of approved changes.
- ◆ Agencies are required to submit budgets and plans by September 1 of each year. Therefore, **the written agency program structure requests should be received no later than April 1st each year** to allow sufficient review, negotiation as necessary, and time for OSPB to make the system structure changes to AZIPS and BUDDIES that will be required before publication on June 1st each year.

TIMELINE FOR PLANNING/BUDGET ALIGNMENT

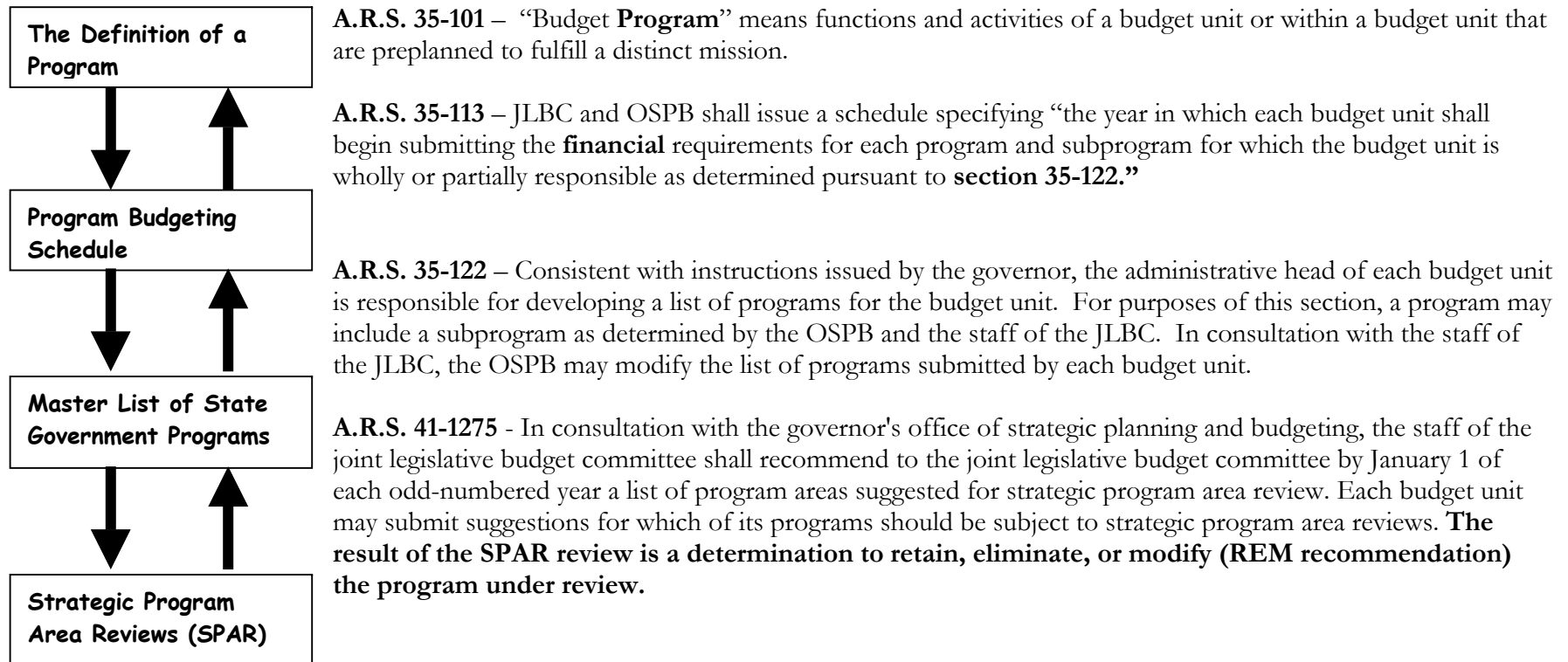


BUDGET REFORM OVERVIEW

Budget reform requirements are intended to:

- ◆ Make government more understandable to the public;
- ◆ Improve productivity and customer service; and
- ◆ Strengthen accountability for results.

Implementation of these requirements, first enacted in 1993, is now well underway. The process is evolutionary and will challenge both agency managers and policy makers. These reform efforts help create better alignment of the State’s planning, quality, budgeting, management, and accounting systems. The linkage between portions of law and budget reform intent is shown below.



On July 1, 1998 the budget reform laws were further modified to enact program budgeting. The Governor's Office of Strategic Planning and Budget (OSPB) and the Joint Legislative Budget Committee (JLBC) issued a schedule specifying the year each agency should begin submitting financial requirements for each program and subprogram in the Master List of State Government Programs. By law, A.R.S. § 35-113 requires completion of the conversion for state agencies by fiscal year 2006.

OSPB and JLBC staff decided that budget units would be phased into program budgeting in three groups. Each budget unit shall begin submitting the financial requirements for each program and subprogram for which the budget unit is wholly or partially responsible as determined pursuant to A.R.S. § 35-122 (Master List of State Government Programs).

THE 1998 PROGRAM BUDGETING MIGRATION SCHEDULE

Phase One	
Board of Accountancy	Department of Mines and Mineral Resources
Office of Administrative Hearings	Naturopathic Physicians Board of Medical Examiners
Board of Appraisal	Navigable Stream Adjudication Commission
Commission On the Arts	Board of Nursing
Auto Theft Authority	Board of Examiners of Nursing Care Institution Administration
State Banking Department	Board of Occupational Therapy Examiners
Board of Barber Examiners	Board of Optometry
Board of Behavioral Health Examiners	OSHA Review Board
Boxing Commission	Board of Osteopathic Examiners
Board of Chiropractic Examiners	State Personnel Board
State Compensation Fund	Board of Pharmacy
Board of Cosmetology	Board of Physical Therapy Examiners
Board of Dental Examiners	Arizona Pioneers' Home
Board of Dispensing Opticians	Board of Podiatry Examiners
State Board of Equalization	Power Authority
Governor's Office of Equal Opportunity	Prescott Historical Society
Board of Executive Clemency	State Board for Private Postsecondary Education
Board of Funeral Directors and Embalmers	Board of Psychologist Examiners
Department of Gaming	Public Safety Personnel Retirement
Geological Survey	State Board of Tax Appeals
Office of the Governor	Arizona Rangers' Pension

Council for the Hearing Impaired	Registrar of Contractors
Board of Homeopathic Medical Examiners	Residential Utility Consumer Office
Commission of Indian Affairs	Board of Respiratory Care Examiners
Law Enforcement Merit System Council	School Facilities Board
Department of Liquor Licenses and Control	Secretary of State
Lottery	Structural Pest Control Commission
Board of Medical Examiners	Board of Technical Registration
Medical Student Loan Board	Commission On Uniform State Laws
State Mine Inspector	Veterinary Medical Examining Board

Phase Two (43 agencies)	
Criminal Justice Commission	State Land Department
Acupuncture Board	Legislative Branch
Department of Administration	Office for Excellence In Government
Department of Agriculture	Governor's Office of Strategic Planning and Budgeting
Department of Building and Fire Safety	State Parks Board
State Board for Charter Schools	Commission for Postsecondary Education
State Board for Community Colleges	Department of Public Safety
Corporation Commission	Department of Racing
Department of Corrections	Radiation Regulatory Agency
Drug & Gang Prevention Resource Center	Department of Real Estate
Department of Emergency & Military Affairs	Board of Regents
Exposition and State Fair Board	State Retirement System
Game and Fish Department	Department of Revenue
Government Information Technology Agency	State Treasurer
Arizona Historical Society	Office of Tourism
Industrial Commission of Arizona	Department of Transportation
Department of Insurance	Veterans' Service Commission
Judicial Branch	Department of Water Resources
Department of Juvenile Corrections	Department of Weights and Measures

Phase Three (14 agencies)	
ABU = Annual Budget Units BBU = Biennial Budget Units	
Arizona Health Care Cost Containment System (ABU)	Department of Education (ABU)
Arizona State University – Main Campus (ABU)	Department of Environmental Quality (BBU)
Arizona State University – West Campus (ABU)	Department of Health Services (ABU)
Arizona State University – East Campus (ABU)	Northern Arizona University (ABU)
Attorney General (ABU)	Arizona State Schools for the Deaf and Blind (BBU)
Department of Economic Security (ABU)	University of Arizona – Health Sciences Center (ABU)
Department of Commerce (BBU)	University of Arizona – Main Campus (ABU)

Additionally, budget reform initiatives have included refinements to strategic planning and a Strategic Planning Area Review (SPAR) process that culminates in the decision to retain, eliminate, or modify (REM recommendation) a program area based on findings contained in an agency-authored self assessment. SPAR reviews can also be functions that cut across several state agencies such as behavioral health services for children or some of the other subjects suggested for reviews in previous years such as prescription medications.

Program budgeting is an ongoing process and does not end in 2006 when all state agencies become aligned. As the policy makers change the statutory mandates the program structure must also be maintained and adapted by the agencies to ensure alignment between the plans and budgets continue in the years ahead.

PROGRAM STRUCTURAL ALIGNMENT

The alignment of agencies' planning and budget structures is essential to achieve program budgeting and therefore the linking of resources to results. However, in addition to better information, linking and aligning the structures will create efficiencies by reducing workload associated with planning and budget development. Currently agencies must provide financial data in both the AZIPS (plan) and BUDDIES (budget) development systems. When the two structures are fully aligned agencies will only need to provide financial data in the BUDDIES system.

The screen print below is an example of a side-by-side view of the budget and planning structures and the existing variances:

Buddies / Azips Matching
Program Sept. 2003

Year Select:

Azips Mode: All Data Entry

AGA Attorney General - Department of Law

Buddies							AZIPS						
agen	parel	progr	program name	GF	QA	NA	Ager	Progr	Subp	Program Name	GF	QA	NA
AGA	1	1001	Civil Division	4,658.00	15,188.1	338.20	AGA	1	1	Public Advocacy Division	3,204.10	3,510.20	3,142.0
AGA	1	1002	Criminal Division	6,576.80	475.10	9,938.8	AGA	1	2	Civil Rights Division	1,384.90	132.60	628.50
AGA	1	1003	Child & Family Protection Division	0.00	139.80	1,092.9	AGA	1	3	Criminal Division	6,736.20	3,325.70	9,938.8
AGA	1	1004	Civil Rights Division	1,384.90	132.60	628.50	AGA	1	4	Child and Family Protection Divisio	0.00	139.80	1,092.9
AGA	1	1005	Public Advocacy Division	3,204.10	3,560.20	3,142.0	AGA	1	5	Civil Division	4,658.00	15,188.1	338.20
AGA	1	1007	SLI Grand Jury	159.40	0.00	0.00	AGA	2	0	Central Administration	7,055.10	250.20	5,306.4
AGA	1	1008	SLI Victims' Rights	0.00	2,850.60	0.00							
AGA	2	2	Central Administration	7,055.10	250.20	5,306.4							

PROGRAM BUDGETING LESSONS LEARNED

LESSON 1 – WHAT A PROGRAM IS AND ITS’ MISSION AND DESCRIPTION IS OFTEN UNCLEAR:

OSPB has learned that previous published guidance and statutory references to programs provides a confusing picture of what a program is within the program budgeting implementation process. Rather than viewing the budgeting and planning program structures as separate processes with separate program definitions, these distinct processes should be viewed in the context of one structure. Programs can also be a compilation of several smaller programmatic functions for which budget detail is not necessary. An agency program structure should reflect the core mission of the agency.

Definition of Program Budgeting: Structuring a budget and budget allocations in relation to the policy goals and objectives those resources are intended to support. The goal of program budgeting is a budget and financial system that links a program’s statutory mission, achievements, and cost effectiveness with meaningful planning and accountability.

The Arizona model for strategic planning emphasizes results-oriented performance for State agencies, programs, and subprograms. Strategic plans are meant to help establish strategic direction, identify strategic issues, define expected results, facilitate resource allocation, aid decision-makers in monitoring performance, and provide a framework and support for the agency budget requests. All of the strategic planning activities should aid in accomplishing program budgeting goals.

State what the program is to accomplish – **why the program exists - not simply what it does.** Include:

- What the program is supposed to accomplish or change (desired outcome – results driven).
- Whom or what is to be affected by the accomplishment or change (program customers).
- Why the accomplishment is desirable (policy - program significance).
- Whom the program is jointly administered by or requires coordination with for desired outcome/results. Particularly when there are Federal programs or reporting requirements linked to your program. (cross-cutting functions – only reported as applicable)

A major challenge facing state agencies is an alignment of stabilized structures enabling perspective of the programs over time. Therefore, considerable thought must be given to the identification of these revised structures, as they will provide the foundation for future budget, planning, and program evaluation endeavors. Although agency leaders may change, the agency mission as outlined in statute does not change as rapidly. The program structure should reflect and communicate the core mission of the agency, regardless of the leader.

The following litmus test and definitions should be applied when agencies consider the program structures.

LITMUS TEST QUESTIONS FOR DETERMINING PROGRAMS:
1. What A.R.S. statute does the program fit within? The program must fit within the agency's Arizona statutory mission, regardless of the funding source.
2. Is the program function a core activity relative to the agency mission?
3. Will the structure proposed remain stable over time related to the agency mission? Structure stability is related to the agency mission as determined by statute.

Definition of a Program: A systematic set of activities to accomplish a mission with specific goals and desired results. Progress toward achieving a program’s goals and desired results must be measurable. A program’s activities should be undertaken to effect a change in the program’s customers or in the public condition the program was formed in policy (statute) to address. Some programs are crosscutting functions by nature and should identify the joint administration or coordination necessary to achieve the desired results. Operating budgets and plans should be divided into discreet program components that promote an understanding of an agency’s activities. A.R.S. § 35-101 provides a definition for “Budget Program” as functions and activities of a budget unit or within a budget unit that are preplanned to fulfill a distinct mission.

Program Name: The program name should be descriptive of the program; it need not be the budget name that identifies the program but similarities in naming structures are encouraged and make the process more intuitive.

Program Mission: The mission statement is a brief, comprehensive statement of purpose and the reason for the existence of the program or subprogram (a reiteration of the Arizona statutory authority).

Program Description: The program description is a more detailed explanation of why the program exists.

Example - Program Description	
Acceptable	Unacceptable
<p>Program: College of Business and Public Administration.</p> <p>Mission: Brief comprehensive statement of statutory mission.</p> <p>Description: To provide distinguished undergraduate, graduate, and professional education and to provide opportunities for basic and applied research in business and public administration to Arizona students of regional, national, and international significance contributing to improving management practices.</p>	<p>Program: College of Business and Public Administration.</p> <p>Mission: Brief comprehensive statement of statutory mission.</p> <p>Description: To challenge and extend the boundaries of knowledge and creativity relative to business and public administration</p>
<ul style="list-style-type: none"> ▪ Desired impact/ Why: Students will obtain and retain employment and/or achieve job advancement as a result of program activities and improve management practices. ▪ Program customers: Arizona Students. ▪ What does the program do? Provide career, occupational, and technical skills and research opportunities relative to management, business, and public administration. 	<ul style="list-style-type: none"> ▪ Desired impact/ Why: While we hope the knowledge and creativity relevant to business and public administration in Arizona will improve through this program’s activities, this is too broad to measure ▪ Program customers: Not clear ▪ What does the program do? Not clear what will be done in public administration and business to extend boundaries.

Program Performance Measures: Budgetary recommendations are often made based upon the performance. Measures should be few but strategic and set the framework for the program, so that understanding the measure(s) leads the reader of the *Master List of State Government Programs* (operational plans A.R.S. § 35-122) to understanding the health and performance of the program. Some of the measures in the Master List are selected for inclusion in the Governor’s Executive Budget Recommendation as well.

LESSON 2 – PLANNING/BUDGETING HIERARCHY:

The level of detail necessary to manage the agency performance internally is not necessarily the level of detail that is desired in an external report of agency performance. Too much detail in *The Master List of State Government Programs* that is not aligned to the budget structure blurs the intended message of performance. Decision-makers have reams of information before them and limited time to understand the big picture of state government performance and whether agencies are achieving the missions that they were formed by policy to achieve.

Any level below a subprogram is too much detail. Therefore, program hierarchies are limited to just two tiers, the program level and the subprogram level. Additionally, distinguishing between program functions is occasionally done more appropriately by creating specific goals within the program rather than by creating a plethora of subprograms.

Agencies should use the following litmus test and definitions to determine whether subprograms belong in their structures.

LITMUS TEST QUESTIONS FOR DETERMINING SUBPROGRAMS:

1. What A.R.S. statute does the subprogram fit within? The subprogram must fit within the agency’s Arizona statutory mission, and within a program, regardless of the funding source.
2. Is budgetary detail necessary to describe the subprogram? (Remember that planning and budgeting have the same program structures)
3. Can at least two subprograms be defined in the program mission?
4. Are the subprograms proportionate in dollars and FTE in relation to the Agency size, total budget, and total FTE? Subprograms shall sum to the program total and be all encompassing of the program mission and total program funding. When subprograms exist, no funding is added at the program level.
5. Some programs have two or more distinct components that make it difficult to develop meaningful measures for the program as a whole. A subprogram’s activities also should be undertaken to effect a change in the program’s customers or in the conditions the program is to address.

In the effort to achieve the appropriate level of detail many agencies have struggled with how to structure programs with multiple distinct missions but that represent a very small portion of their operations. When facing this issue, avoid establishing multiple subprograms by using program goals instead.

Example - Defining Subprograms – Example	
Program: Protective Services Statutory Authority: A.R.S. § XX-XXX	
Program Mission: To protect children and elderly and disabled adults from maltreatment and exploitation.	
ALTERNATIVE A – Substituting Goals for Subprograms (no \$ budget detail)	
Goal 1: To protect children from maltreatment (abuse, neglect, and exploitation).	
Goal 2: To protect elderly and disabled adults not living in long term care facilities from maltreatment (abuse, neglect, and exploitation).	
ALTERNATIVE B – Using Subprograms instead of Goals (reported \$ budget detail)	
Acceptable	Unacceptable
<p>Subprogram 1: Child Protective Services</p> <p>Purpose: Protect children from maltreatment (abuse, neglect, and exploitation) and ensure that they are safe and secure.</p> <p>Subprogram 2: Adult Protective Services</p> <p>Purpose: Protect elderly and disabled adults not living in long term care facilities from maltreatment (abuse, neglect, and exploitation).</p>	<p>Subprogram 1: Complaint processing</p> <p>Purpose: Receive, classify, and assign caseworkers to investigate complaints of the abuse, neglect, or exploitation of children or elderly or disabled adults.</p> <p>Subprogram 2: Investigations</p> <p>Purpose: Investigate abuse, neglect, and exploitation complaints to determine if such maltreatment exists.</p>

However the agency determines it should subdivide program information (through goals or subprograms), it must be relative to the desired results. In the above acceptable example, the program is divided according to clients served. While narrower in scope, the subprograms’ purposes correspond with the program’s purpose. The above unacceptable example, however, divides the program by process function. While both functions (complaint processing and investigations) are needed to achieve the Program Mission, neither has an end result that directly impacts program customers. Both could be done quite well but not result in protection from maltreatment and exploitation. A subprogram is not a logical division of different program functions or funding, rather it is a division based upon desired results.

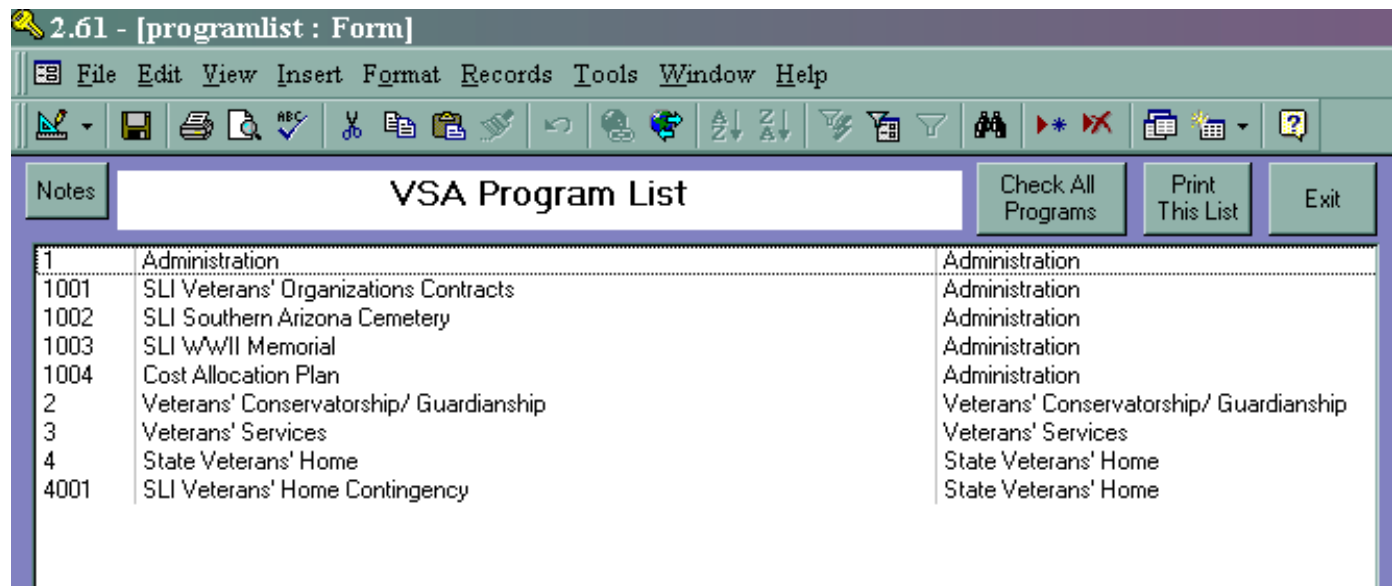
Definition of a Subprogram: Like a program, a subprogram is a systematic set of activities to accomplish a mission with specific goals and desired results. Progress toward achieving a subprogram’s goals and desired results must be measurable. When **two or more** “programs” are parts of a larger program, they should be treated as subprograms for results-based budgeting. ***No program should have only one subprogram.***

LESSON 3 - SPECIAL LINE ITEMS (SLIs) ARE NO LONGER REQUIRED TO BE SUBPROGRAMS:

SLI’s are areas of expenditure within agency budgets that the Legislature wants to highlight. Some of these highlighted areas are simply accounting detail, but some are really an important program function of the agency authorized by new policy. When budget reform began it was decided that all SLIs would be established as programs. After reconsideration, agencies need to evaluate each of the SLI’s in their budget structure and determine whether those SLI’s qualify as either a program or a subprogram or if the SLI is merely accounting detail. If the SLI is determined to be a program or subprogram then the agency is expected to develop an operational plan for that area. Use the prior explanations of program and subprograms and the definition of SLI below to make these determinations.

Definition of a SLI: Special line items that are identified in the appropriations bill should be identified as accounting detail. These special line item/programs may or may not have a temporary life for budgeting and planning. They are usually a result of Legislative special interest.

Key Point: Over time, some SLI’s may be re-defined as a program with sustainability and a specific public policy or purpose. In those cases where a SLI actually is a program, it should have a parallel existence in both budget and planning structures.



This screen print from BUDDIES provides the budget program list and associated special line items (SLIs). To access this screen, click on the Schedule button from the Main Menu. Agencies should periodically review these SLIs in conjunction with the assigned OSPB budget analyst for applicability to current situations.

LESSON 4 – GOALS CAN EXPRESS DISTINCT FUNCTIONS OF PROGRAMS IN A CONCISE WAY:

OSPB has learned that the level of detail necessary to manage an agency internally is not the same level of detail the Executive or Legislative branches need to evaluate agency performance. As previously expressed in Lesson 2, goals can be used to distinguish program functions rather than creating too many subprogram levels or to explain the creation of a program which is actually a combination of several activities. The following definitions and examples will provide information to assist agencies in making the determination of whether activities should be expressed as goals or as subprograms.

Definition of a Goal: Goals are statements of the ideal result if the program works as intended. Goals operationalize a program’s mission; that is, they break down the broad purposes into measurable indicators of success. (See pages 32-33 of *Managing for Results Handbook* for additional clarification on Goals.) Goals are statements of what we want to achieve. Goals do not show steps that must be taken to implement the program (those steps are generally part of action planning within the agency internal planning documents). It may be useful to think of a Goal as a statement of the ideal result of an effectively operating program.

Goals	
Acceptable	Unacceptable
To ensure Arizona students will read at their appropriate grade levels.	To implement a student remedial reading program in all Arizona Schools.
This acceptable Goal states the program ideal – what will be different if the program works as it should.	This unacceptable Goal looks like part of a “to do list” for program managers. It does not say what good thing will happen if the program works. The unacceptable Goal merely says that program staff will do something.

Goals should clarify the program’s mission and description. The relationship between the goal and the description should be clear to the reader and should be supported by empirical evidence of that relationship (that is, there must be some evidence to show that the goal and description are related). While many programs will have only one goal, the number of program goals should be determined by the characteristics of the program mission and description.

The following unacceptable goal also indicates how an improperly worded goal can lead to an unacceptable activity measure as a desired result.

Goals Should Operationalize the Program Mission and Description	
Acceptable	Unacceptable
<p>Mission: To prepare prisoners to reenter society as productive citizens by providing basic academic and vocational education training in a secure setting.</p> <p>Goal 1: To increase prisoners' literacy level.</p> <p>Goal 2: To develop prisoners' entry-level job skills by providing occupational training and work experiences.</p> <p>Goal 3: To increase the percentage of prisoners obtaining GEDs.</p>	<p>Mission: To prepare prisoners to reenter society as productive citizens by providing basic academic and vocational education training in a secure setting</p> <p>Goal 1: To expand the correctional system's literacy programs.</p> <p>Goal 2: To provide training and GED self-study programs.</p> <p>Goal 3: To privatize state-run prison farms.</p>
<p>This mission is to prepare prisoners to reenter society by providing them with academic and vocational educational training. Research has shown that literacy, marketable job skills, and high school equivalency statuses (GED) are necessary conditions to basic employability. Since this program is part of a correctional system's larger preparation for prisoners' release into society, other programs measure employment, job retention, and other indicators of successful reintegration into society.</p>	<p>Goals 1 and 2 are activities and, thus, part of the program's "to do list".</p> <p>It is not clear how Goal 3 is related to the program's educational mission.</p>

LESSON 5 – PROGRAMS AND SUBPROGRAMS SELDOM CHANGE WHEN LEADERSHIP CHANGES:

When the rules and litmus tests for determining programs and subprograms are followed, the structure seldom changes when the leadership of the agency changes. Structure is determined primarily by the statutory mission of the agency. A change in statute is the primary driver behind a change to the agency mission and structure.

<p style="text-align: center;">PROGRAM BUDGETING ELEMENTS IMPACTED BY STATUTORY CHANGE</p>	<p style="text-align: center;">PROGRAM BUDGETING ELEMENTS IMPACTED BY NEW AGENCY LEADERSHIP</p>
<ul style="list-style-type: none"> ◆ Mission: The reason an agency exists is its' statutory authorization which also outlines the purpose or mission of the agency. Changes in statute may change an agency mission. ◆ Program: The program structure for the plan and budget is also due to statutory authorization. Change in statute is the primary driver behind changes in program structure. ◆ Measures: The statutory mission is the primary driver behind the selection of performance measures. Performance measures should set the framework for the program, so that understanding the measure(s) leads the reader to understanding the performance of the program mission. Therefore, most measures should remain unchanged in the program structure, since missions primarily change by statute. 	<ul style="list-style-type: none"> ◆ Vision: It is not unusual for a new agency leader to change the agency vision, which can be slightly different from leader to leader. This vision of the future is not determined by statute, but by the agency leader and the Governor as they manage for results. ◆ Strategic Issues: These are challenges the agency may face in the future that will vary over time. ◆ Strategies: Strategies are the action plans or combination of action items invoked to overcome the strategic issues and to achieve the leadership vision. ◆ Program: Statute is the primary driver in program structure change, however, there may be unique situations where program structures may change with new agency leadership. ◆ Goals: Goals are the expression of the ideal result of an effectively operating program. Since the definition of program effectiveness may be part of the leadership vision, it is not uncommon for goals to change. ◆ Measures: Mission is the primary driver of performance measures. In some cases the leader might replace old measures with improved measures. However, there should not be a generalized elimination of established measures and the associated data. As necessary, agencies should move existing performance measures under the new goals.

ACKNOWLEDGEMENTS

OSPB wishes to thank the planners in other states who were so generous in sharing their public instructions, knowledge, and experience with us in development of this guidance, and the Program Budgeting Advisory Council (PBAC) members who contributed their time to review this publication:

Arizona - Program Budgeting Advisory Council (PBAC) (2004)

Angulo, Alcira	Strategic Planner, Arizona Department of Economic Security
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Partridge, Clark	State Comptroller, Arizona Department of Administration General Accounting Office
Rogers, Evan	Strategic Planner, Arizona State University
Rozen, Martha	Chief of Administrative Services, Arizona State Retirement System
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Smith, Joseph C.	Budget and Program Officer, Arizona Center for Public Policy
Tegen, Jeff	Budgeting Manager, Arizona Health Care Cost Containment System
Winston, Bryon	Budget Analyst, Arizona Department of Economic Security

GETTING HELP

Copies of this guide are available through the OSPB web site (<http://www.ospb.state.az.us/>) by clicking “Strategic Planning Materials” on the left-hand side under Site Navigation. Once on the Strategic Planning Materials page, double click “Program Budgeting”. General questions about the program budgeting process should be referred to Bonny Walter, Strategic Management Analyst, at the OSPB office 602-542-5381. For additional questions specific to agencies, please contact the assigned OSPB budget analyst. Assignment listings are available on the OSPB web page by clicking the “Contact Us” on the left-hand side under Site Navigation.