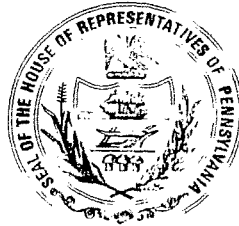


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Memo

To: All House Members
From: Hon. Stan Saylor 
Date: January 10, 2011
RE: Performance Based Budgeting

Over the past few budget cycles, it has proven rather difficult for members of the General Assembly to evaluate Commonwealth spending and program effectiveness.

In the near future I will be introducing a piece of legislation of vital importance to the Commonwealth of Pennsylvania and the members of this General Assembly to address this challenge. My legislation, the Pennsylvania Performance, Accountability, and Results Act, will provide for a comprehensive performance based budgeting system in Pennsylvania that includes an independent funding recommendation for each line-item based upon performance.

Last session, the House Republican Policy Committee held two hearings on the topic of performance based budgeting. Through these hearings, we learned of successful programs in many other states, including other large states such as Texas and Florida. Furthermore, we learned of past statistical studies which used data from 1970 through 1997 that indicates that states that have implemented performance based budgeting have curtailed state spending by at least two percentage points per capita. The fact is, more efficient spending on performance measured programs minimizes state spending growth, which ultimately protects taxpayers from increased taxes.

I have developed my legislation in consultation with John Mercer, possibly the country's foremost expert on performance based budgeting. He first implemented the process as the Mayor of Sunnyvale, California and subsequently drafted the Government Performance and Results Act of 1993 – the federal law which began the implementation process for performance based budgeting at the federal level.

In short, this legislation requires each department and agency to craft and submit comprehensive 5-year strategic plans that will include a hierarchy of outcome, output, and program activity goals.

Furthermore, beginning in 2013 (with pilot projects occurring in FY 2011-12 and 2012-13), each agency will be required to submit, as part of the budget process performance based budgets proposals to achieve the outcome, output, and program activity goals laid out in the strategic plan.

My legislation also establishes a performance budgeting division within the structure of the Independent Fiscal Office. The Independent Fiscal Office is charged annually with analyzing agency performance budgets and reports and subsequently submitting independent performance based funding recommendations to the General Assembly for use in crafting the annual Commonwealth budget.

It is long overdue that we implement strategic planning, performance budgeting, and performance reports within Commonwealth agencies for use in crafting the Commonwealth budget. Please join me in co-sponsoring this critical legislation. If you are interested in co-sponsoring, please call my office at 783-6426 or email cwalker@pahousegop.com or jdougher@pahousegop.com. Thank you.