

## Chapter 4

# Decision Packages

## 4.1 WHAT IS A DECISION PACKAGE?

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### What is a decision package?

Decision packages are a key set of building blocks to construct the budget request. The decision package is the place for the agency to make a persuasive case for any proposed changes. OFM will rely upon this information when evaluating the request.

Decision packages organize and describe proposed cost changes in a way that highlights the budget decisions. The decision package consolidates financial information, supporting justification and statement of impact for a specific action or policy proposed in the budget. One decision package describes a proposed item of change listed on the Recommendation Summary

The Budget Development System (BDS) assists agencies in developing all components of budget decision packages. It also automatically displays the expenditure, revenue, and FTE detail that agencies enter into the system rolled up to the selected level (agency or program) for the decision package report.

### When is a decision package needed?

Decision package narrative is required for all incremental changes to the current biennial budget except for changes for carry-forward, OASI, inflation, the I-732 COLA increase, and the transaction to recast maintenance level to activities.

### Agency request legislation decision packages must be submitted with the budget

If an agency submits proposed agency request legislation with a budget impact, a corresponding decision package must be included in the agency budget submittal.

Decision packages should be prepared at the required budget level (agency level except for those agencies listed in Chapter 1.3), but should always describe which programs and activities are affected by the request.

### Decision packages should represent significant, discrete decisions

Each decision package will appear as one line with a **positive or negative** amount on the Recommendation Summary and should represent a significant, discrete budget decision. Craft your decision packages so related items are grouped together, but do not obscure or combine separate decisions.

The budget decision hinges on the stated performance objective being addressed.

Example: Seven new driver's license examining stations are proposed to expand geographic coverage and reduce client waiting time. The performance objective in this case is singular, i.e., expanding coverage and reducing wait times.

While the location of the examining stations is a necessary component of meeting the objective, the location of each station is not a separate budget decision. In this case, the agency would submit one decision package.

Contact your OFM budget analyst if you have questions about how best to organize budget requests into decision packages.

### **Budget requests should be anchored to the agency's strategic plan**

OFM expects agency budget requests to be anchored to the agency's strategic plan and to clearly support the implementation of these strategies and achievement of performance targets. Decision packages that are inconsistent with the strategic plan are unlikely to fare well.

### **Use Plain Talk Principles**

Your decision packages will be persuasive only if OFM analysts and decision-makers can understand them. Use Plain Talk principles. Avoid jargon and acronyms. Keep your writing brief and clear. Find more information about Plain Talk at <http://www.governor.wa.gov/priorities/plaintalk/default.asp>.

### **Be clear and complete, and anticipate questions**

The time available for budget review is scarce and the capacity for rounds of questions on agency decision packets is very limited. The risk of rejection increases greatly if the decision package is unclear, if requested information is missing, if assumptions are incomplete; or if expected performance impacts are not explained.

## **4.2 THE REQUIRED ELEMENTS OF THE DECISION PACKAGE**

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### **The decision package has required elements**

Decision packages are comprised of elements for key information OFM needs to analyze the request. We expect justification materials to vary in length and complexity, depending on the decision package proposal. The Budget Development System (BDS) facilitates the entry of all of the following required components:

- **Decision Package (RecSum) Code**

Decision packages are identified with unique, two-digit decision package codes (also called RecSum codes). Agencies choose codes from the list provided in BDS. Agencies must use alpha-alpha codes, except for certain types of maintenance and performance level changes. Those codes are designated by OFM and can be found in Chapters 5 and 6.

- **List decision packages in priority order**

List performance-level decision packages in priority order on the Decision Package Summary. BDS allows agencies to reprioritize decision packages once their budget development is complete. Please note that the decision package code does not indicate the agency's priority order.

- **Decision package title**

The title is a first impression. Use it to accurately describe what is being purchased or the issue being addressed. The title will appear on the Recommendation Summary report and should be as descriptive as possible within the limit of 35 characters.

The system also offers the option of entering a longer, more descriptive title for other purposes. However, this longer title will not be sent to OFM or printed in required reports.

### ▪ Recommendation Summary text

Each decision package should have a brief description of its purpose, written in complete sentences. This text will be loaded into the OFM WinSum budget system and will serve as the starting point for OFM text that describes items funded in the Governor's budget.

Recommendation Summary text must succinctly answer three questions:

1. What problem or opportunity is the agency trying to address?
2. What would this item actually buy?
3. What outcomes does the agency expect as a result?

We expect that General Fund resources for new budget initiatives will be very limited. The Governor's priority for new money, if any, will be K-12 education. Accordingly, agencies should only consider GF-S policy level budget requests that fit one of the following criteria:

- Fixes elements of the current budget that can't be implemented.
- Improves performance and outcomes within existing resources.
- Offsets new program costs with tangible savings in the current biennium.

We encourage you to think in terms of buying what you need, not buying back what you had. Agencies are also encouraged to make fee-based programs self-supporting.

**OFM uses Recommendation Summary reports to brief executive decision-makers.** Make your text **concise** and compelling. Avoid jargon and acronyms. The text should be clear to an audience that is not expert on the issue. We suggest that agencies limit this text to 100 words.

We urge agencies to look at examples in the last budget for guidance on the kind of summary information desired at <http://www.ofm.wa.gov/budget09/recsum/default.asp>.

### ▪ Fiscal detail

BDS automatically displays operating expenditures by account and objects of expenditure; staffing detail by FTEs; and revenue detail by account that agencies have entered into the system for each decision package. BDS provides the option to print the fiscal detail at the agency level, with program detail (required for agencies appropriated by program listed in Chapter 1.3). (Additional charts of the fiscal impacts into the future can be attached.)

### ▪ Package description

Use the package description section to answer these three questions:

1. What is the problem or opportunity the agency is addressing? This description should allow OFM and the Legislature to understand the nature of the problem or opportunity, including what is driving it and why it is important to address it.
2. Exactly how does the agency want to address this problem or opportunity?
3. What will the package funding actually buy?

Describe what the money would purchase (e.g., X FTEs to do X, consultant services to do X, X kind of equipment for X.) The later section on revenue and expenditure calculations and assumptions provides more detail on these items.

At the end of this section, provide contact information for the agency's subject matter expert so OFM can call with any questions.

▪ **Narrative justification and impact statement**

The core of the decision package justifies the change being requested, i.e., the business case for making this investment. BDS is structured to elicit information for each of the following elements of the decision package.

▪ **What specific performance outcomes does the agency expect?**

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change. As appropriate, answer:

- ◆ What desired results will be achieved?
- ◆ What undesired results will be reduced?
- ◆ Will efficiency increase? How?
- ◆ Will outputs change? How?
- ◆ What is the expected impact on clients? On services provided? On citizens? On other agencies or governments?

**Note:** Proposals that do not make a compelling case for a quantifiable and positive performance impact on activity or statewide results will likely fare poorly in the budget competition.

▪ **Performance measure detail**

If one or more activity performance measures the agency reports in the Results through Performance Management (RPM) system are affected by the decision package, identify the expected incremental change in annual performance targets for each measure and for each applicable fiscal year if the decision package is enacted. BDS provides tools to identify the incremental impacts for these measures.

If the decision package will contribute to a new activity result that we would be interested in tracking over time, the agency should establish a new measure in the system for that activity.

Do not create a new performance measure in RPM solely to discuss the expected results of the decision package. That discussion should be provided in the section noted above.

Refer to Chapter 10.2 for more information on identifying performance measure increments.

▪ **Is this decision package essential to implement a strategy identified in the agency's strategic plan?**

If so, describe.

▪ **Does this decision package provide essential support to one of the Governor's priorities?**

If so, describe.

▪ **Does this decision package make key contributions to statewide results? Would it rate as a high priority in the POG process?**

If so, describe.

▪ **What other important connections or impacts are related to this proposal?**

Use this section to describe other important information decision-makers would want to know about funding this package, for example:

- ◆ Will any stakeholders have concerns about the changes related to this proposed investment?
- ◆ Which stakeholders support this proposal?
- ◆ Is this related to a legal matter?
- ◆ Is this related to a task force, GMAP or audit recommendation?

▪ **What alternatives were explored by the agency and why was this alternative chosen?**

Discuss the pros and cons of the alternatives, why they were not selected and why the recommended alternative was chosen. In this section, anticipate the logical questions a curious budget analyst might have. For example, did you consider:

- ◆ Approaches with different budget impacts?
- ◆ Regulatory or statutory changes to simplify, reduce, and streamline requirements that must be fulfilled by the agency process(es) affected by this budget change?
- ◆ Resource redeployment options to maximize the efficiency of existing agency financial, staffing, capital, or technology resources devoted to the problem this budget change is designed to address?

▪ **What are the consequences of not funding this package?**

Describe the consequences to desired outcomes and stakeholders if the decision package is not funded as requested.

▪ **What is the relationship, if any, to the state capital budget?**

If the decision package requires new space, alterations to existing space, or increased maintenance, these items should be described. Also note if the proposal reduces facility requirements.

If an agency capital budget request supports the decision package, it should be referenced by the same project title, number, cost, and fund source in both places if possible. If this decision package is related to a separate decision package for operating lease adjustments, reference that package here.

▪ **What changes would be required to existing statutes, rules, or contracts to implement the change?**

Indicate any proposed agency request legislation related to this decision package.

▪ **Expenditure and revenue calculations and assumptions**

Agencies should display the calculations (e.g., unit costs and formulas) used to arrive at expenditure, revenue, and workload estimates connected with the decision package. Identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions. Describe the classification and number of staff assumed in the calculations.

▪ **Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?**

Describe and include the dollar amount for how much of the request is necessary to cover one-time funding (such as for equipment or a study). Also discuss future effects on expenditures, FTEs, fund sources, and revenue.

- **Objects of expenditure**

This portion of the report is automatically inserted into the decision package from the Object Detail worksheet created by the agency in BDS. While the agency's base budget is not required to be submitted by object, OFM analysts find it very helpful in understanding how the new funding requested in the decision package will be used.

Do not include estimates for the cost of goods sold in the cost of the agency budget submittals, although this information may be described in the decision package.

**See the decision package example in Appendix A-2**

We have included a model decision package example in Appendix A-2 to show the level of information we expect.

**Other decision package information requirements**

Refer to Chapter 11 for a checklist to ensure that decision packages are consistent with information being proposed in the agency's capital budget.

Refer to Chapter 12 for information on IT portfolios and additional information elements that must be included in relevant decision packages.

Refer to Chapter 13 for information that must be included in self-insurance premium decision packages.

Refer to Chapter 9 for information that must be included for new or increased taxes or fees.

Refer to Chapter 14.5 for information requirements that relate to requests related to Puget Sound recovery.