

Chapter 6

Policy and Performance Level

6.1 WHAT IS THE POLICY AND PERFORMANCE LEVEL?

Incremental expenditure changes that do not fall under the definitions of carry forward or maintenance levels are considered policy or performance changes. These changes may represent revised strategies or substantial differences in program direction, and can include proposed program reductions. Each significant change to current performance must be justified in a decision package. Examples of policy and performance level items include:

- **Discretionary workload**

The expenditures necessary to address workload not defined as mandatory.

- **New programs or services**

New programs or any change in the level or scope of existing programs. This category also covers improvements that would result in more effective delivery of services, or higher quality services, and proposals for enhanced employee development or training programs. Funding changes for new program structures requiring legislative authorization should also be included in the Recommendation Summary at the policy level. (See Chapter 1.5.)

- **Program reductions and other changes**

Requests for new programs can sometimes replace lesser priority programs. Any policy decision that would result in a reduction of services or clients served should be displayed as a separate decision item.

Include related revenues in the same decision package

Revenue changes related to a policy level item should be included in the same decision package with the expenditures.

Performance level decision packages must be allocated by activity

Each performance level decision package must indicate the costs and FTEs by activity. (See Chapter 2.2 for more information.)

6.2 AGENCIES MAY RECEIVE “TARGETED BUDGET INSTRUCTIONS”

OFM will ask some agencies to provide additional information in their budget submittal

OFM will ask some agencies to submit budget decision packages or additional information as part of their budget submittal. There are two key drivers for these requests:

1. The POG result teams may recommend ideas for improving results, reducing costs, or gaining research to aid the evidence-based prioritization of activities. OFM may select some of these ideas and ask agencies to prepare proposals or information.
2. RCW 43.88.090 established requirements for performance measure review and follow-up. The key requirements are:
 - i. An agency must establish performance measures for each major activity in its budget that illustrate whether the agency is achieving or making progress toward the purpose of the activity and statewide priorities.

- ii. OFM must regularly conduct reviews of selected activities to analyze if measurements submitted by agencies demonstrate progress toward statewide results.
- iii. When a review determines that the agency is making insufficient progress toward the goals of any program, is underachieving, or otherwise inefficient, **the agency's budget request must contain proposals to remedy or improve the selected programs.**
- iv. The Governor's operating budget documents will identify activities that are not addressing the statewide priorities. (See RCW 43.88.030(4).

How will targeted instructions be issued?

OFM will issue budget instructions in a memorandum addressed to agency directors. Instructions resulting from the POG process may be issued separately from instructions that result from performance measure reviews.

Not all requests will require a budget decision package

Information requested in targeted budget instructions will vary. In some cases, OFM will ask for a budget proposal. Sometimes the agency may choose to respond to a more general request with a specific budget proposal. In other cases, OFM will ask for a legislative proposal, or analysis or research that does not require a decision package. This information should be included in the budget request notebook, but a decision package is not required.