# Budgeting for Results Commission Meeting

Friday, April 26, 2013

10:00am – 12:00pm

**Chicago** – James R. Thompson Center, 100 W. Randolph, 2nd floor, Room 2-025

**Springfield** – Stratton Building, Lt. Governor's Video Conference Room 414

Dial in: 888-494-4032 Access code: 6371670294#

**Agenda**

I. 10:00am Welcome and Introductions (5 mins)

II. 10:05am Review and Approval of Minutes (5 mins)

III. 10:10am Performance Reporting System Update – Greg Wass, Office of Management and Budget (15mins)

IV. 10:25am Legislative Update (20 mins)
   a. Senate Appropriations Outcomes Form - Senator Dan Kotowski
   b. BFR Outreach to Legislators - Greg Wass & Tasha Cruzat Green, Office of Management and Budget

V. 10:45am Fast Track Update – Greg Wass, Office of Management and Budget; Alice Gallen & Jason Saul, Mission Measurement (30 mins)

VI. 11:15am Social Impact Bonds Presentation – Brandon Bodor & Cristal Thomas, Office of the Governor (30 mins)

VII. 11:45am Public Hearings – Tasha Cruzat Green, Office of Management and Budget & Amber Kirchhoff, Office of the Governor (5 mins)

VIII. 11:50am Other Business (10 mins)

IX. 12:00pm Adjourn

Next Meeting: Friday, June 28, 2013

# Budgeting for Results Commission Meeting

Friday, February 22, 2013

10:00am – 12:00pm

Chicago - Thompson Center, 100 W Randolph, 2nd Floor, Room 2-025

Springfield – State Capitol, 2nd floor, Room 205

Dial in: 888-494-4032 Access code: 6371670294#

Chicago: John Bouman, Rep. Will Davis, Larry Joseph, Sen. Dan Kotowski, Jim Lewis, Roger Myerson, Jason Saul, Cristal Thomas

Springfield: Steve Schnorf

Phone: Sen. Pam Althoff, Carole Brown, Maria de Jesus Prado, Lt. Governor Sheila Simon, Alex Rorke, Jose Sanchez

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## Minutes

### I. Welcome and Introductions

Chair thanked Commissioners and guest for their participation in the meeting. Chair called for introductions in Chicago, Springfield, and from over the phone.

### II. Review and Approval of Minutes

Roger Myerson requested an addition to the minutes regarding the specific recommendations made during the presentation from the Institute for Government and Public Affairs (IGPA) received at the last meeting. Minutes were otherwise approved as presented.

### III. Discussion of Next Steps for Budgeting for Results (BFR) – Greg Wass, Office of Management and Budget

Greg Wass presented an update on the plans for continuing to implement BFR. During his remarks, he outlined the phases of the project including specific work associated with each phase. He also shared an updated implementation timeline.

Following this update, he discussed next steps. He began by describing the context within which BFR is being developed including a high level of interest by stakeholders anxious to have the tools necessary to use data to inform budget discussions. It was noted that the Governor's Office of Management and Budget (OMB) had been invited to testify before the Senate Appropriations Committee. Senator Kotowski was thanked for the invitation and a recap of the exchange from that meeting was shared. It was mentioned that legislators expressed a great deal of enthusiasm around the potential of BFR to enhance the state's budgeting process and that they were interested in a preview of what could be expected. The Implementation Team had been invited to consider developing a pilot to better understand the type of information which might be expected to be made available through BFR.

Jason Saul further described the benefits of developing a prototype. Greg highlighted the advantages such as providing proof of concept and disadvantages associated with undertaking a so-called "Fast Track" project including limited resources. He also shared slides providing high level guidelines for identifying programs to participate in a Fast Track including data rich programs that were already outcomes oriented.

Commissioners provided feedback on areas of interest as well as advantages and disadvantages of pursuing the Fast Track approach. Commissioners called attention to the fact that data quality varies greatly across agencies and programs. It was noted that on face value, some programs not may not appear to produce robust results but that this could be a product of many scenarios including a particularly challenging target population, a lack of adequate resources allocated to the program for appropriate service provision, or the nature of the service such as preventative services and those intended to produce longer term outcomes. Commissioners cautioned around the misinterpretation of these outcomes as being unsuccessful. Following discussion, the Commission reached a general consensus to move forward with exploring possibilities related to a Fast Track initiative.

Chair welcomed guest, Kathy Saltmarsh, Executive Director of Sentencing and Policy Advisory Council (SPAC), to share an example of a model being used to provide cost-benefit information to states. She provided a brief overview of the cost-benefit analysis model at the heart of her Council's work. She indicated that SPAC was part of a broader effort known as Results First, an initiative being funded by MacArthur Foundation and the Pew Center to support state efforts to move towards evidence based approaches. Washington state has also piloted this model in the criminal justice arena. SPAC is using the model to collect and analyze data on incarceration and recidivism rates within the state. The model promises to serve as a useful tool is compiling meaningful information to inform policy and practice. Because multiple years of data collection are needed in order to understand whether or not the program was effective, cost per outcome data is not yet available.

## IV. Review of 2012 Recommendations & Discussion of Implementation Plan – Senator Kotowski

The Chair led a review of a sub-set of Commission recommendations to discuss ways in which the Commission could support the realization of the recommendations. Discussion was guided by three questions: 1) What action does the Commission want to take to accomplish the Recommendation? 2) How will we know if/when the Recommendation has been achieved? 3) Which Commissioner will be the lead for the recommendation? Discussion focused on recommendations #5, 7, 9, 12, and 14.

Commission indicated plans to revisit the conversation at a future Commission meeting to ensure progress towards advancing key recommendations over the coming months.

## V. Other Business

Tasha Cruzat Green and Amber Kirchhoff provided an update on the scheduling of public hearings. Per the Commission's recommendation, the goal is to hold six public hearings throughout the state and to expand engagement to represent a broader cross-section of stakeholders. Specific dates and locations will be announced at a later date.

## VI. Adjourn

A reminder that the next Commission meeting would take place on Friday, April 26, 2013 with locations to be decided was announced.

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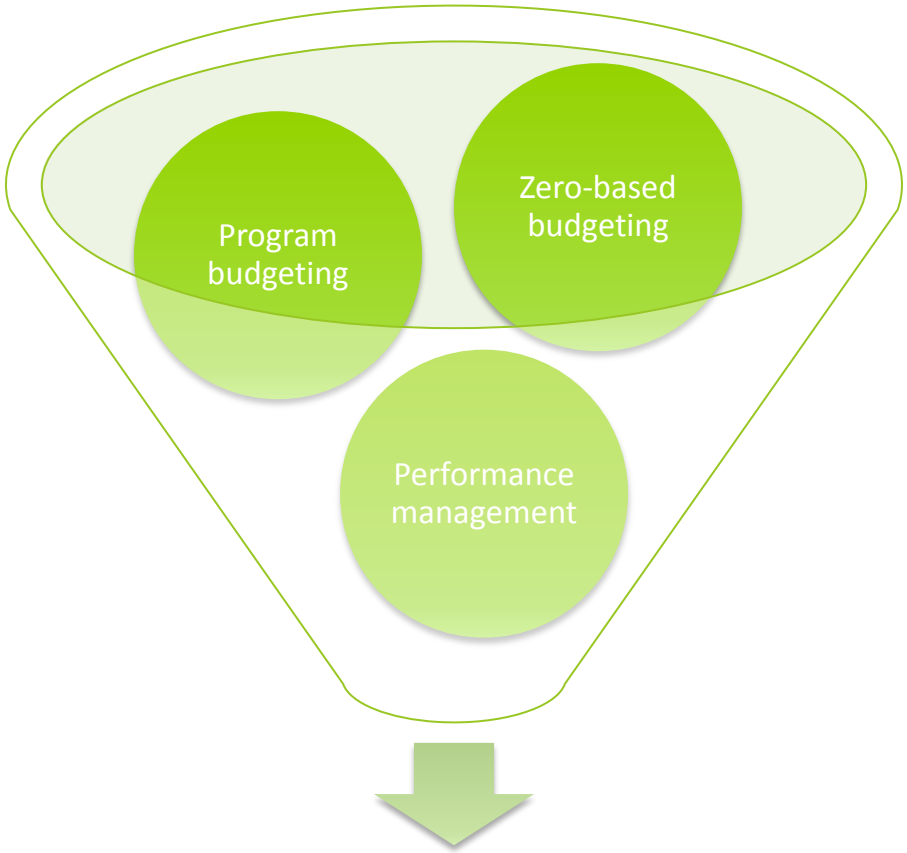
Illinois Budgeting For Results Commission

# Performance Reporting System Update

4/26/13




***Budgeting for Results***

Program-specific performance data is at the heart of Budgeting for Results (BFR).

To move BFR forward we need to be able to gather vast amounts of program-level data from over 400 diverse programs spread across more than 90 state agencies, authorities, boards and commissions.

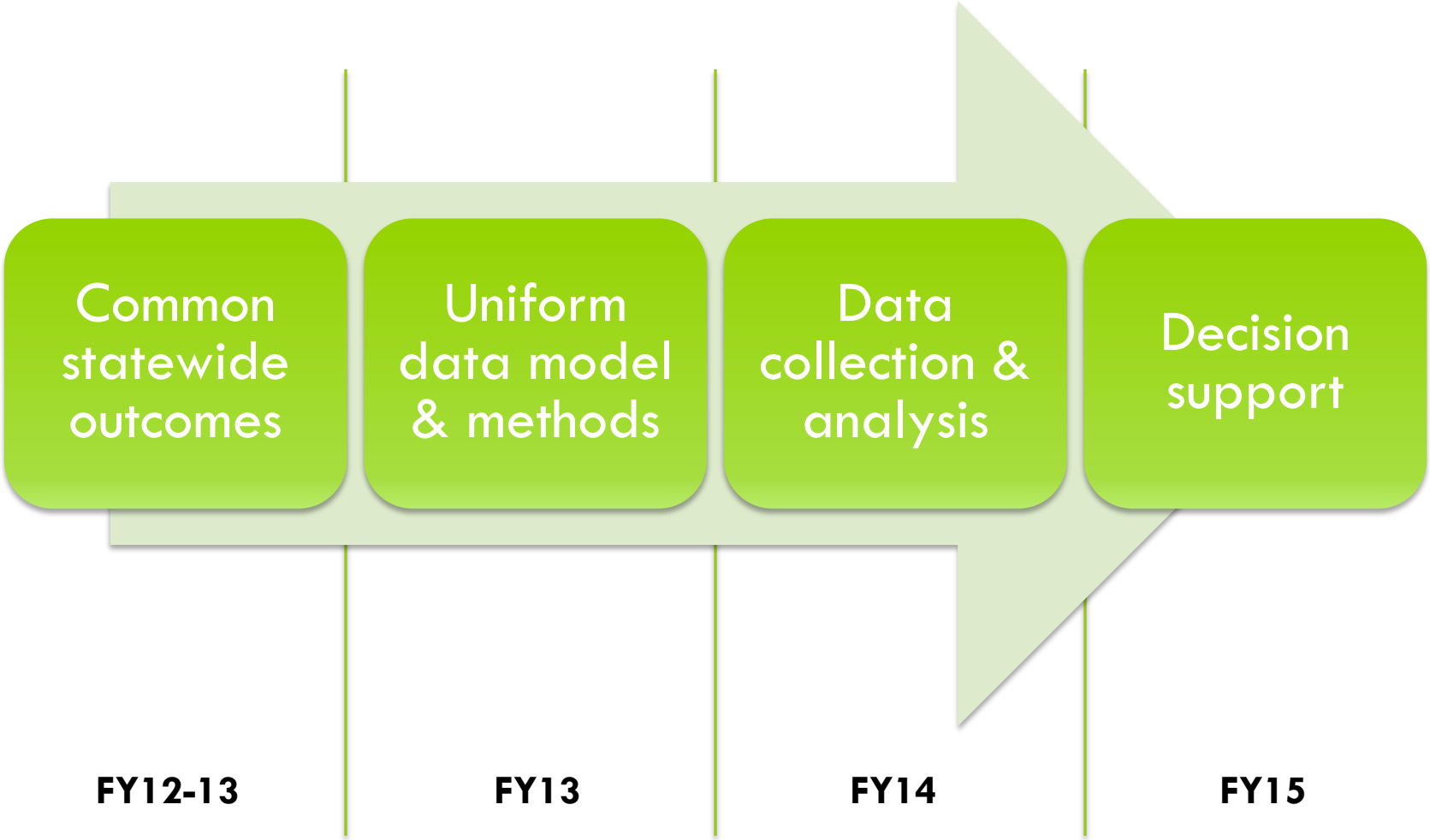
Existing performance measurement efforts are:

- ***Program-specific***
- ***Not constant over time***
- ***Not consistent across the board***
- ***Not tied to statewide outcomes***

# *Building the BFR organization: Chief Results Officers*

- Currently 60+ across state government
- Organized by outcome group
- High-level people in agencies
- Diverse group
- Knowledgeable about programs and budgets
- Responsible for identifying indicators
- Responsible for performance reporting
- Responsible for change management within agency

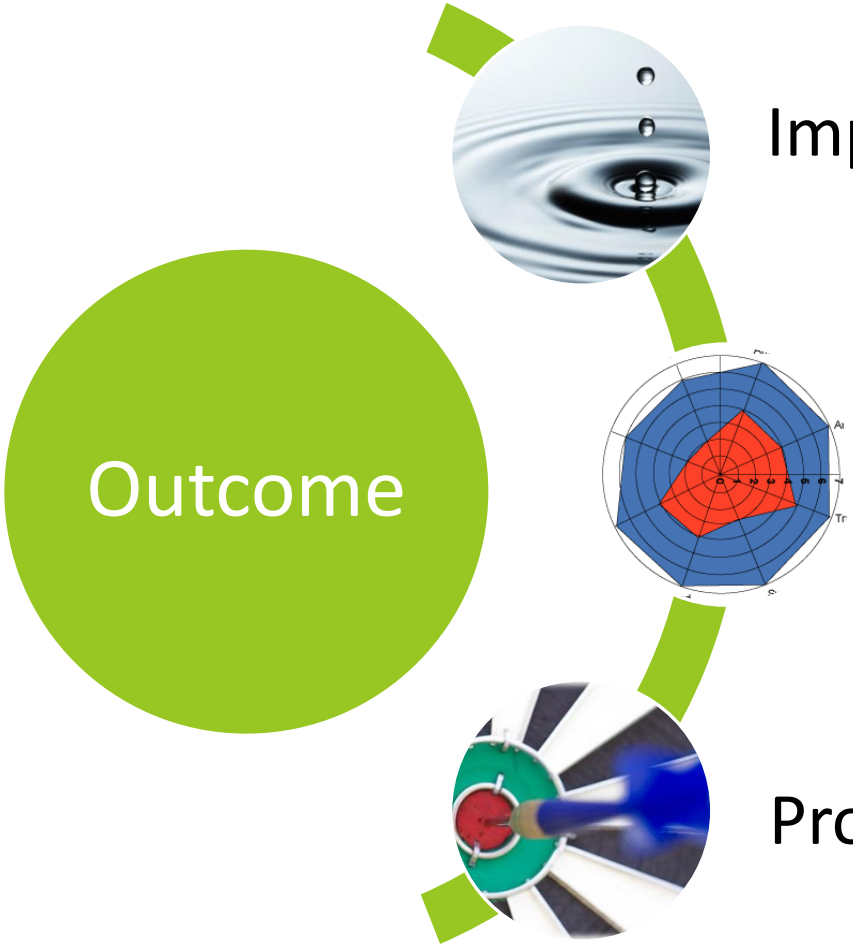
# *Phased implementation*



# *Common statewide outcomes*

| Area | Outcome | Definition |
|---|---|---|
| **Education** | Improve School Readiness and Student Success for All | Increase percentage of Illinoisans equipped with skills and knowledge needed for postsecondary and workforce success. |
| **Economic Development** | Increase Employment & Attract, Retain and Grow Businesses | Close the opportunity gap in Illinois by ensuring the labor force has the skills necessary to meet the needs of employers and maximize earning potential. Increase business investment and entrepreneurship in Illinois. |
| **Public Safety** | Create Safer Communities | Reduce incidents of death, violence, injury, exploitation and fraud. |
| | Improve Infrastructure | Improve the condition of infrastructure to protect citizens and support commerce. |
| **Human Services** | Meet the Needs of the Most Vulnerable | Ensure all residents—but particularly children, the elderly, and persons with disabilities—are able to experience a quality life by meeting basic living needs, and providing protection from abuse and discrimination. |
| | Increase Individual and Family Stability and Self-Sufficiency | Reduce demand on the human service system by providing services to help individuals and families better support themselves. |
| **Healthcare** | Improve Overall Health of Illinoisans | Lower health care costs by improving the health of Illinoisans. |
| **Environment and Culture** | Strengthen Cultural & Environmental Vitality | Strengthen and preserve our natural, historic, and cultural resources to make Illinois a more attractive place for people to visit, live and work. |
| **Government Services** | Support Basic Functions of Government | Improve the basic infrastructure of state government and provide the tools necessary to operate more efficiently and achieve statewide outcomes. |

# *Uniform data model*




Impact-level indicator

Outcome-level indicators

Program-level indicators

The ***Illinois Performance Reporting System*** needs to support this multi-tier data structure across 60+ state agencies and 400+ programs.

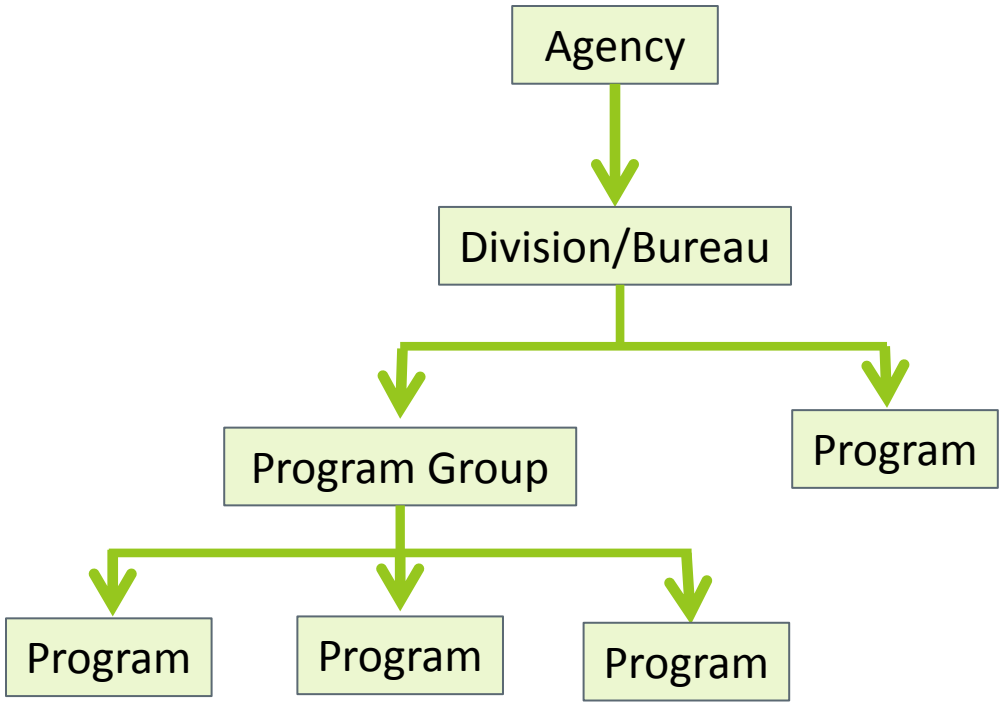
Existing performance metric data solutions deployed by the state are not sufficient to the task.

Existing performance reporting solutions lack sufficient analytic capacity and user-friendly interfaces to meet BFR needs.

## *Illinois Performance Reporting System (IPRS)*

- IPRS is planned to incorporate
  - ***data collection***
  - ***analysis***
  - ***presentation***
- The first IPRS component – data collection – was deployed earlier this month
- We held online training sessions for GOMB/CROs
- This component uses MS SharePoint with SQL Server database
- Each agency enters program data via a web form

# *IPRS data hierarchy*



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Pages - Group

File Edit View Favorites Tools Help

Page Safety Tools

Welcome GOMB\Curt.ClemonsMosby | My Links |

GOMB Main Menu / PRS Home / Agency / Group

All Sites Advanced Search

Site Actions

# Program Group #1

| Group Description | This is Program Group #1 description. |
|---|---|

## Group Funding

| Edit | Amount | Approp Code | Percent | Fund Category | Description |
|---|---|---|---|---|---|
| | 2,000 | 2012-0001-50701-12000000 | 50.0% | Federal Funds | CONTRACTUAL SERVICES |
| | 1,000 | 2012-0001-50701-13020000 | 100.0% | General Funds | PRINTING |

Add new item (Items may not update immediately. Press F5 to refresh.)

## Programs

| Edit | Program Page |
|---|---|
| | Program #1 |

Add new item (Items may not update immediately. Press F5 to refresh.)

7:38 PM 10/20/2012

https://gov.portal.illinois.gov/gomb/prs/Lists/Metrics/New

Measures - New Item

File Edit View Favorites Tools Help

Page Safety Tools

| | |
|---|---|
| **Group Name** | Program Group #1 |
| **Program Name** | Program #1 |
| **Measure Name** * | |
| **Measure Type** | ◉ None<br>○ Activity<br>○ Output<br>○ Outcome |
| **Reported Externally** | ☐ No<br>☐ Federal Government<br>☐ Other State Agency<br>☐ Local Government<br>☐ Non-Governmental Groups<br>Is this measure reported to entities external to your agency? |
| **Reported How Often** | ☐ Weekly<br>☐ Monthly<br>☐ Quarterly<br>☐ Annually<br>If the metric is reported externally, select how often it is reported. |
| **Key Indicator** | ☐<br>Is this measure a key indicator? |
| **Required By Law** | Not Required |
| **Measurement Methodology** | |
| **Measure Baseline** | |
| **Measure Baseline Date** | |
| **Desired Direction** | ○ Increase<br>○ Decrease<br>○ Maintain |

OK Cancel

10:04 PM
10/20/2012

## *IPRS phase one: performance data*

- Agencies will enter program descriptions into IPRS by April 26 (today)
- Agencies will submit program-level indicators to GOMB for review, and enter by end of May
- Agencies will begin collecting and entering program-level performance data into IPRS during Q1 FY14

## *Future IPRS phases: data analysis and presentation*

- FastTrack is developing data analytics methodology
- This essentially involves outcomes-based program evaluation based on evidentiary research and internal data
- The capability to support this analysis should be incorporated into IPRS at a later stage
- In addition, a "dashboard" capability needs to be built for public presentation of BFR information
- These enhancements will require the acquisition or development of additional technology components

# Agency Outcomes Form

**Contact Information**

| | |
|---|---|
| 1a. Name of Agency | 1b. Name of Program (if applicable) |
| 2. Primary Contact Name: | Email: |
| 3. Address: | |
| Street | |
| | |
| City | State, Zip Code |

**Outcome Selection**

**Primary** Outcome supported by your agency/programs (please check only one):

- ☐ Improve School Readiness and Success *(Education)*
- ☐ Increase Employment *(Economic Development)*
- ☐ Attract, Retain, and Grow Businesses *(Economic Development)*
- ☐ Create Safer Communities *(Public Safety)*
- ☐ Improve Infrastructure Safety *(Public Safety)*
- ☐ Meet the Needs of the Most Vulnerable *(Human Services)*
- ☐ Increase Family Stability and Self-Sufficiency *(Human Services)*
- ☐ Improve Overall Health of Illinoisans *(Healthcare)*
- ☐ Strengthen Cultural & Environmental Vitality *(Quality of Natural, Cultural, & Environmental Resources)*
- ☐ Support Basic Functions of Government *(Government Services)*

**Contribution to Outcome**

How many people did you serve last year?

How do you know if you're effective in achieving these outcomes?

What are your measures/indicators of success?

How well did you do last year?

**Costs Per Outcome**

| | |
|---|---|
| Total FY13 (All Funds): $ | Total Requested FY14 (All Funds): $ |

# Agency Outcomes Form

**Additional Notes**

# Fact Sheet: Social Impact Bonds

Budgeting For Results Commission Meeting
April 26, 2013

## What is a Social Impact Bond (SIB)?

- SIBs are a new and innovative approach for finding solutions to social problems.
- A private investor (usually an investment bank or a foundation) makes an initial monetary investment to help develop or scale a particular intervention.
- A government entity contracts with an intermediary that commits to leveraging this private investment to achieve a specific social outcome.
- The government pays investors a return **only if the program succeeds**, rather than paying upfront for programs or activities that may or may not have anticipated effects
- The model is intended to complement existing funding for social services, not act as a replacement.
- ***SIBs are in the same spirit of BFR's vision and goals – "pay for success".***

## Who are the key players?

- **Government:** A public agency that defines the outcome and guarantees a return for the investors if social outcomes are met
- **Investor:** Provides upfront capital for the interventions
- **External Organization/Intermediary*:** Promises to deliver social services within defined treatment population, Underwrites contract; assesses impact of interventions and manages ongoing performance; acts as body through which funds flow from investor to service provider, and from government to investor
- **Service Provider:** Perform the intervention
- **A Beneficiary Population:** Receives effective services

  ***It is possible to have no external organization/intermediary***

## Why do it?

- Government pays only if program delivers on its promised impact (**transfers risk from government and taxpayers**)

- Focus on **outcomes** instead of just quantity of services to produce results *(BFR-related)*
- SIBs fund preventive services that will save government money down the road
- Breaks down budget silos and increases collaboration in agencies and across sectors
- Helps scale up effective interventions to multiple areas
- Encourages innovative solutions to social problems
- **Overall, improving performance, lowering costs, increasing transparency, and ongoing learning**

## What are the challenges?

- Requires government agencies to take the lead in negotiations with external organizations on the correct outcome and price
- Defining outcomes is not easy
- Multi-year funding promises must be firm
- Benefits can accrue to different agencies and at different levels of government

## What does it take for success?

- Must be a target priority area for government (significant cost saving/value creation opportunity)
- Potential for a broad, scalable impact
- Proven high net benefits in the past
- Measurable outcomes
- A well-defined treatment population
- A reliable comparison group or counterfactual
- Safeguards against harming the treatment population

## SIBs in Illinois

- **Jan 2013**: Governor's Task Force on Social Innovation, Entrepreneurship, and Enterprise recommended Illinois explore this strategy as a tool to complement the BFR momentum
- **Mar 2013**: The Dunham Fund (Aurora) made $275,000 grant to the Harvard Kennedy School's SIB Technical Assistance Lab to place a full-time SIB Fellow in GOMB, and support from Prof Jeff Liebman at Harvard to navigate and implement a strategy
- **Apr 9, 2013**: Governor announced at Annual Council on Foundations Conference in Chicago that Illinois would be the 3rd state to embrace a SIB strategy