BUDGETING FOR RESULTS COMMISSION REPORT

STATE OF ILLINOIS
GOVERNOR PAT QUINN

(This page left intentionally blank.)

TABLE OF CONTENTS

Introduction . . . 3
Background . . . 4

The Framework: Determining Results and Goals . . . 5
- Commission Recommendations . . . 6
- Next Steps . . . 7

Budget Allocation . . . 7
- Allocation Framework . . . 8
- Commission Recommendations . . . 8
  - Revenue Estimates . . . 9
  - Budget Allocation . . . 9
  - Budget Transparency . . . 9
- Next Steps . . . 10

Mandated Expenditures . . . 10
- Mandates . . . 10
- Statutory Budget Transfers . . . 11
- Commission Recommendations . . . 11
- Next Steps . . . 11

Implementation Strategies . . . 11
- Performance Measurement . . . 11
  - Logic Modeling . . . 12
  - SMART . . . 13
- Performance-Based Contracting . . . 13
- Public Participation . . . 13
- Commission Recommendations . . . 13
- Next Steps . . . 14

Appendices

I. Statute . . . 15
II. Results, Goals and Sub-Goals Draft . . . 16
III. GOMB Budget Instructions . . . 20
IV. List of Statutory Transfers . . . 24
V. Sample Logic Model . . . 26
VI. Providers of Public Testimony . . . 27
VII. Full list of Recommendations . . . 28

LIST OF COMMISSIONERS

Chairman

Senator Dan Kotowski
State Senator

Commissioners

Sheila Simon
Lieutenant Governor

Senator Pamela Althoff
State Senator

Senator Antonio Muñoz
State Senator

Representative William Davis
State Representative

Representative Kent Gaffney
State Representative

Alderman Will Burns
Alderman, City of Chicago Council

John Bouman
President, Sargent Shriver National Center on Poverty Law

Carole Brown
Managing Director, Barclays Capital

Maria de Jesus Prado
President, Prado and Renteria

Larry Joseph
Director, Budget and Tax Policy, Voices for Illinois Children

Lyle Logan
Vice President, Northern Trust Bank

Jim Lewis
Senior Program Officer, Chicago Community Trust

Roger Myerson
Glen A. Lloyd Professor of Economics, University of Chicago

Alex Rorke
Co-Chair, Governor's Economic Recovery Commission

Jose Sanchez
CEO and President, Norwegian American Hospital

Steve Schnorf
Budget Consultant

Donna Sims Wilson
Executive Vice President, Castleoak Securities

Kevin Semlow
Director of Legislative Affairs, Illinois Farm Bureau

Administration Appointments

John Kamis
Senior Advisor to the Governor

Cristal Thomas
Deputy Governor

SUPPORT STAFF

Office of the Governor

Kristen Clark

Jennie Sutcliffe

Governor's Office of Management and Budget

Curt Clemons-Mosby

Emily Monk

Ellen McCurdy

Central Management Services

Bob Kettlewell

Introduction

On July 1, 2010, Governor Quinn signed into law Budgeting For Results (BFR), an historic spending reform act requiring the state of Illinois to institute a results-based budgeting process that will end the automatic funding of programs. By requiring the State to live within its means and focus on performance, BFR will transform the way that state officials, legislators – and the public – prioritize, think about and implement the State's budget. Going forward, the State will fund only those programs that can demonstrate effectiveness and help the State achieve its stated outcomes and goals.

Private business and the foundation community have long employed data-driven, results-based budgeting to improve performance by clearly defining and aligning objectives within and across organizations. Many state and local governments also have adopted some version of performance-based budgeting. Budgeting for Results will help government agencies set priorities, meet their goals and deliver the best possible value to taxpayers.

Pursuant to the statute (15 ILCS 20/50-25, Appendix I), Governor Quinn appointed the Budgeting for Results Commission, a bi-partisan commission comprising elected officials, business leaders, public advocates and distinguished academics (Appendix II) "for the purpose of advising the Governor in setting those outcomes and goals, including the timeline for achieving those outcomes and goals."

The Commission was charged with providing recommendations on how to improve Illinois' budget process and how to ensure that State resources are spent on those programs that are most effective at delivering results. The Commission has spent several months receiving testimony and discussing how to most effectively implement Budgeting for Results.

The statute specifies that by November 1 of each year, "the Commission shall submit a report to the Governor and the General Assembly setting forth recommendations with respect to the Governor's proposed outcomes and goals." This is the first report of the Commission on Budgeting for Results.

While the Commission has been able to make substantive recommendations to implement Budgeting for Results successfully, there is more work to do. The Commission will continue to meet throughout the year and will pay close attention to the formation of the Governor's budget, the legislative appropriations process, and the implementation of Budgeting for Results. The Commission may issue addenda to this report throughout the year as it receives additional testimony and input.

Background

Prior to BFR, the State's annual budgeting process used prior-year spending by the various agencies as a baseline, a practice commonly known as incremental-based budgeting. The next year's budget then increased or decreased funding from those historic baseline amounts.

Budgeting for Results changes the way the State allocates resources across government agencies. Rather than setting budgets agency by agency based on historic funding levels, BFR allocates resources based on state-wide goals.

The Budgeting for Results process asks four basic questions:

1. How much revenue will we have?
2. What results matter most to state residents?
3. How much should we spend to achieve each result?
4. How can the State best deliver the results that residents expect?

By requiring agencies to focus on results, Illinois will be better able to prioritize State spending. Under this model, multiple agencies work together to achieve the goals of government, and BFR helps to break down silos in the budgeting process by emphasizing the cooperation required to meet those goals effectively.

Measurement is crucial to accountability and transparency. Reliable data and analysis are essential to inform funding decisions and make sure taxpayers see the impact of their tax dollars.

This report addresses three major areas as stipulated by statute:

- Developing performance based goals to guide the BFR process.
- Determining the total budget allocation across key result areas
- Review of mandated expenditures

THE FRAMEWORK: DETERMINING RESULTS AND GOALS

The first requirement of the Commission, as outlined in the BFR Statute, is the development of result-oriented goals ("Results") to guide the budgeting process. The term "Results" is derived from the idea that identified priorities should generate action-oriented goals and sub-goals, which should then drive outcomes.

Establishment of goals and sub-goals across all State government is the cornerstone of BFR. Budget allocations should be based on the success of programs in contributing to the measurable achievement of those established goals.

The Commission recognizes that many programs within State agencies work to achieve similar outcomes. Instituting goals and sub-goals will make clear which programs work best and which fail to provide sufficient value to taxpayers. The BFR process can identify unnecessary duplication and foster better coordination and efficiency in delivering value to Illinois residents.

As part of the Fiscal Year (FY) 2012 budget, the Governor established six priority areas representing the major functions and responsibilities of state government. All government spending was grouped into one or more of the major priority areas. The priority areas are:

1. Education: Quality Education and Opportunities for Growth and Learning for all Illinois Students
2. Economic Development: Enhanced Economic Well-Being of Residents
3. Public Safety: Protection of Citizens' Lives and Property
4. Human Services: Protection of the Most Vulnerable of our Residents
5. Quality of Life: Improved Quality of Life of Residents
6. Government Services: Improved Efficiency and Stability of State Government

The Commission began by reviewing the Governor's priorities and decided to turn these priority areas into action-oriented Results. During this review, Commissioners debated the role of goals and sub-goals and ultimately determined that the Commission could not offer detailed goals and sub-goals at this time. Therefore, this report includes sample goals and sub-goals under each Result area (Appendix III). The sample goals and sub-goals of the draft document were derived from a process of input and collaboration among the Commission, agency staff, the Office of the Governor, GOMB and the public. This draft is not meant to reflect a final or exhaustive list, but rather to provide examples of the types of data that might be collected to inform BFR moving forward.

GOMB also issued instruction to all state agencies (Appendix III) to provide input regarding goals and sub-goals under these six primary priority areas. Defining goals and sub-goals is an ongoing process that will require many iterations and refinements. Each year, agencies must reassess goals and work to develop increasingly better metrics to measure results and inform budget decisions.

COMMISSION RECOMMENDATIONS: *Results and Goals*

Recommendation 1: Establish a seventh Result to acknowledge the importance of ensuring that all Illinois residents have access to quality, affordable health care, and to recognize medical assistance distinct from the human service goals. Separating costs will provide greater transparency to spending on Medicaid and spending on other human service activities. The newest Result area recommended is:

> ***All Illinois residents have access to quality affordable health care.***

Recommendation 2: The Commission recommends amending the descriptor of the Result for public safety. The Commission feels that protecting bodily safety is an important facet of ensuring public safety. The descriptor for public safety will read as follows:

> ***Illinois has adequate public safety mechanisms and infrastructure in place to protect the lives, safety and property of residents.***

Recommendation 3: The Commission felt that the descriptor of the Result for quality of life should be revised to better reflect the result the State is trying to achieve. A better descriptor of this Result would be:

> ***Illinois maintains a quality of cultural and environmental resources for residents and visitors.***

Recommendation 4: The Commission adopts these seven Results:

Result 1: (Government Services): Illinois state government operates efficiently, effectively and transparently.

Result 2: (Education): Illinois has a quality education system that provides equal opportunity for growth for all Illinois Students.

Result 3: (Economic Development): Illinois' economy provides sufficient opportunities for residents to achieve economic well-being.

Result 4: (Public Safety): Illinois has adequate public safety mechanisms and infrastructure in place to protect the lives, safety and property of residents.

Result 5: (Healthcare): All Illinois residents have access to quality affordable health care.

Result 6: (Human Services): Illinois assures that all residents, but particularly children, the elderly and disabled, are able to experience a quality life.

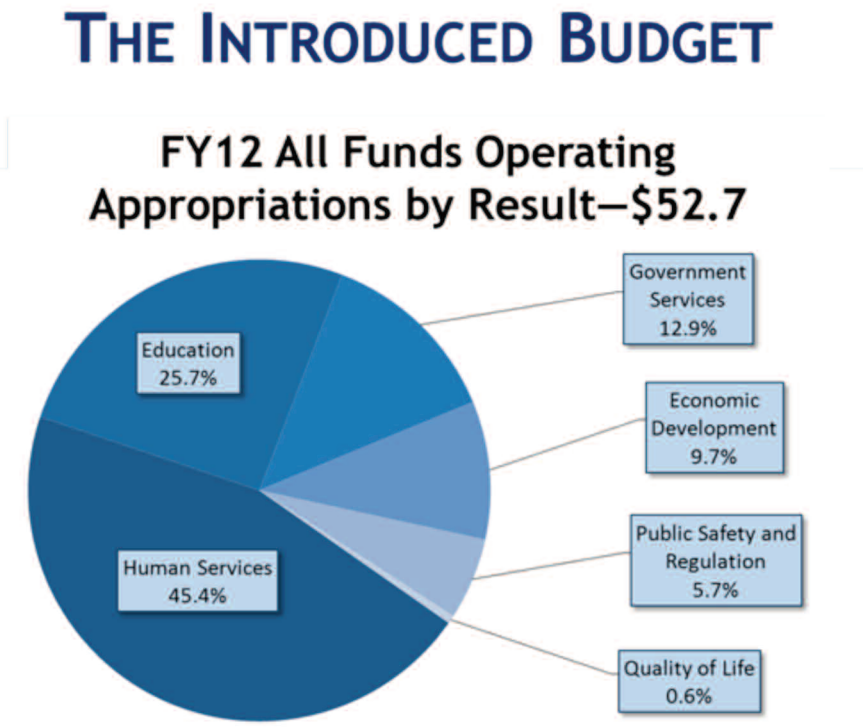
Result 7: (Quality of Life): Illinois maintains a quality of cultural and environmental resources for Illinois residents and visitors.

Next steps

Over the coming year, the Commission, GOMB, and the Governor's Office will continue to consider refinements to its list of goals and sub-goals.

BUDGET ALLOCATION

A key part of the BFR process is the allocation of projected available resources across the Results areas. The Governor's FY12 introduced budget presented State spending distributed across the six priority areas, demonstrated in the following chart:



The Commission finds that, until better performance data about state spending and programs is collected and analyzed, it is premature to recommend specific allocations of projected revenue across Result areas. Appropriate allocation across Result areas will require a complete, detailed and metrics-based assessment of all programs' effectiveness. Additionally, all goals and sub-goals must be fully developed before meaningful allocation recommendations can be made.

As the BFR process is further developed, better performance metrics will enable better assessment. This is critical in determining how to allocate state resources to the Results sought.

Moving forward, goals and sub-goals associated with each prioritized Result and agency budget will be developed, along with measurable performance criteria. This process will help agencies determine which services should continue to be funded, and at what levels.

Agencies must determine how much the state should pay for these services in the context of all available monies, not just the General Revenue Fund (GRF). Agencies also must decide how results will be measured and when those results must be achieved. When agencies submit their budget requests, they will be required to match each program with a sub-goal and submit a bid for services. GOMB will then consider each bid.

To allocate available State funds across the seven Results, it will be essential to prioritize the functions found within each Result to develop basic parameters for making those allocations.

Allocation Framework

Based on the Budgeting for Results laws that have been passed, the Commission is developing a model to inform and structure the budget allocation process moving forward.

To allocate available State funds properly across the six or more broad outcome categories, it will be essential to create basic parameters for funding by prioritizing the various functions found within those categories.

A model for these parameters can be found in public finance, which uses the concept of Return On Investment (ROI) to create a common metric with which to compare the relative value of various governmental functions.

The Commission is developing a model to inform and structure its budget allocation process that will allow for a better examination of ROI. The framework is as follows:

1. Start with available revenue. This includes identifying revenues expected from federal, local, and other sources.

2. Determine total basic cost of all legally or contractually mandated functions, including pensions.

3. Allocate General Funds or other State-controlled funds to proposed State functions addressing sub-goals via submissions from state agencies, based on a calculation of ROI where applicable.

4. Aggregate funding for each sub-goal into the top-level Result categories.

5. Calculate the proportions across the top-level Result categories.

COMMISSION RECOMMENDATIONS: *Budget Allocations*

The Commission identified three components of budgeting that serve as a structure from which to make recommendations. These three categories include revenue estimates, budget allocation, and budget transparency.

Revenue Estimates

Recommendation 5: Allocations proposed by both chambers of the General Assembly should be based on a common set of General Funds revenue estimates. This recommendation builds on Public Act 96-1529 which calls for the Governor's introduced and the enacted budget to be based on revenue projections solely from existing revenue sources.

Budget Allocation

Recommendation 6: To the extent possible, decisions regarding allocation of available revenue should distinguish between State resources and federal resources and also should consider State resources outside the General Funds.

Recommendation 7: The State should develop a plan to fully fund its Medicaid liability each fiscal year as required by the Medicaid reform statute (Public Act 096-1501) rather than delaying payments into the following fiscal year. By not fully appropriating projected Medicaid liabilities, the State is spending beyond its available resources, which is contrary to a critical component of the BFR process.

Recommendation 8: The growth rate for Medicaid should be analyzed separately for expenditures from the GRF and expenditures from other State and federal funds. Medicaid growth rate calculations should be segregated into GRF, Other State Funds, and federal funds.

Recommendation 9: State programs growing at financially unsustainable rates should be closely evaluated for effectiveness, and long-term sustainability of those programs found to be effective should be achieved by controlling costs or securing adequate new funding sources.

Recommendation 10: Calculate and report both the normal cost and "payments toward unfunded liability" components of the pension liability for each of the State's five pension systems.

Budget Transparency

Recommendation 11: Improve transparency in the budgeting process, as it is a core goal of Budgeting for Results.

Recommendation 12: The Governor's annual budget book should include:

1. Clear and accessible summary data on revenues and expenditures in the front of the budget book, as well as in a separate executive summary
2. Itemized data on transfers into and transfers out of the General Funds
3. Itemized data on federal revenue sources for the General Funds

Recommendation 13: All appropriations bills considered or approved by either chamber of the General Assembly should include summary data on amounts appropriated by agency and fund.

Next steps

GOMB will, where possible, incorporate the recommendations for increased budget communication, transparency and classification in the coming fiscal year. Where technology and time prohibit such implementation, GOMB will develop a plan to achieve these goals in future fiscal years. The Commission also will encourage the General Assembly to incorporate recommended improvements. Further, the Commission will examine ways to address the State's outstanding accumulated liabilities within the context of Budgeting for Results.

MANDATED EXPENDITURES

Mandates

The BFR statute calls for a review of mandated expenditures. Mandates may be based on state laws, federal laws and regulations, or state or federal court orders.

Mandates generally require that the State must take a particular course of action, or that a specified segment of the population must receive certain benefits or services. Federal mandates typically are tied to a state's receipt of federal grants. In some instances, federal law sets eligibility standards or service requirements for particular programs. In other instances, federal funding has matching requirements or maintenance-of-effort requirements for the states.

The Illinois budget process is subject to nearly 1,700 specific spending mandates: 100 federal, 1,460 state, 80 both (state and federal), and 40 court orders. A central premise of the BFR statute is to reassess spending annually according to results achieved. Mandates that require automatic spending for specific uses year after year constrain the ability of policymakers to make needed changes in appropriations based on performance and value to residents and taxpayers.

Apart from mandates that derive from federal laws and regulations or from court orders, there are many state statutes that involve mandated expenditures. Many of these mandates serve important and legitimate purposes. Nonetheless, mandated expenditures must be periodically reviewed to determine whether they continue to fulfill the original intended purpose, whether that purpose is consistent with the overall goals of the state, and whether the State can afford them in light of other priorities and obligations.

The Commission will be taking the following steps before proposing the elimination of any particular mandates:

1) Establish a sub-committee to undertake an analysis of mandated expenditures and provide recommendations to the full Commission.
2) Request that each State agency provide a list of mandates that they believe to be unduly burdensome or unnecessary.
3) Convene an opportunity for outside groups to provide recommendations, with corresponding rationale, for the proposed elimination of mandated expenditures.

Statutory Budget Transfers

Statutory transfers from the General Funds to other state funds are essentially ongoing mandates. These transfers are based on various criteria, such as fixed annual/monthly amounts, specified dollar amounts, or amounts calculated by formula.

GOMB has identified 50 statutory mandated transfers from the General Funds (Appendix IV). The success of BFR requires a deep and periodic review of mandates and budget transfers to ensure that the budget process does not simply build on prior year baseline spending alone. The goal is to undertake a realistic annual review to set priorities that deliver the greatest possible value to taxpayers in an atmosphere of limited resources.

COMMISSION RECOMMENDATIONS: *Mandate and Budget Transfers*

Recommendation 14: The history, intent and current need of all statutory budget transfers should be evaluated. In most instances, funding through statutory transfers should be subject to the annual appropriations process. Exceptions would include revenue-sharing with units of local government, transfers to debt services funds, transfers to revolving funds, and cash flow transfers. The Commission will review the budget transfers as part of the current and future fiscal years to evaluate the effectiveness of this approach.

Next steps

The Commission and GOMB will coordinate efforts to research and evaluate mandated expenditures and statutory transfers. These tasks cannot be completed in a short period of time, so this will be part of the Commission's ongoing work, in this fiscal year and the next.

IMPLEMENTATION STRATEGIES

The success of BFR is contingent on measuring performance and outcomes, and successful early implementation will serve as a catalyst to the rest of the process. GOMB has begun development of a number of programs that will facilitate this transition. It should be noted that the Commission recognizes the challenges of implementation and has sought to ameliorate concerns with targeted recommendations.

Performance Measurement

Measuring the performance of State programs and quantifying results is an essential element of BFR. Identifying clear performance measures for specific programs is critical to the process of determining which programs use tax dollars most effectively and efficiently. Performance-based management will provide far greater accountability from top to bottom in the delivery of services to Illinois residents.

GOMB is in the early stages of developing performance metrics that will identify the success of State programs relative to other programs. The development of quantifiable metrics is a complex task, especially for human service programs that may require long-term follow-up with program beneficiaries to assess results. This report includes several recommendations to ensure that BFR is implemented in a way that is fair to human service providers and to other functions of State government that may be difficult to quantify. The BFR process also should consider that outcomes may be negatively affected by cuts in funding or by delayed payments to providers.

GOMB has undertaken several steps to implement Budgeting for Results, including a process to identify all programs and activities associated with each line item in the State budget. This is important because it provides better transparency in the budgeting process and a greater understanding of how the State delivers services to the general public. Furthermore, program identification is necessary to develop accurate performance measures. In 2011, GOMB asked State agencies to determine programs associated with grant line items and lump sums drawn from the General Funds, other state funds, and federal funds. GOMB supplied the agencies with a template that asks, for each line item identified: What program or programs does the line item fund? What problem is the program intended to address? Who or what is the program intended to impact? What partners external to the agency help to deliver the goods or services?

The Commission would like to acknowledge the progress made by GOMB over the course of the last year. Successful implementation will require a well-designed framework that will be able to handle the significant amount of change management necessary to handle this enormous task. Below are a number of initiatives that GOMB has begun to implement:

Logic Modeling

The data gathered from State agencies will contribute to a greater understanding of what agencies do and how they do it. After data from the program identification process are received, GOMB will develop logic models for each program identified. The development of logic models is critical to establishing performance measures that will determine program effectiveness.

Logic modeling is a system of conceptualizing a program and displaying it visually, which allows budget analysts to understand the flow of a program. Logic modeling simplifies development of program performance measures and clarifies the necessary components that allow a program to function. These include the following: Who or what is the program intended to impact? What are the immediate results of the program activities? What are the outcomes generated from program activity?

Logic models allow the analyst to visualize programmatic flow. Essentially, the model shows that a program that conducts specific activities and is provided with specific resources should achieve specific outcomes (Appendix V). By using these models, the State will gain greater understanding of program effectiveness.

The raw data collected through logic models will be converted into useful information about program performance and then will be reported in a web-based system to provide greater measurement and transparency.

SMART

SMART (Strategic Management Accountability Reporting Tool) is based on the Program Assessment Rating Tool (PART) developed by the federal Office of Management and Budget and the U.S. Government Accountability Office (GAO). SMART has been developed by GOMB with assistance from Patrick Mullen, Ph.D., Assistant Professor of Public Administration and Policy at the University of Illinois Springfield, who created PART during his tenure at GAO, with additional input from the staff of the Center for State Policy and Leadership at the University of Illinois Springfield.

SMART involves a 10-part questionnaire that is completed by GOMB analysts with agency input. The questionnaire asks weighted yes and no questions; the scores received are tallied and the program is rated on its effectiveness. SMART evaluations, coupled with policy considerations, are used to determine resource allocations as GOMB prepares the Governor's budget proposal. SMART is another tool that will allow GOMB to more efficiently monitor performance management.

Performance-Based Contracting

Much of the work on behalf of taxpayers is done by private entities under grants and contracts. Budgeting for Results assumes an increased use of performance contracting, where payment depends on vendor performance in the achievement of clearly defined and measurable outcomes.

Public participation

The Commission is committed to engaging with all stakeholders in regards to BFR. Two public hearings were convened at which the Commission received feedback from the public. The hearings were held on October 11, 2011 in Springfield and October 12, 2011 in Chicago. More than 30 public stakeholders provided testimony and insight into the development of the BFR process. The Commission reviewed the testimony submitted and used the suggestions to inform its recommendations. A full record of testimony provided to the Commission is available at Budget.Illinois.gov, under Budgeting for Results. A list of groups that testified at the public hearings is attached in Appendix VI.

COMMISSION RECOMMENDATIONS: *Implementation Strategies*

Recommendation 15: Align the legislative appropriations process and executive agencies with the BFR result areas, to the degree practicable. This will enable legislators and the public to better understand overlaps in agency mission, to break down silos among agencies and to better determine where efficiencies can be achieved.

Recommendation 16: Engage and communicate with relevant stakeholders throughout the duration of the Budgeting for Results process.

Recommendation 17: Strive for increased intra-agency and inter-agency cooperation as a means to eliminate redundancies in provider applications, monitoring and other relevant paperwork. Eliminating duplicative processes will increase confidence in the State and improve relationships between State government and community-based providers.

Recommendation 18: Work with agencies to make appropriate plans to adopt new budgeting procedures and communicate those procedures to outside stakeholders. A streamlined process of implementation originating at the State level will help providers interface with the State in a timely and resource-efficient manner.

Recommendation 19: Increase access to appropriate digital and technological infrastructure needed by providers to monitor and quantify results. Given the importance of accurate and relevant data in the BFR process, the use of proper IT tools will enhance the quality of measured results and prevent cumbersome data collection.

Recommendation 20: Consult with providers about existing performance metrics found within their infrastructure. Many organizations evaluate outcomes, for their own use and for foundations and endowments that support them. GOMB should consider assessing the adequacy of these outcomes for their applicability to the Budgeting for Results process to reduce duplicative data collection.

Recommendation 21: Remain cognizant of the potential unintended consequences of Budgeting for Results. As funding becomes more closely linked to organizational abilities to demonstrate outcomes, a vacuum may be created in which providers target easier-to-serve populations to achieve better outcomes, while the most challenging client populations are not served. The Commission will work to ensure that the goals and outcomes reflect actual quality of service as well as cost-effectiveness.

Recommendation 22: Account for the challenges in measuring outcomes. There are inherent difficulties in attempting to measure the absence of a negative outcome and in quantifying results for prevention programs. As many organizations provide intangible products, it may be difficult to calculate their outcomes and measure their progress. The Commission will seek ways to allow for diversity in process and in determining success.

Next steps

GOMB will partner with budgeting reform and performance metric experts to implement Budgeting for Results in a more robust manner.

APPENDIX I – BFR STATUTE

(15 ILCS 20/50 25)

Sec. 50 25. Statewide prioritized goals. For fiscal year 2012 and each fiscal year thereafter, prior to the submission of the State budget, the Governor, in consultation with the appropriation committees of the General Assembly and, beginning with budgets prepared for fiscal year 2013, the commission established under this Section, shall: (i) prioritize outcomes that are most important for each State agency of the executive branch under the jurisdiction of the Governor to achieve for the next fiscal year and (ii) set goals to accomplish those outcomes according to the priority of the outcome. There must be a reasonable number of annually defined statewide goals defining State priorities for the budget. Each goal shall be further defined to facilitate success in achieving that goal. No later than July 31 of each fiscal year beginning in fiscal year 2012, the Governor shall establish a commission for the purpose of advising the Governor in setting those outcomes and goals, including the timeline for achieving those outcomes and goals. The commission shall be a well balanced group and shall be a manageable size. The commission shall hold at least 2 public meetings during each fiscal year. One meeting shall be held in the City of Chicago and one meeting shall be held in the City of Springfield. By November 1 of each year, the commission shall submit a report to the Governor and the General Assembly setting forth recommendations with respect to the Governor's proposed outcomes and goals. The report shall be published on the Governor's Office of Management and Budget's website. In its report, the commission shall propose a percentage of the total budget to be assigned to each proposed outcome and goal. The commission shall also review existing mandated expenditures and include in its report recommendations for the termination of mandated expenditures. The General Assembly may object to the commission's report by passing a joint resolution detailing the General Assembly's objections.

In addition, each other constitutional officer of the executive branch, in consultation with the appropriation committees of the General Assembly, shall: (i) prioritize outcomes that are most important for his or her office to achieve for the next fiscal year and (ii) set goals to accomplish those outcomes according to the priority of the outcome. The Governor and each constitutional officer shall separately conduct performance analyses to determine which programs, strategies, and activities will best achieve those desired outcomes. The Governor shall recommend that appropriations be made to State agencies and officers for the next fiscal year based on the agreed upon goals and priorities. Each agency and officer may develop its own strategies for meeting those goals and shall review and analyze those strategies on a regular basis. The Governor shall also implement procedures to measure annual progress toward the State's highest priority outcomes and shall develop a statewide reporting system that compares the actual results with budgeted results. Those performance measures and results shall be posted on the State Comptroller's website, and compiled for distribution in the Comptroller's Public Accountability Report, as is currently the practice on the effective date of this amendatory Act of the 96th General Assembly.

(Source: P.A. 96 958, eff. 7 1 10; 96 1529, eff. 2 16 11.)

APPENDIX II – RESULTS, GOALS AND SUB GOALS DRAFT

RESULT 1

Illinois has a quality education system that provides equal opportunity for growth for all Illinois students

GOALS & Sub-goals

- Illinois adults have skills and knowledge sufficient to meet the needs of Illinois employers and earn a living
  - Increase the number of students graduating high school with strong math or science skills
  - Improve ability of state universities and community colleges to produce quality graduates with certificates and knowledge useful to the labor market, civic participation and culture
  - Fully integrate the state's education, research and innovation assets into the economic needs of the state

- Students complete education with knowledge adequate to be contributors to civil society and participate in culture
  - Maximize the number of children leaving kindergarten fully ready for first grade Increase school attendance rates
  - Maximize the percentage of children exceeding state testing standards
  - Increase the percentage of children completing a high school diploma
  - Ensure that students are supported by effective teachers and leaders
  - Ensure that children with special needs are supported such that they perform to the best of their abilities

- Illinois maximizes the percentage of residents with a post-secondary degree, helping to make our State a center of business expansion and innovation
  - Increase the percentage of Illinoisans with a post secondary degree from 43% to 60% by 2025
  - Increase the percentage of Illinoisans with a post-graduate degree
  - Reduce performance gaps between different types of students
  - Increase number of qualified college students receiving financial assistance

RESULT 2

Illinois' economy provides sufficient opportunities for residents to achieve economic well-being

GOALS & Sub-goals

- Jobs pay wages and benefits sufficient that every household with at least one worker has the opportunity experience an acceptable quality of life
  - Ensure workforce training is available to support essential needs of Illinois workers and employers
  - Improve access to quality childcare for workers and job-seekers

- Illinois attracts/empowers employers collectively able to employ all residents desiring and able to work, and generate profits sufficient to contribute strongly to state tax revenues
  - Increase number and size of Illinois firms
  - Improve training and supports for new entrepreneurs
  - Double the amount of exports from Illinois companies both domestically and internationally by 2015
  - Maximize productivity of Illinois firms across business sectors
  - Integrate the research capability of Illinois universities with the needs of industry to support business innovation and growth

- Illinois' transportation systems provide safe and efficient means of moving goods and people
  - Invest in transportation systems, including highways, rail, air and public transit, that are sufficient for current economic needs and contribute to future business growth
  - Maximize the number of roads and bridges in "acceptable" condition

- State resources are conserved so as to serve the economic needs of this, and future, generations
  - Invest in amenities such as the environment, parks and recreation that attract businesses and workers in demand
  - Effectively develop and manage natural resources needed for economic purposes

RESULT 3

Illinois has adequate public safety mechanisms/infrastructure in place to protect the lives and property of residents

GOALS

- Minimize risk of violence or other forms of crime
  - Reduce all forms of crime, including sex trafficking, domestic violence and mistreatment of children
  - Implement effective prevention strategies to reduce number of persons incarcerated
  - Utilize alternative sentencing and treatment strategies to reduce prisoner recidivism
  - Juveniles encountering the justice system are developed into healthy and productive adults

- The environment, consisting of air, land and water, presents no undue health risk to persons
  - Increase air, land and water assets attaining acceptable standards of cleanliness
  - Implement energy efficiency and renewable energy technologies to reduce Illinois' carbon footprint

- Residents do not suffer unduly from emergencies or disasters and are reasonably protected from accidents
  - Improve highway and traffic safety
  - Maintain safety at airports and other public spaces and economic centers
  - Keep roads and other transportation systems functioning in emergencies or disasters

RESULT 4

Illinois assures that all residents, but particularly children, the elderly and disabled, are able to experience at least a minimal quality of life

GOALS

- Maximize the number of Illinois residents with access to the basic necessities of life including:

1. Adequate nutrition
    a. Increase the number of Illinoisans with access to affordable, nutritious food
    b. Reduce the number of food insecure households is reduced
    c. Assure all persons eligible and interested in receiving public benefits, receive them

2. Shelter
    a. Minimize the number of homeless Illinoisans
    b. Increase the availability of affordable housing to low-income persons

3. Basic physical and mental health
    a. Improve the overall health status of Illinoisans
    b. Increase the number of Illinoisans with health insurance or Medicaid coverage
    c. Improve access to affordable health services when and where they are needed
    d. Increase the percentage of babies entering life healthy
    e. Ensure health care is provided in the most efficient and effective manner possible

4. Freedom from addiction and abuse
    a. Increase the number of Illinoisans struggling with addiction with access to addiction services and supports
    b. Minimize the number of seniors experiencing abuse or neglect
    c. Maximize the percentage of children engaged in the child welfare system placed in stable environments

5. Maximum level of self-sufficiency
    a. Increase the number of Illinois residents with disabilities living in the least restrictive settings appropriate to their needs
    b. Increase the number of seniors remaining in their homes through essential support services, including nutrition and home aid services
    c. Reduce the number of Illinoisans dependent on state social services and public benefits
        a. Maximize utilization of effective prevention programs operated in public health, homelessness, at-risk youth and other domains

RESULT 5

Illinois provides a high quality of life to residents

Outcome

- Persons in Illinois experience amenities that provide positive quality of life
    - Maintain quality arts, museums, and cultural institutions available to Illinois residents

- Illinois amenities are attractive to tourists and potential movers-in
  - Preserve nature, open space, historic places and other amenities
  - Increase the number of residents and tourists utilizing cultural and natural amenities

- Residents and visitors positively value Illinois' air, land and water
  - Improve the quality of the Illinois natural environment of air, land and water for recreational use

- Illinois' residential and public spaces provide opportunities to live a healthy lifestyle
  - Assure open spaces and natural amenities are safe, accessible and well-utilized

- Ensure Illinois has adequate systems in place to protect citizens' human rights and consumer interests

RESULT 6

Illinois' state government operates efficiently and effectively

GOALS

- State agencies and policy-makers are able to make effective decisions and monitor processes effectively for accountability and the public welfare
  - Improve the ability of Illinois' IT infrastructure to collect and analyze data essential for decision-making and accountability
  - Improve access to information through technology

- State functions are conducted with financial efficiency
  - Improve State purchasing activities to reduce administrative costs and maximize cost-savings
  - Assure human resources functions are managed efficiently and effectively
  - Maintain the most effective balance of state employees and/or facilities and subcontracted service providers and functions

- State maximizes tax, fee and other revenues to which it is entitled
  - Improve the effectiveness of revenue collection processes
  - Utilize funding efficiently to produce outcomes

Note: Where efficiency is the purpose, the sub-goals are probably also process goals

NOTES

Environmental protection can be construed as Quality of Life, Protection of Lives, or Health. The court system in most instances is about protecting someone's rights or protecting someone's life or property and is not principally about governmental efficiency. Most of its functions belong, therefore, under "Protection of Lives and Property".

APPENDIX III – GOMB BUDGET INSTRUCTIONS

STATE OF ILLINOIS
EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SPRINGFIELD 62706

Pat Quinn
GOVERNOR

October 3, 2011

Dear Agency Director:

Governor Quinn's introduced budget for Fiscal Year 2012 (FY12) incorporated prioritized outcomes, a component of Budgeting for Results. Each agency was assigned to an outcome (now referred to as a "result"), and much of the budget was presented with this new way of thinking about state budgeting. Implementation of Budgeting for Results will occur over several years, but this was a positive first step.

For FY13, we will advance implementation of Budgeting for Results and incorporate sub-goals associated with each prioritized result. We ask that your programs be aligned with the sub-goals, which will roll up into the results. This categorization through the budget book system will now allow agencies' budgets to be allocated across multiple results, consistent with many of the budget submissions we received last year.

Prioritized Budget Results and Sub-Goals

Below is the list of results, unchanged since last year.

1. Quality education and opportunities for growth and learning for all Illinois students
2. Enhanced economic well-being of citizens
3. Protection of citizens' lives and property
4. Protection of the most vulnerable of our citizens
5. Improved quality of life of citizens
6. Improved efficiency and stability of state government

A list of sub-goals is enclosed.

Agency Directives for Operating Budgets

Much like last year, we ask that you think about what it is your agency does, whether such services should continue to be funded, and, if so, at what level they should be funded. Rather than basing the budget on whatever happened last year, consider how your agency can best achieve one or more of the

above results. Then your agency must determine how much the state should pay for those services. Do not think just in terms of the General Revenue Fund (GRF); results-based budgeting involves all funds, including Other State Funds (OSF) and federal funds. Additionally, your agency must describe how results will be measured and when results will be achieved.

When your budget is submitted through the Governor's Office of Management & Budget (GOMB) budget book system, you will match each program with a sub-goal. (All agencies must have at least one program.)

Request for Information for Operating Budgets

The State of Illinois is requesting bids for services that will meet the desired results and sub-goals. Your agency will submit a bid, and GOMB will consider each bid, accepting some parts of your proposal and likely rejecting others.

Please address the following questions as you respond to our request for information:

- Which budget results and sub-goals will your agency meet? (If, after careful consideration of the existing sub-goals, you have a program that does not fit the parameters, you may suggest an additional sub-goal.)
- How will you achieve the desired results?
- How much will your agency's services cost—GRF, OSF and federal funds?
- How will you measure your results? And what achievement targets can you commit to?

Assume you can adjust mandates in order to achieve the desired results, and tell us which mandates need to be changed. Also assume that your proposed services may not qualify for all the federal funds you have received in the past. We understand that reducing state expenditures may require reductions in federal matching dollars.

Please try to limit your summary response to three pages, but provide attachments and additional information as necessary. We will answer questions about this process at a CFO meeting within the next few days. A more detailed budget proposal will be requested after we meet with your agency to discuss your initial bid. Agency budget meetings will begin in late November.

Your response to this request for information is due to GOMB by November 1 for small and medium agencies, and November 15 for large agencies. (Agency classification sheet is attached.) Please send your response to your assigned GOMB analyst and senior staffer, and copy Director David Vaught and Emily Monk.

Capital Budget Considerations

The FY13 capital budget will be largely based around the capital needs of state facilities. The focus will be on basic governmental functions, maintenance and improvement of existing assets and health/life/safety projects. The goal will be to improve state assets and those of our state partners in pursuit of efficiencies to create operations savings. Staff from the capital unit will work closely with you on the specifics for your agency.

Please reevaluate your capital requests and formulate them into a longer-term plan beyond the Illinois Jobs Now! program, adding new capital needs as necessary. The focus should be on agencies' greatest operational pressures.

For any non-bonded capital requests, future revenues must be able to support spending on ongoing projects, FY13 requests, and expected future years' capital programs. These funds are also an important source of revenue for the General Fund and other funds supporting key priorities of health care, public safety and education. Therefore we will expect that you have carefully evaluated non-bonded capital requests analyzing future spending demands and revenue projections. This effort will help assure that FY13 new requests, reappropriations, and anticipated future years' capital programs are affordable within expected fund balances.

<u>Capital Budget Instructions</u>

1. Budget Submissions: GOMB's On-line budget book system will again be used for agencies to submit capital requests. **The submission period for entry of appropriations will begin on October 3, 2011, and final submissions are due November 15, 2011.** Please fill in ALL fields, including chart of accounts (asset, loan, grant), legislative district, county, etc. Please make sure that you identify your submissions as capital ones using the radio-button in the submission system. **Do not, however, change any of the information contained in the fields for appropriations already existing (including appropriation codes).**

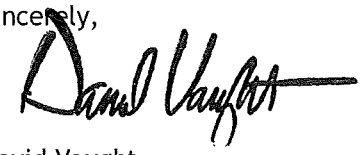
2. Content: Please enter the following information:
   - *FY13 Agency Req Column*
     - New Appropriations—All new FY13 capital appropriation requests (for both bond funds and non-bond funds). Please enter requests for FY13 capital from bond funds as usual. GOMB will work with agencies to appropriately assign any projects that will be funded from lump sums and to correctly identify bond authorization subcategories.
     - Reappropriations—FY13 capital reappropriation amounts for Budget Book purposes are calculated by taking FY12 appropriated amount less (-) FY12 Est. Expend.
   - *FY12 Est Expend Column:* Please enter the FY12 estimated spending for capital appropriations (both bond and non-bond).

3. If a capital appropriation is needed to capture a federal match, please insert that information, along with the associated time frame, into the comment field. Federal match alone does not guarantee funding but it is an important factor to be considered.

4. Please make note in the comment field when non-bonded appropriations include transfers from bond funds as a source of revenue.

5. **Fund Track System:** Please work with your GOMB capital budget analyst to update the system for non-bond funds only. **Updates are due by December 15, 2011.**

Sincerely,



David Vaught
Director

Budgeting for Results – Prioritized Budget Results
Development of Sub-Goals
Attachment to GOMB Agency Director Letter

1. **Quality Education and Opportunities for Growth and Learning for all Illinois Students**
    a. Increase percentage of children entering kindergarten "fully ready"
    b. Implement Common Core Standards (including Language Arts and Math) for K-8 Students
    c. Develop Measures for Student Growth
    d. Assure all districts have the tools to assess students against Common Core Standards
    e. Reduce drop-out rate; increase college enrollment of 12th graders
    f. Increase number of Illinoisans with post-secondary certificates and bachelor degrees; Increase number of STEM graduates; Increase retention rates of those who attend colleges; Increase percentage of Illinois graduates remaining in Illinois

2. **Enhanced Economic Well-Being of Citizens**
    a. Increase number of companies
    b. Increase jobs in Illinois
    c. Have nation's best workforce per capita
    d. Build 21st Century Infrastructure
    e. Increase median income
    f. Increase exports
    g. Become one of the top five states in workforce productivity
    h. Enhance business climate

3. **Protection of Citizens' Lives and Property**
    a. Reduce crime rate
    b. Reduce recidivism rate
    c. Rebalance from prison-based to community-based care when appropriate
    d. Enhance emergency planning statewide

4. **Protection of the Most Vulnerable of our Citizens**
    a. Rebalance from state-run facilities to community-based care when appropriate
    b. Improve self sufficiency
    c. Improve outcomes for at-risk youth
    d. Improve access to and cost effectiveness of adequate health care

5. **Improved Quality of Life of Citizens**
    a. Improve quality of drinking water and air
    b. Increase conservation and citizen utilization of open space
    c. Stimulate cultural and historical opportunities

6. **Improved Efficiency and Stability of State Government**
    a. Improve access to information sharing through technology
    b. Increase cost savings through more efficient purchasing
    c. Increase personnel efficiencies through management of human resources
    d. Increase collection of fair share of available revenue owed to State

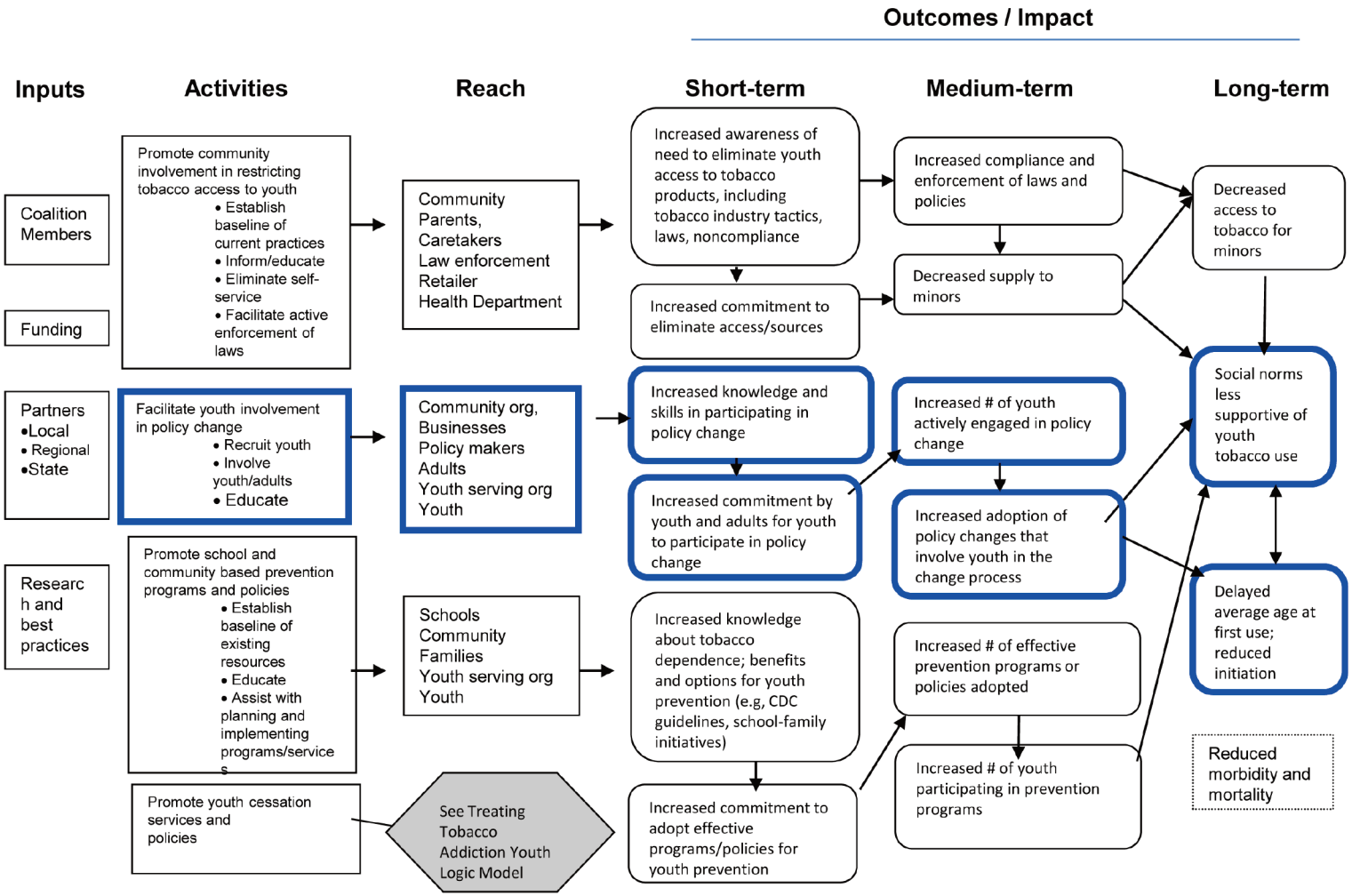
APPENDIX IV – STATUTORY TRANSFERS

Source	1 FY11 Actuals	3 FY12 Projected 8.4.2011	7 Statutorily Required Monthly Amount	How Is This Transfer Used?	Statutory Citation
Local Government Distributive	1,012,975	1,078,216	-	distribute revenue-sharing monies from the state income tax and sales tax to Illinois local governments.	30 ILCS 115/1; 35 ILCS 157/10-40; 35 ILCS 5-901
GOBR&I for FY10 PON	1,147,180	784,675		Debt Service	
GOBRI for Capital	540,158	563,497	-	Debt Service	30 ILCS 330
GOBR&I for POB	520,068	559,813		Debt Service	
Public Transportation	406,861	429,416	21,675	Pays debt service on SCIP bonds issued by the RTA.	70 ILCS 3615/4.09
GOBR&I for FY11 PON	-	260,997		Debt Service	
Downstate Public Trans	169,387	174,996	-	Pays operating assistance to local mass transit districts downstate.	30 ILCS 740/2-3
School Infrastructure	68,276	62,900	5,000	Debt Service	30 ILCS 630/6; 30 ILCS 105/6z-45
Worker's Compensation	55,000	55,000	-	Disability Payments.	30 ILCS 105/6z-64 (d-45)*
U of I Hospital Services	45,000	45,000	-	Reimburse the U of I Hospital and its associated clinics for services provided to Medicaid clients.	30 ILCS 105/6z-30
M E A O B	37,923	37,923	-	Debt Service	30 ILCS 105/8g(d); 230 ILCS 5/28.1(d); 30 ILCS 355/5
Tourism Promotion	40,133	30,800	-	Adjusted hotel tax calculation pays for Tourism promotion advertising grants & tourism staff.	20 ILCS 665/4a
Agriculture Premium	23,765	23,765	1,980	PS & operations for the bureaus of: Computer Services, Land & Water Resources, Marketing, and County Fairs & Horseracing; Support for the Biotechnology Research Consortium in Peoria; Promotion of horse racing and breeding; Deposit into the Cooperative Extension Trust Fund; Viticulturist/enologist staff; Non-fair activities at DuQuoin State Fair; Premiums to 4-H, Ag Extension, & vocational ag fairs. (Lieutenant Gov. and DCEO receive approps for Rural Affairs Institute at WIU)	30 ILCS 105/8g(d); 230 ILCS 5/28.1(d)
Live and Learn	20,904	20,904	1,742	Grants for library and literacy programs; Organ donation awareness and education programs.	30 ILCS105/6Z-35
Audit Expense	17,692	17,888	-	Audits studies and investigation by the Auditor General pursuant to the Illinois State Auditing Act	30 ILCS 105/6z-27
Coal Technology Development	5,707	7,000	-	grants which support coal research, demonstration and commercialization activities (Illinois Coal Technology Assistance Act)	30 ILCS 730/3
Partners for Conservations	14,000	14,000	1,167	Funds staff and operations for a variety of conservation programs, including the ecosystem program and the Critical Trends Assessment program in addition to several grant programs.	30 ILCS 105/6z-32
Estate Tax Collection Distributive	8,881	10,100	-	makes payments for estate tax collections to the counties	35 ILCS 405/13
Capital Litigation Trust	15,408	7,224	-	N/A. This fund does not exist anymore. It has been replaced by 546- Death Penalty Abolition Fund which may pertain to the Criminal Justice Info Autorithy.	725 ILCS 124/15
State Treasurer's Bank Service Trust	8,100	8,100	675	Used by the State Treasurer to pay the cost of banking services	30 ILCS 212/15
Lincoln Presidential Library	6,675	8,000	-	Funds staff and operations at the Abraham Lincoln Presidential Library and Museum.	30 ILCS 105/8g (aaaa)*
Illinois Veterans Rehabilitation	4,763	4,763	397	Funded by a statutory transfer from the General Revenue Fund. Expenditures are for the general rehabilitation of veterans, including vocational rehabilitation.	30 ILCS 105/8g(d); 230 ILCS 5/28.1(d)

Professional Services	4,610	4,600	-	To fund program costs associated with legal, internal audits, and labor relations for agencies across the state in Illinois.	30 ILCS 105/6z-63 (e-35)*
Corporate HQ Relocation Assistance	2,350	3,000	-	Pays Boeing Obligation for corporate relocation Assistance - pass through	20 ILCS 611/30
Illinois Thoroughbred Breeders	2,402	2,402	200	PS & operations for the bureau of County Fairs & Horseracing; Purse supplements, awards, research programs, and scholarship and training program.	31 ILCS 105/8g(d); 230 ILCS 5/28.1(d)
Illinois Standardbred Breeders	1,680	1,680	140	PS & operations for the bureau of County Fairs & Horseracing; Purse supplements, awards, research programs, and scholarship program.	30 ILCS 105/8g(d); 230 ILCS 5/28.1(d)
Build Illinois	1,666	1,666	139	Debt Service	30 ILCS 105/8g (d)*
Fair and Exposition	1,661	1,662	139	Grants for awards and premiums to county fairs.	30 ILCS 105/8g(d); 230 ILCS 5/28.1(d)
Youth Alcoholism and Substance Abuse Prevent	1,092	1,094	(0)	Funded by a statutory transfer from the General Revenue Fund an amount equal to the number of retail liquor licenses issued for that year multiplied by a $50 increase in liquor license fees.	30 ILCS 105/8g (c)
IL Veterans Assistance Fund	-	1,000	-	Reimburse health care providers for services provided to Veterans Care clients.	30 ILCS 105/8g (iiii)*
Amtrak Intercity rail	402	600	-	Subsidizes some of AMTRAK operations (intercity passenger rail service).	30 ILCS 105/6z-68
Intermodal Facilities Promotion Fund	355	500	-	grants to developers for infrastructure investments in intermodal transportation facilities.	30 ILCS 743/15
Federal Financing Cost Reimbursement	7	155	-	pays state's CMIA liability	30 ILCS105/6z-39
Illinois Wildlife Preservation	184	145	(0)		30 ILCS 155/4
Military Family Relief Fund	187	144	(0)		35 ILCS 5/510
Assistance to the Homeless	156	140	2		35 ILCS 5/510
Child Abuse Prevetion	154	125	0		35 ILCS 5/508; 30 ILCS 105/6b-4
P Severns Breast/Cervical Cancer Research	153	120	0		35 ILCS 5/510
Alzheimer's Disease Research	133	111	(0)		410 ILCS 410/2; 410 ILCS 410/3; *35 ILCS 5/510
Hunger Relief Fund	98	88	0		35 ILCS 5/510
Illinois Veterans' Homes Fund	130	86	0		35 ILCS 5/510
State Parks	0	85	0		35 ILCS 5/510
Diabetes	97	73	0		35 ILCS 5/510
Disabled Veterans Property Tax Relief Fund	0	66	(0)		35 ILCS 5/510
Habitat for Humanity	0	57	(0)		35 ILCS 5/510
Municipal Economic Development	294	50	0	Quaterly distributions according to statute: up to $500k to each entity located in Cook County and pro rata amount based on population to any other entity that has approved construction within its boundaries of a solid-waste energy facility.	220 ILCS 5/8-403.1
Illinois Route 66 Fund	0	13	(0)		36 ILCS 5/510
Total	**4,794,081**	**4,224,637**	**33,256**		

APPENDIX V – SAMPLE LOGIC MODEL

Sample state-level logic model:
Reducing and preventing youth tobacco use



APPENDIX VI – PROVIDERS OF PUBLIC TESTIMONY

Access Living
Alternatives, Inc.
Chestnut Health Systems
Chicago Jobs Council
Childcare Association of Illinois
Children's Home and Aid
Civic Federation
Countryside Association
Donors Forum
Easter Seals Disability Services
Ecker Center for Mental Health
Educational Village Keepers
Family Focus
Government Finance Officers Association
Governor's Office of Management and Budget
Habilitative Systems Inc
Harvey Area Chamber of Commerce
Health Care Council of Illinois
Illinois Alcoholism and Drug Dependence Association
Illinois Association of Rehabilitation Facilities
Illinois Coalition for Immigrants and Refugees Rights
Illinois Collaboration on Youth
Illinois Partners for Human Services
Illinois Coalition Against Domestic Violence
Illinois League of Advocates for the Developmentally Disabled
Latino Policy Forum
MarcFirst
One Hope United
Pembroke School District 254
Ray Graham Association
Safer Foundation
Sally Chappell, PhD
Marillac Social Center and St. Vincent de Paul Center
Supportive Housing Providers Association
The Baby Fold
The Institute on Public Policy for People with Disabilities
The Link and Option Center
YMCA Metropolitan Chicago

APPENDIX VII – FULL LIST OF RECOMMENDATIONS

Results and Goals Recommendations

Recommendation 1: Establish a seventh Result to acknowledge the importance of ensuring that all Illinois residents have access to quality, affordable health care, and to recognize medical assistance distinct from the human service goals. Separating costs will provide greater transparency to spending on Medicaid and spending on other human service activities. The newest Result area recommended is:

> ***All Illinois residents have access to quality affordable health care.***

Recommendation 2: The Commission recommends amending the descriptor of the Result for public safety. The Commission feels that protecting bodily safety is an important facet of ensuring public safety. The descriptor for public safety will read as follows:

> ***Illinois has adequate public safety mechanisms and infrastructure in place to protect the lives, safety and property of residents.***

Recommendation 3: The Commission felt that the descriptor of the Result for quality of life should be revised to better reflect the result the State is trying to achieve. A better descriptor of this Result would be:

> ***Illinois maintains a quality of cultural and environmental resources for residents and visitors.***

Recommendation 4: The Commission adopts these seven Results:

Result 1 (Government Services): Illinois state government operates efficiently, effectively and transparently.

Result 2 (Education): Illinois has a quality education system that provides equal opportunity for growth for all Illinois Students.

Result 3 (Economic Development): Illinois' economy provides sufficient opportunities for residents to achieve economic well-being.

Result 4 (Public Safety): Illinois has adequate public safety mechanisms and infrastructure in place to protect the lives, safety and property of residents.

Result 5 (Healthcare): All Illinois residents have access to quality affordable health care.

Result 6 (Human Services): Illinois assures that all residents, but particularly children, the elderly and disabled, are able to experience a quality life.

Result 7 (Quality of Life): Illinois maintains a quality of cultural and environmental resources for Illinois residents and visitors.

Budget Allocation Recommendations

Recommendation 5: Allocations proposed by both chambers of the General Assembly should be based on a common set of General Funds revenue estimates. This recommendation builds on Public Act 96-1529 which calls for the Governor's introduced and the enacted budget to be based on revenue projections solely from existing revenue sources.

Recommendation 6: To the extent possible, decisions regarding allocation of available revenue should distinguish between state resources and federal resources and should also consider state resources outside the General Funds.

Recommendation 7: The State should develop a plan to fund its full Medicaid liability each year as required by the Medicaid reform statute (Public Act 096-1501) rather than delaying payments into the following year. By not fully appropriating projected Medicaid liabilities, the State is spending beyond its available resources, which is counter to a critical component of the BFR process.

Recommendation 8: The growth rate for Medicaid should be analyzed separately for expenditures from the GRF and expenditures from other State and federal funds. Medicaid growth rate calculations should be segregated into GRF, Other State Funds, and federal funds.

Recommendation 9: State programs growing at financially unsustainable rates should be closely evaluated for effectiveness, and long-term sustainability of those programs found to be effective should be achieved by controlling costs or securing adequate new funding sources.

Recommendation 10: Calculate and report both the normal cost and "payments toward unfunded liability" components of the pension liability for each of the State's five pension systems.

Recommendation 11: Improve transparency in the budgeting process, as it is a core goal of Budgeting for Results.

Recommendation 12: The Governor's annual budget book should include:

1. Clear and accessible summary data on revenues and expenditures in the front of the budget book, as well as in a separate executive summary
2. Itemized data on transfers into and transfers out of the General Funds
3. Itemized data on federal revenue sources for the General Funds

Recommendation 13: All appropriations bills considered or approved by either chamber of the General Assembly should include summary data on amounts appropriated by agency and fund.

Mandates and Budgeting Transfers Recommendations

Recommendation 14: The history, intent and current need of all statutory budget transfers should be evaluated. In most instances, funding through statutory transfers should be subject to the annual appropriations process. Exceptions would include revenue-sharing with units of local government, transfers to debt services funds, transfers to revolving funds, and cash flow transfers. The Commission will review the budget transfers as part of the current and future fiscal years to evaluate the effectiveness of this approach.

Implementation Strategies Recommendations

Recommendation 15: Align the legislative appropriations process and executive agencies with the BFR result areas, to the degree practicable. This will enable legislators and the public to better understand overlaps in agency mission, to break down silos among agencies and to better determine where efficiencies can be achieved.

Recommendation 16: Engage and communicate with relevant stakeholders throughout the duration of the Budgeting for Results process.

Recommendation 17: Strive for increased intra-agency and inter-agency cooperation as a means to eliminate redundancies in provider applications, monitoring and other relevant paperwork. Eliminating duplicative processes will increase confidence in the State and improve relationships between State government and community-based providers.

Recommendation 18: Work with agencies to make appropriate plans to adopt new budgeting procedures and communicate those procedures to outside stakeholders. A streamlined process of implementation originating at the State level will help providers interface with the State in a timely and resource-efficient manner.

Recommendation 19: Increase access to appropriate digital and technological infrastructure needed by providers to monitor and quantify results. Given the importance of accurate and relevant data in the BFR process, the use of proper IT tools will enhance the quality of measured results and prevent cumbersome data collection.

Recommendation 20: Consult with providers about existing performance metrics found within their infrastructure. Many organizations evaluate outcomes, for their own use and for foundations and endowments that support them. GOMB should consider assessing the adequacy of these outcomes for their applicability to the Budgeting for Results process to reduce duplicative data collection.

Recommendation 21: Remain cognizant of the potential unintended consequences of Budgeting for Results. As funding becomes more closely linked to organizational abilities to demonstrate outcomes, a vacuum may be created in which providers target easier-to-serve populations to achieve better outcomes, while the most challenging client populations are not served. The Commission will work to ensure that the goals and outcomes reflect actual quality of service as well as cost-effectiveness.

Recommendation 22: Account for the challenges in measuring outcomes. There are inherent difficulties in attempting to measure the absence of a negative outcome and in quantifying results for prevention programs. As many organizations provide intangible products, it may be difficult to calculate their outcomes and measure their progress. The Commission will seek ways to allow for diversity in process and in determining success.

Printed by the Authority of the State of Illinois. 11/11 50 IOCI 12-373