



The Council of State Governments
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2011 Innovations Awards Application

DEADLINE: MARCH 28, 2011

ID # (assigned by CSG): 2011- _____

Please provide the following information, adding space as necessary:

State: New Jersey

Assign Program Category (applicant): Government Operations and Technology (Use list at end of application)

1. Program Name
Performance Budgeting
2. Administering Agency
Department of Treasury
3. Contact Person (Name and Title)
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www.yourmoney.nj.gov/transparency/performance/
9. Please provide a two-sentence description of the program.
Performance Budgeting is an evolving resource that ensures the alignment of priorities to state government agencies' missions, core mission areas and budgets. It focuses managers on achieving the best possible results for citizens and taxpayers. The program builds a culture of innovation and continuous improvement while making government more transparent and accountable.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 28, 2011 to be considered.
Governor Chris Christie announced in January that he would use Performance Budgeting as a management tool and as a means of keeping the public better informed about how its government is working. State Treasurer Andrew Sidamon-Eristoff began introducing the program to fellow Cabinet members in May 2010.
11. Why was the program created? What problem[s] or issue[s] was it designed to address?
There was an urgent need to bring the budget process under control. New Jersey had run deficits every year for more than a decade, even after borrowing billions of dollars and increase taxes by billions of dollars more. Agencies' responsibilities and budgets grew year after year, yet there was no system in place to monitor whether the state was getting the desired results for its investments.
12. Describe the specific activities and operations of the program in chronological order.
- Performance Measurement: Fiscal Year 2011 – Agencies identified Core Mission Areas and performance indicators to track each area.**
 - Performance Management: Fiscal Year 2012 – Agencies use performance metrics to manage more effectively and set targets.**
 - Performance Budgeting: Fiscal Year 2013 – Agencies negotiate their budget based on performance outcomes, priorities and resources.**
13. Why is the program a new and creative approach or method?
Performance Budgeting has zeroed-in on priorities, missions, costs and the effectiveness of operations. Unlike the year-over-year approach of the past, the performance evaluation is monitored and published publicly monthly or quarterly. This has created a new level consciousness of the role that the state's budget, spending patterns and financial activities play in the success, or lack of success, of state government.
14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)
New Jersey leveraged existing resources since no budget existed to draw upon to design or implement Performance Budgeting. A representative from each agency was appointed to meet with the Performance Steering Committee on a monthly basis and is relied upon to communicate and coordinate the initiative back to their Commissioner and agency.
- Collaboratively, the Performance Steering Committee devised ways of leveraging shared technology, like MyNJPortal, to post performance reports. YourMoney.NJ.Gov was created as New Jersey's complete government Transparency Center, and a separate tab was created to host the Governor's Performance Center. Each agency has a designated page dedicated to their performance. Performance reports were designed with Microsoft Excel.**
15. What are the program's annual operational costs?
Performance Budgeting will use existing resources.
16. How is the program funded?
New Jersey leverages existing resources.
17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.
Governor Chris Christie signed Executive Order 8 – Transparency and Performance Budgeting on January 20, 2010.
18. What equipment, technology and software are used to operate and administer this program?
New Jersey needed to come up with an adaptable means of coordinating Performance Budgeting. The reasons include:

- The program had to evolve, especially in its infancy;
- The state's financial and budgeting system didn't include components to capture, track or report new data fields;
- The program needed to be implemented by various agencies quickly;
- Finding funding and implementing a new financial system had to be a multi-year effort.

Our program relies on:

- The adaptation of a new management philosophy and does not dictate its integration based on the use of technology.
- One centralized site that consolidates all of the state's financial information.
- Portal for posting reports.
- Various pre-existing systems and reports agencies have in use to capture data.
- Microsoft Excel to combine data and create reports.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Performance Budgeting was modified in New Jersey with leadership from State Treasurer Andrew Sidamon-Eristoff and the expertise of Marc Holzer, Dean, School of Public Affairs and Administration of Rutgers University.

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20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

While versions of Performance Budgeting have been used in other states and cities, New Jersey has implemented the best practices and worked to ensure it will be easy to adopt these practices statewide. Our focus has been on using the program as a management tool and enables accountability.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

Phase 1 – Performance Measurement has been fully implemented and was utilized in budget discussions and decisions for the Governor's Proposed Budget for FY 2012. We are in the midst of Performance Management and planning internally for Performance Budgeting.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Pros

- Aligns all agencies to the same timeline and expectations.
- Immediately provides stakeholders and decision makers with insight to Core Mission Areas, priorities and performance levels.
- Provides consumable data to the public. No acronyms or inside lingo is to be used on the performance reports or on the Governor's Performance Center.

- **Performance indicators are focused on outcomes and results, not internal processes.**

Cons

- **One should not expect an immediate buy-in from all participants. Keeping deadlines and achieving milestones requires diligence in order to build momentum and prove its value and ultimately be recognized as a tangible asset.**

23. How has the program grown and/or changed since its inception?

The stages of Performance Budgeting have not changed, but the system was designed to allow maximum ability to adapt and evolve.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Executive sponsorship was essential. Without it, it would have been impossible to ensure that the management tools are integrated into every, single agency.

Governor Christie's State of the State address last month reinforced his leadership of Performance Budgeting.

"In addition, we have demanded that each and every department in government manage its budget responsibly throughout the year. With performance based budgeting, instituted by our state Treasurer, we are now keeping a sharp eye on each agency's mission and budget priorities every day of the year, not just at the end of the year. It is a simple and common-sense approach, but one that has been overlooked for too long." Governor Chris Christie. State of the State address. State House, Trenton, NJ. 2 February 2011.

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2011 Innovations Awards Application Program Categories and Subcategories

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

Infrastructure and Economic Development

- Business/Commerce
- Economic Development
- Transportation

Government Operations and Technology

- Administration
- Elections
- Information Systems
- Public Information
- Revenue
- Telecommunications

Health & Human Services

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

Human Resources/Education

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

Natural Resources

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

Public Safety/Corrections

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

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CSG Innovations Awards 2011
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Lexington, KY 40578-1910

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This application is also available at www.csg.org.