

Rules of the Budget Game It's a Choice

	<i>Current Rules</i>	<i>New Rules</i>
Starting Point	Last Year = BASE	Price of Government
Focus	Add/Subtract re: BASE	Buying results = Priorities of Government
Addition	Autopilot increases = new BASE Plus "needs"	NA
Subtraction	"Cut" from new BASE	NA
Submission	Justification for needs/ costs – plus a little extra	Results to be achieved for the price
Incentives	Build up costs – make cuts hard	Produce results that matter
Analyst's job	Find hidden/ unnecessary costs	Validate or find better choices
Elected's job	Choose cuts Raise taxes GET BLAMED	Choose results that citizens value at a price they are willing to pay
Debate	What to cut What to tax	How to get better results

HOW BUDGETING FOR OUTCOMES WORKS



This approach to budgeting works like a market with “buyers” saying the results they want to buy and “sellers” making “offers” to produce those results.

This illustrates BFO on the State level. It is applicable at all levels of government – federal, state and local.

Buyers are the Governor and Legislature.

Their job is to purchase results.

They start the budget process by stating:

- How much they want to spend
- What results they want to “buy”
- What their purchasing strategies are

Sellers are state agencies, school districts, local governments and anyone who seeks a piece of the state budget. Their job is to offer programs that deliver specific results buyers are seeking

Offers are the sellers’ response to buyers. Offers state what specific results will be delivered and what the price will be

Buyers then put the offers in **priority order**. They put at the top of their list, those offers that produce the best results for the price. With the money available, buyers purchase as many offers as they can from their priority list until the money runs out

The outcome is a budget made up of numerous offers, each of which has specific measurable results associated with it as well as a specific price. Elected officials can tell the public exactly what they are buying