

2021-2023 Direction and Timelines for Proposed Changes to KPMs

The system is open for making proposed changes to your KPM's for the next phase of the budgeting process due in April. Guidance detailing the instances an Addition or Deletion of a KPM would take place and the KPM timelines are included below.

Proposing New, Deletion, or Replacement of KPMs or a Modification of Target

- **Propose a New KPM:** Used when proposing a brand new KPM which is NOT replacing an existing one.
- **Propose a Deletion of a KPM:** Used when proposing to completely delete a KPM.
- **Propose a Replacement of a KPM:** this proposes the deletion of the KPM you are replacing and provides you with the ability to enter the info for the new one.
- **Proposing Target change:** you may enter the 2022 and 2023 proposed changes under the KPM itself however, it is subject to change in working with your LFO and CFO Budget Analyst.

***IMPORTANT:** When proposing changes please work directly with your LFO and CFO Budget Analysts prior to entering them in the Online System. Once there is agreement for the change(s) you may add them.

*****Your agency only needs to complete this process if additions or deletions are proposed.***

Requests for KPM deletions/ additions are due April 30th.

LFO and CFO Analysts will review your agency's request against a set of criteria and provide feedback to the agency. Agencies may choose to make further modifications based on LFO/CFO feedback.

The agencies final list of proposed KPMs for the 2021-23 biennium should be included with the Governor's Budget.

KPM 2021-23 Guidelines

Rationale:

Historically the Legislature has been provided with details about all proposed changes to Agencies KPM (including wording changes, data adjustments, and methodological changes).

This tends to focus the legislative discussion on the *mechanics* of a measure rather than on discussing and reviewing performance data, analysis and conclusions. To address this, parameters have been defined to categorize certain KPM modifications, such as wording changes, as being *mechanical adjustments*.

I. These adjustments may be made without legislative approval.

Mechanical KPM Adjustments - There are generally three circumstances when it is appropriate to request a mechanical adjustment to an existing, legislatively approved KPM:

- **Language modifications** – defined as language adjustments that improve communication or understanding for what a measure measures. No change is made to the data history or data source.
- **Data source modifications** – defined as adjustments to data sources made because of factors outside the agency’s control that do not significantly change the intent of a measure. For example, a measure includes three data components; one data component is no longer being published by a third party; the measure is easily recalibrated to be an index of just the remaining two components; and, the intent of what is being measured remains intact.
- **Methodology modifications** – defined as changes to a preliminary methodology for a **New** KPM (one not yet reported on) where the change ensures more reliable data without changing the original intent of the measure. If your agency needs to make a mechanical adjustment, please make a formal request via e-mail and send the request to your LFO and CFO Analysts.

i. An example of changing an existing measure methodology without it being a new measure would be changing the reporting periods to reflect changes in how the data is collected. Or maybe reporting at a more granular level like 0.1% than previously reported. These are not really a material change to approved KPMs

II. All mechanical adjustments Must be approved by both your LFO and CFO Analysts;

Approved adjustments should be reflected in future Annual Performance Progress Reports with the adjustment documented in the report.

III. Additions or Deletions of a KPM:

As has been the process historically, the goal is to have the Legislature **only** review and approve additions and deletions to an Agency’s KPMs. Additions and/or deletions should be made in the following circumstances:

- **Legislative request** – the Legislature has asked an agency to propose a new measure in a specific area or delete a KPM.
- **Agency proposed additions** – agency identified new or improved KPM.
- **Agency proposed deletions** – agency requests deletion because an existing KPM is no longer appropriate due to shifts in priorities, data sourcing or methodological issues, or proposed improvements. An agency should request deletion of measures they wish to significantly modify and request the addition of a proposed new measure.

2020 Budget Instruction Timeline

March – April 2020

Agencies who wish to make changes to their KPMs need to input their change requests into the automated KPM system and notify their CFO/LFO analysts that they are requesting changes by April 30, 2020. CFO/LFO analysts will review the requests and provide feedback by June 30, 2020. Agencies can adjust proposed changes based on feedback received.

August – December 2020

Agencies will submit the appropriate version (either with or without proposed changes) of their Annual Performance Progress Report (APPR) for 2020 Governor’s Budget binders (Special Reports Section).

It is possible that agencies will not have complete data on some measures when these submissions are due; agencies should note that data are not yet available in the “How we are Doing” section for the relevant KPM(s). When the information is complete, agencies need to update the automated system as soon as possible and email a copy of the updated APPR to the agency’s CFO/LFO analysts.

October 1, 2020

Independent of budget binder requirements, agency APPRs are also due to LFO on October 1, 2020; please check the LFO KPM website for more information and submission instructions. Agencies are required to post a copy of the APPR on the agency’s website. Annual reports are also posted centrally on the LFO Website.

January – June 2021

Agencies provide KPM presentations to the Joint Committee on Ways and Means. The Committee reviews proposed changes and makes a recommendation on the KPMs as part of the budget approval process.

June 2021

A list of legislatively approved KPMs for 2021-23 will be attached to each agency’s final Budget Report.