Direction and Timelines
For Proposed Changes to KPMs during the Full Legislative Session

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, **NOT** replacing an existing one.

- **Propose a Deletion of a KPM:** Used when proposing to completely delete a KPM. (**Note:** legislatively deleted KPMs will no longer be reported on once approved in the year they were approved for deletion. Following the full session, the report due in Oct will not report on Legislatively Deleted KPMs)

- **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 20XX and 20XX 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 must complete this process only if additions or deletions are being 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.

Agency final list of proposed KPMs for the next biennium should also be included with the Governor's Budget.

KPM 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 <u>without legislative approval</u>.*

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 the measure actually 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 metrics; one data metric 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.

KPM Budget Instruction Timeline

March
Budget Instructions Released by the Department of Administrative Services.
https://www.oregon.gov/das/Financial/Pages/Budgetinstruct.aspx

March – April
Agencies who wish to make changes to their KPMs need to input their change requests into the KPM Online System and notify their CFO/LFO analysts that they are requesting changes by April 30 of the short session year (even years). CFO/LFO analysts will review the requests and provide feedback by June 30. Agencies may adjust proposed changes based on feedback received.

October 1
Agency APPRs (Annual Performance Progress Report) are due to LFO on October 1; 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 KPM Website (https://www.oregonlegislature.gov/lfo/Pages/KPM.aspx).

It is possible agencies will not have complete data on some measures; agencies should note data is not yet available in the "How we are Doing" section for the relevant KPM(s). Submit the APPR on October 1st. When the information is complete, agencies will update the automated system as soon as possible and email a revised copy of the updated APPR to the agency's CFO/LFO analysts and copy Ed Arabas in LFO.

October
Include APPR for FYE June 30th in Governor's Recommended Budget (Note: if you are a yearly reporter, no worry KPMs are an iterative process, enter what you have and note where you do not) *The APPR is not required for ARB, include in GB/LAB.*

January – June – Full Legislative Session (Even year sessions)
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
A list of legislatively approved KPMs for the next biennium will be attached to each agency's final Budget Report.