Legislative Process for Proposed Changes to KPMs

Agencies may propose changes to their Key Performance Measures (KPMs) in April of every even-numbered year, as part of the biennial budget development process. This document explains the various types of proposed KPM changes, including mechanical adjustments.

Propose Addition, Deletion, or Replacement of KPMs, or Modification of Target

- **Propose addition of a new KPM:** Used when proposing a brand new KPM, **NOT** replacing an existing one.
- **Propose deletion of a KPM:** Used when proposing to delete a KPM without a replacement KPM.
    - **Note:** Legislatively deleted KPMs are no longer reported on in the year in which they were approved for deletion. Following the long session, the Annual Performance Progress Report will not report on legislatively deleted KPMs.
- **Propose replacement of a KPM:** Used when proposing to delete and replace a current KPM with a new KPM.
- **Propose KPM target change:** Used when proposing changes to the KPM target, but not the KPM itself.

***IMPORTANT:** **When proposing the initial KPM change requests, agencies must work directly with their LFO/CFO analysts prior to entering the proposed changes into the KPM System. Once there is agreement for the proposed change(s) among the agency, LFO, and CFO, then the agency may enter the proposed changes into the KPM System.**

*****Agencies must complete this process only if additions or deletions are proposed.***

Requests for KPM deletions/additions are due by April 30th in even-numbered years only.

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

KPM Guidelines

Rationale:
Historically, the Legislature was informed about all proposed changes to agency KPMs (including wording changes, data source adjustments, and methodological changes). In practice, this tended to focus the legislative discussion on the *mechanics* of a KPM, rather than analyzing and drawing conclusions from the KPM data. To remedy this issue, certain KPM changes are now considered *mechanical adjustments*.

I. Mechanical adjustments may be made without legislative approval.

There are generally three circumstances when it is appropriate to request a mechanical adjustment to a current KPM:

- ***Language modifications*** – Defined as language adjustments that improve communication or understanding for what the KPM measures. No change is made to the data history or data source.

- ***Data source modifications*** – Defined as adjustments to data sources, due to factors outside the agency's control, that do not significantly change the KPM.
    - For example, if a KPM initially had three data metrics, and one of those data metrics is no longer published by a third party, the KPM can be recalibrated to include only the remaining two data metrics.

- ***Methodology modifications*** – Defined as changes to a preliminary methodology for a **new** KPM (i.e., one not yet reported on), in which the change ensures more reliable data without changing the original intent of the KPM.
    - For example, an agency proposes to change the reporting period for a KPM to reflect when the data are collected. Another example would be to report more granular data (e.g., reporting 0.1% instead of 0%).

II. All mechanical adjustments must be approved by both CFO and LFO budget 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:

Additions and/or deletions should be made in the following circumstances:

- ***Legislative request*** – The Legislature has asked an agency to propose a new KPM or delete a KPM.

- ***Agency proposed additions*** – Agency has requested a 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, methodological issues, or proposed improvements. An agency may request deletion of a KPM that they wish to significantly modify and request the addition of a proposed new KPM.