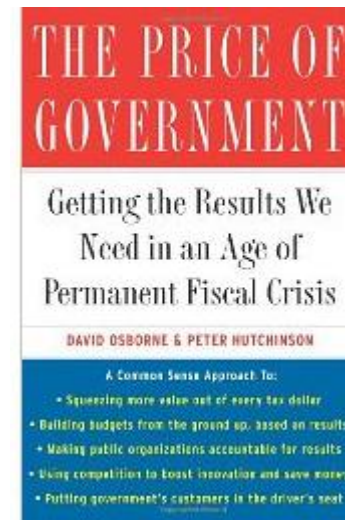




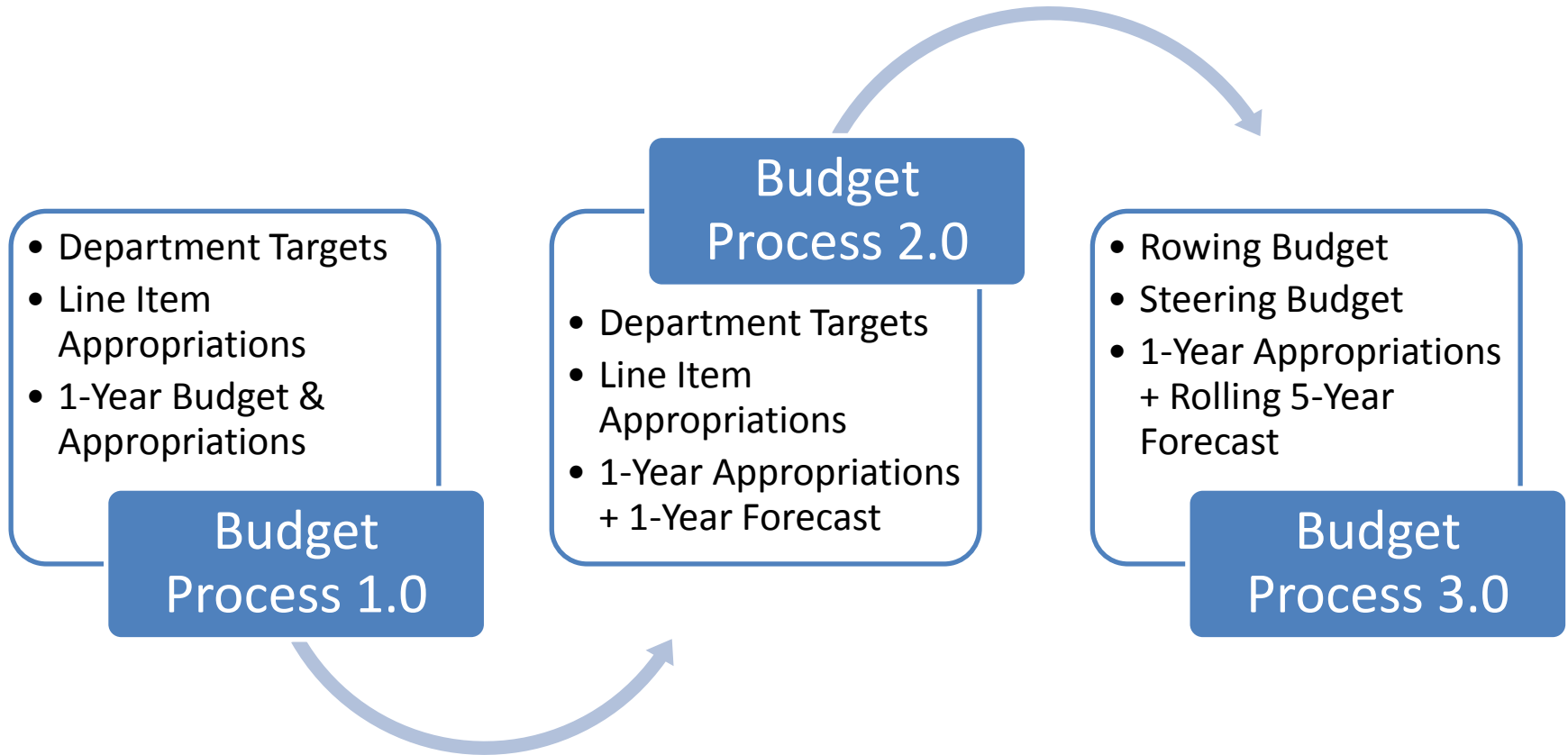
Budget Process 3.0

Introducing Price of
Government principles into the
Michigan budget development
and tracking process

February 11, 2011



Overview



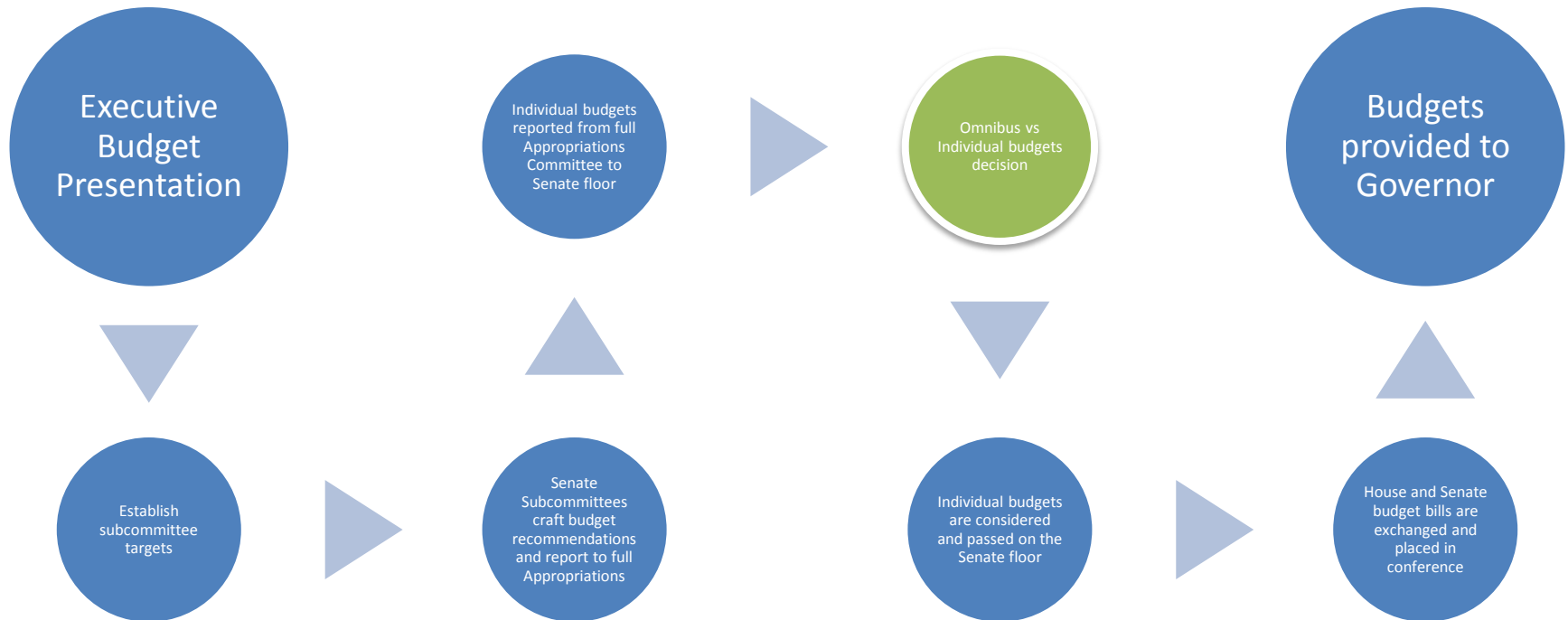
Budget Process 1.0 (Current)

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DISTRICT 7



Budget Process 2.0 (Planned)

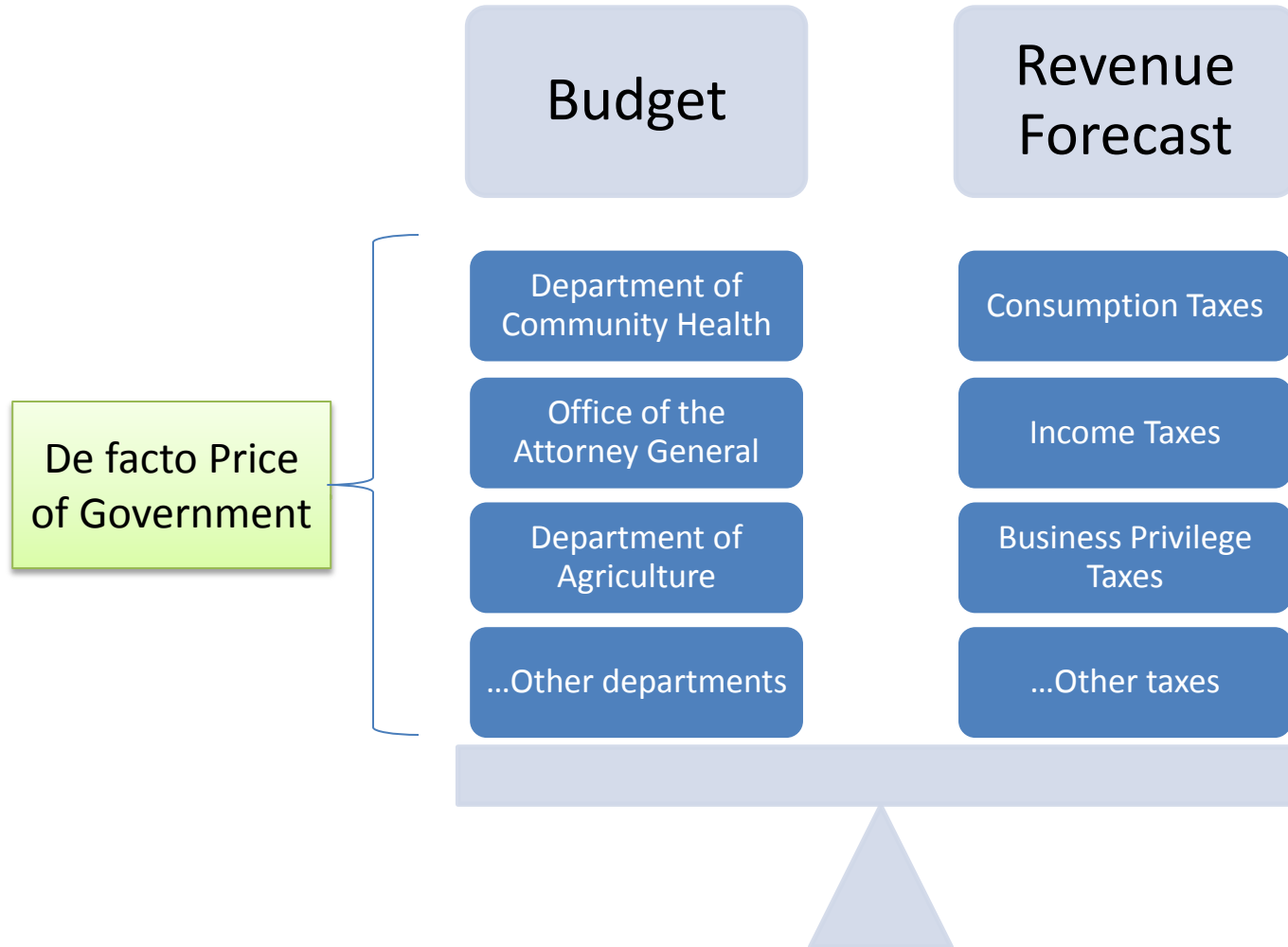
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Budget Process 2.0

Buckets

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DISTRICT 7



Key Terms



Services

“Rowing” activities

True “Price of Government”

Activities that are required to support the ongoing delivery of services within a given fiscal period.

Examples: Road patrols, crime labs, parole board, K-12 education

Projects

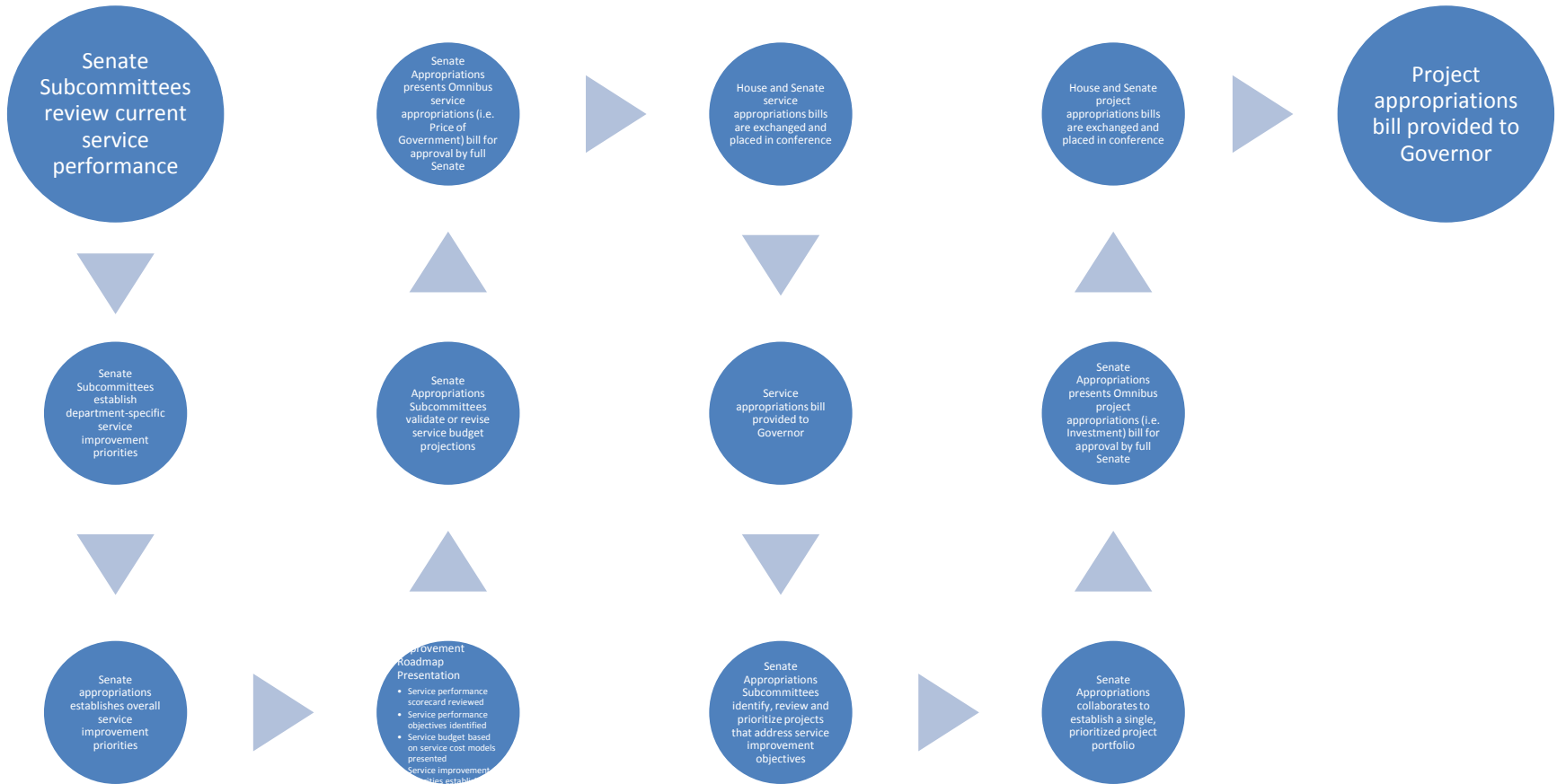
“Steering” activities

Price of “Improving” Government

Groups of activities featuring a fixed duration, budget and scope that will modify the state of ongoing operations.

Examples: SB-22 Implementation, Next Generation Accounting Systems Implementation, HIPPA Implementation

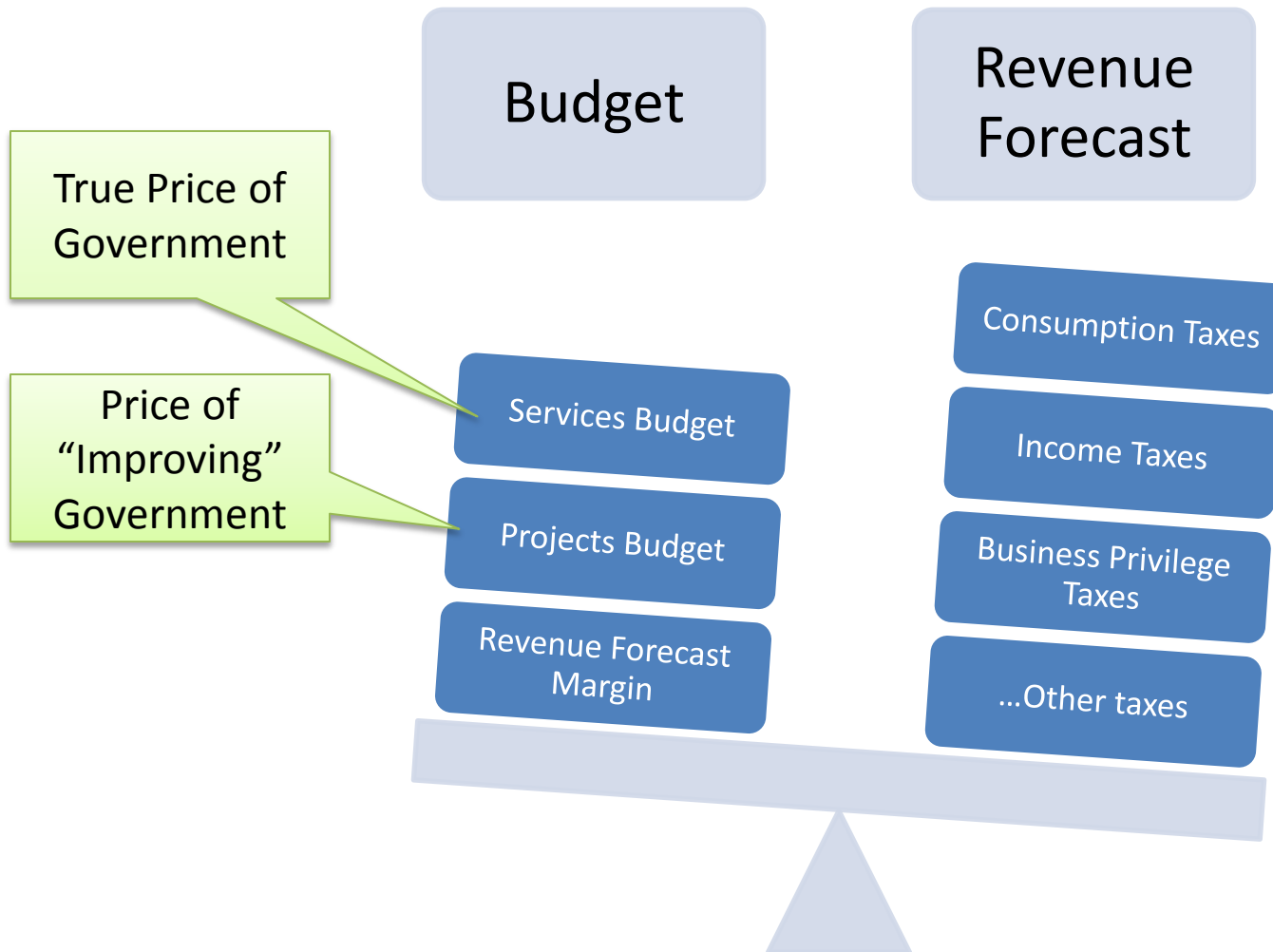
Budget Process 3.0 (Proposed)



Budget Process 3.0

Buckets

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Enablers



Price of Government Transparency

- Differentiate between project and service activities

Service Taxonomy

- List of services by department

Service Performance Metrics

- List of outcome-based measures of success
- Not a mechanism for tracking “means to an end” metrics

Service Cost Models

- Parametric models tied to metrics
- Adjusted each year as warranted
- Adjusted upon completion of service improvement project(s)

Portfolio Management Tool

- Service portfolio management
- Project portfolio management

Service-Oriented Government Structure

- Rowing organizations
- Steering organizations
- Shared services with service level agreements

Timeline

