

Strategic Planning Guidelines For Agencies and Institutions



**Performance Budgeting
for the 2000-2002 Biennium**



September 1998

Table of Contents

- Section 1 Introduction..... 2**
 - Key dates calendar..... 3
 - Overview..... 4
 - The strategic planning process..... 5
 - Strategic assessment 5
 - Goals, objectives and strategies..... 6
 - Draft strategic plan..... 7
 - Strategic briefing 7
 - Final strategic plan 7

- Section 2 Strategic planning process 8**
- Strategic assessment 9**
 - Preparing for the strategic assessment..... 9
 - Assessment steps and outcomes..... 10
 - Agency self-assessment 10
 - Update agency mandates 11
 - Constituents and stakeholders 12
 - Agency mission and activities 12
 - Analyzing your agency's strengths, weaknesses, opportunities, and threats..... 13
 - Critical issues 14
 - Performance measures..... 14
 - Goals, objectives, and strategies 16
 - Planning process diagram 17
 - Draft strategic plan..... 19
 - Strategic briefing..... 21
 - Final strategic plan 22

- Appendix A..... 23**

Section 1

Introduction

This section summarizes the strategic planning process for performance budgeting during the 2000-2002 biennium

Key dates calendar

<i>Date</i>	<i>Action</i>
September 18, 1998	Planning instructions issued to agencies
September 1998-April 1999	Agencies conduct strategic planning exercises and prepare a draft or revised strategic plan
April 1999	Draft Strategic Plan must be completed
December 1998-January 1999	Agencies are notified and strategic briefings scheduled
April 16, 1999	Draft strategic plan reviewed by Cabinet Secretaries
May 1, 1999	Agencies submit draft strategic plan
May-June 1999	Strategic briefings held with agency heads and a team from Cabinet secretary, Governor's Office, and Finance Secretariat
Fall 1999	Final strategic plan submitted with 2000-2002 biennial budget request

Overview

This document provides guidelines for the strategic planning process. Initiated in 1995, Virginia's performance budgeting process integrates strategic planning, budgeting, and performance measurement. Under this approach, the strategic planning process precedes and guides budget development. The strategic planning process for the **2000-2002 biennium** will be similar to that used in 1995 and 1997. The primary difference is in the timing and the ordering of the process components. Your agency will develop and submit a draft strategic plan to your cabinet secretary by **May 1, 1999** and your final strategic plan with your 2000-2002 biennial budget submission. Your agency has the flexibility to structure and conduct its planning efforts anytime between now and April.

Your agency is to develop a **four-year** strategic plan to cover the **2000-2002 and 2002-2004 biennia**. To assist your agency with its planning and performance activities, the Department of Planning and Budget (DPB) is providing each agency a copy of *Virginia's Handbook on Planning and Performance*. The handbook is enclosed with these guidelines. This handbook is a comprehensive description of the strategic planning and performance measurement processes and is intended to be a supporting document, ***not a requirement of the process***. Your agency is free to copy and use all or any part of the handbook in whatever manner best meets your needs.

DPB planning and performance staff are available to assist your agency with planning activities. While the number of staff limits the availability of this help, DPB Staff may consult, facilitate, answer questions, or advise your agency on any aspect of the planning or performance process. Assistance will be provided on a first-come, first-serve basis. For information or to schedule assistance, call any of the following:

- Herb Hill (804) 786-8813
- Lee Harizanoff (804) 786-5132
- Mike Shook (804) 786-8853

The Strategic Planning Process

The strategic planning process will help your agency develop its 2000-2002 biennial budget. The process for 1999 has five major parts:

1. Conduct a strategic assessment to identify the critical issues that your agency must address;
2. Develop a set of goals, objectives, and strategies to show how your agency expects to fulfill its purpose and manage its critical issues;
3. Prepare a draft four-year strategic plan that documents this information and communicates it clearly to your primary constituents;
4. Deliver a strategic briefing highlighting this information to a team from the Governor's Office, Cabinet Secretary and the Department of Planning and Budget; and
5. Finalize your four-year strategic plan after your strategic briefing and submit it with your 2000-2002 biennial budget request.

NOTE: In these instructions, FY 2001 means the fiscal year beginning July 1, 2000, and ending June 30, 2001. FY 2002 means the fiscal year beginning July 1, 2001, and ending June 30, 2002.

1. Strategic assessment

The strategic assessment allows your agency to take a detailed look at your current activities and how they relate to where the agency would prefer to be over the next few years. This includes looking at such elements as your mission and activities, constituents and their ongoing or changing needs, internal and external environments, and your agency's overall performance level. The assessment allows your agency to examine how changing needs and demands may affect what you do and the results you seek. You will look at elements such as:

- Agency mission, customers, clients, and constituents.
- Administration priorities and initiatives relating to your agency
- Continuing or new federal and state mandates resulting from laws, regulations, board policies, etc.
- Programs, services, activities, along with performance objectives, anticipated results, and costs.
- Opportunities for cost savings and operational efficiencies.
- Critical trends and issues affecting your agency, including technological changes and major public policy issues.

- Progress toward reaching your agency's performance targets.

2. Goals, objectives, and strategies

After your agency reaches an understanding about the critical issues you face, you then develop your goals, objectives, and strategies for the four-year period that covers the 2000-2002 and 2002-2004 biennia:

- **Goals.** Strategic goals describe in a broad and general way the long-term results your agency seeks in managing the critical issues you face. They form a basic navigational tool. Goals are broad, issue-oriented statements that begin to focus actions toward clearly defined purposes. They are tied to specific strategic issues, which generally relate to the fundamental issues that your agency was designed to manage. The goals reflect your agency's priorities.
- **Objectives.** Developing objectives moves your agency from broad general goal statements to specific, quantifiable or verifiable, time-based statements of what your agency expects to accomplish. Objectives outline the extent to which your agency expects to achieve its goals during the four-year planning period within current or anticipated resources.
- **Strategies.** Strategies are the specific actions your agency intends to take to achieve the results described in the objectives. More than one strategy may be needed to implement an objective. Your agency may have to evaluate the costs, benefits, and possible consequences of alternative strategies to determine the best way to accomplish each objective.

The strategies your agency selects to implement will influence the resources you request for the 2000-2002 biennial budget. When you decide which strategies to implement in the 2000-2002 biennium, your agency should determine whether a strategy will:

- have no impact on your agency's budget or position level,
- require a reallocation of resources within the agency, with no net changes in either dollars or positions,
- reflect a net savings of dollars or positions, or
- reflect a net cost in dollars or positions.

Your agency must examine how each chosen strategy will affect your budget. Your agency head should be prepared to fully discuss these effects during your strategic briefing. (Budget instructions, which will be issued in summer 1999,

will give your agency detailed directions on how to develop and package your budget proposals.)

3. Draft strategic plan

The strategic plan compiles elements from the two preceding exercises. Your plan communicates clearly and concisely to your agency's constituents where your agency is now, where you want to be in the future, how you plan to get there, and how you will measure your progress. Your draft plan should contain the following components and be designated *Confidential Governor's Working Papers*:

- Agency mission statement
- Agency description
- Agency organizational chart
- Summary of agency's strategic assessment
- Agency goals
- Agency objectives
- Agency strategies

4. Strategic briefing

The strategic briefing is your agency's opportunity to discuss your draft strategic plan, the significant issues facing your agency and their budgetary impact, and to receive policy guidance that will help you in developing your budget proposals for the 2000-2002 biennium. Since your draft strategic plan is due in mid-April, you should not have any additional documents to submit before the briefing.

Briefings will be scheduled as needed during May and June 1999. Your secretary will notify your agency about the time and place of your briefing. Meetings will be scheduled well in advance to secure a convenient time for the principal participants.

5. Final strategic plan

After your strategic briefing, or upon receiving guidance, you should make any necessary changes to your strategic plan. Your final strategic plan will include those changes, any additional resources required to implement your strategies, and all other components contained in your draft strategic plan.

Section 2

Strategic Planning Process

This section details the elements of the strategic planning process that are required for the May 1, 1999 submission of the agency's four-year strategic plan

This section provides details on each of the five elements of the strategic planning process.

1. Strategic assessment

Your agency may conduct its Strategic Assessment in whatever way best suits agency management. You should allocate sufficient time for the management team to complete the strategic assessment. The specific logistics will vary according to your agency's size and scope. This section describes the requirements of the assessment and offers some guidelines that may help you. Your agency may want to review *Virginia's Handbook on Planning and Performance* for further suggestions on how to facilitate the various components of the strategic assessment.

Typical approach. Typically an agency chooses to conduct its Strategic Assessment in a retreat setting, either on-site or off-site. Your agency head will want to review the expected steps for the strategic assessment and consider the time and logistics that will be required. Some agencies may be able to cover everything in a single one- to two-day session. Others may prefer to spread the strategic assessment over several meetings to allow time for a full discussion of each item. If your agency is large, you may want to consider having two assessment groups: (1) a large group, who would go through all the steps and develop recommendations; and (2) a small group of agency senior management, who would make the final decisions for inclusion in the agency presentation.

Your agency head should designate the management and program staff who will participate in the assessment process and should strive for the broadest possible participation by staff in examining the agency's activities. Before the planning sessions, your agency head should assign staff to identify and collect available information that will be needed to support the strategic assessment process. It is useful to distribute the information to the participants before the formal meetings.

Preparing for the Strategic Assessment. A degree of "homework" may be necessary before the actual strategic assessment begins. Your management team should decide which types of information you want to gather in advance. The following list contains some possibilities; however, your agency should consider its unique needs as the basis for its list.

Possible background information to collect:

- Mandates that govern agency operations
- Current program structure and activities list used in budget development
- Significant agency accomplishments
- Trends and statistics relating to the size of the agency's workforce and its distribution over programs/functions/activities, as well as demands for agency products or services
- Assessment of how technology supports agency operations
- Highly visible public policy issues that are important to the agency

Possible pre-assessment activities. The strategic planning process is most effective when a broad level of agency staff participate. Many agencies hold smaller group meetings before their strategic assessment. These preliminary meetings gather and explore a variety of perspectives about the agency's current situation, its overall purpose, and uncertainties it faces. Some likely topics to consider include:

- What significant accomplishments and improvements have occurred?
- How well do you think that the agency is fulfilling its mission?
- What are the agency's primary strengths and weaknesses?
- What external situations or factors present realistic opportunities for the agency? Which present a likely threat?

Assessment steps and outcomes. During the Strategic Assessment, you will examine a variety of areas that will lead you toward identifying specific concerns, desirable outcomes, and actions your agency may wish to pursue. These will provide the material you will need to prepare for drafting your agency's strategic plan.

The elements listed here provide a comprehensive menu that serve as a basis for your strategic assessment. (Note: Your agency conducted similar "issues assessments" in 1995 and 1997 and you may find it appropriate in the case of some elements to simply revisit and update the material from the earlier work. However, internal and external factors could be different now, and your agency should consider taking a fresh look at each element. Certain items are new and were not included in the assessment two years ago, so your agency should examine them carefully.)

A. Agency self-assessment

Purpose of the step. The strategic assessment leads your agency through a series of exercises to critically analyze where you are and to prepare your agency to decide where you want to go. A useful first step considers your agency's most recent performance. It

is an excellent opportunity to step back and reflect on what happened during the most recent biennium. A constructive discussion of your agency's successes as well as those things that did not go as planned will help you learn from past experience.

The value of your self-assessment increases when you include diverse viewpoints from within your agency. You may want to devise a way to ensure that your management team obtains as comprehensive a perspective as possible.

Expected Outcomes

- Compile useful lessons from past performance that will lead to future improvements
- List the most significant agency accomplishments

B. Update of agency mandates — federal and state

Purpose of the step. A mandate is a formal requirement placed on an agency. Mandates may include laws, ordinances, charters, board policies, regulations, etc. This step should clarify the nature and meaning of any agency mandates. Your agency should have a clear understanding of your mandates and their implications for your actions and resources.

Your agency compiled its significant mandates and reviewed them as part of the 1997 issues assessment you conducted before you developed the 1998-2000 budget proposal. You may wish to begin with your 1997 list and focus particular attention on any additions or changes.

Expected Outcomes

- Update your 1997 listing of major mandates (such as federal and state laws, regulations, and board policies) that affect the agency and when each went into effect.
- For each mandate, examine the cost to the state in fulfilling it and the benefits that the citizens receive from it.
- Critically analyze the necessity of each mandate in light of current demands and identify those that need to be modified or eliminated.

C. Constituents and stakeholders

Purpose of the step. Stakeholders are "any person, group, or organization that can place a claim on the agency's attention, resources or services or is affected by what the agency does or the service it provides." Your agency must identify its primary stakeholders and understand what each expects from you. In addition, your agency should look at the relative importance of each stakeholder to your agency since this directly affects your operations.

You should also examine your agency's performance from the perspective of your primary stakeholders. This analysis enables you to see how well you are meeting their needs and at the same time spot any areas for improvement.

Expected outcomes

- Identify your agency's primary constituents, clients, and stakeholders.
- Put the groups in priority order and discuss how the priority affects agency functions and operations.
- Determine the expectations that each group places on your agency.
- Evaluate how well your agency is meeting those needs and how you monitor your performance in meeting various groups' expectations.
- Look at how the needs of these groups have changed or are changing, and how the agency plans to address changing needs over the four-year planning horizon.

D. Agency mission and activities

Purpose of step. Your management team can use the information that it has gathered up to this point and review your agency's mission statement. A mission statement is action-oriented and describes your agency's reason for existence. You will want to check your current mission and validate its current usefulness. You also will see if you have any changes to your agency's current list of activities.

Expected outcomes

- Discuss your agency's current purpose, the public need it exists to fulfill, and the role it serves in state government.
- Determine how your mission statement may need to be modified.
- Examine the list of prioritized activities created for submission with your most recent biennial budget submission (fall 1997).
- Determine whether any activities should be added or deleted to ensure the list accurately reflects the work of the agency.
- Reassess the priority ranking for each activity and determine any changes that need to be made for the 2000-2002 biennium.
- (If appropriate) break an activity into its components, listing no more than 10 components per activity.
- Identify future opportunities to achieve savings or operational efficiencies in agency activities.

E. Agency's strengths, weaknesses, opportunities, and threats ("SWOT" analysis)

Purpose of the step. The SWOT analysis is a defining tool for strategic planning. The acronym is SWOT because the agency looks at its internal **S**trengths and **W**eaknesses along with its external **O**pportunities and **T**hreats. The SWOT analysis is structured to be a learning process that encourages a "systems" view of the agency and the factors that affect it. The results of this exercise help formulate your agency's most critical issues and help set your strategic direction.

Expected outcomes

- Look at the internal operations of your agency and list its strengths and weaknesses.
- Identify issues and trends external to your agency that have a potential to affect it, and list issues that present opportunities for your agency and issues that may be threats or obstacles to the successful fulfillment of your agency mission over the four-year planning horizon.

- Consider ways to improve internal weaknesses and to overcome threats and maximize opportunities.

F. Critical issues

Purpose of the step. After your agency completes its SWOTs analysis, you should be able to formulate a set of critical issues that your agency faces in the four-year planning horizon. Your team is likely to have many potential issues. Combine them into broad issues and then you will have to decide their order of importance to your agency. Your strategic plan should focus on the priority issues and describe how you plan to effectively manage them.

Expected outcomes

- Identify critical issues your agency faces (both internal and external), based on the analysis of strengths, weaknesses, opportunities, and threats. These are the most important strategic issues that the agency must address over the four-year planning horizon to best fulfill its mission.
- Place the issues in priority order.
- Consider, broadly, how your agency will manage each of the issues.
- Consider in particular how you could restructure or reallocate resources to handle the issue within existing resources.

G. Performance measures

Purpose of the step. The agency developed a set of performance measures, targets and baselines which were included in the 1997 budget document. As part of your strategic assessment, your management team should examine your agency's progress in meeting the performance targets. You should consider and document any issues or problems with the performance measures.

Expected outcomes

- Discuss progress toward meeting established performance targets.
- Discuss any necessary changes in performance measures, baselines, or targets.

- Identify when baselines and targets will be established for any measures not having either.
- Review any lessons learned in trying to achieve a performance target.
- Describe how your agency uses performance information.
- Discuss problems in data gathering, and ascertain whether data for the baseline, target, and any submitted updates have been gathered in a consistent manner.
- Reaffirm who in your agency gathers data for each measure.
- Describe how the agency plans to or has shared performance progress with agency employees and customers.
- Identify any outcome measures your agency currently employs for internal management purposes or to meet Federal reporting requirements but which are not currently reported to DPB as a part of the Performance Budgeting process.

When your agency completes the strategic assessment, you may want to summarize your outcomes for the various steps. You should find the summaries extremely useful for developing your goals, objectives, and strategies and preparing for your strategic briefing.

2. Goals, objectives, & strategies

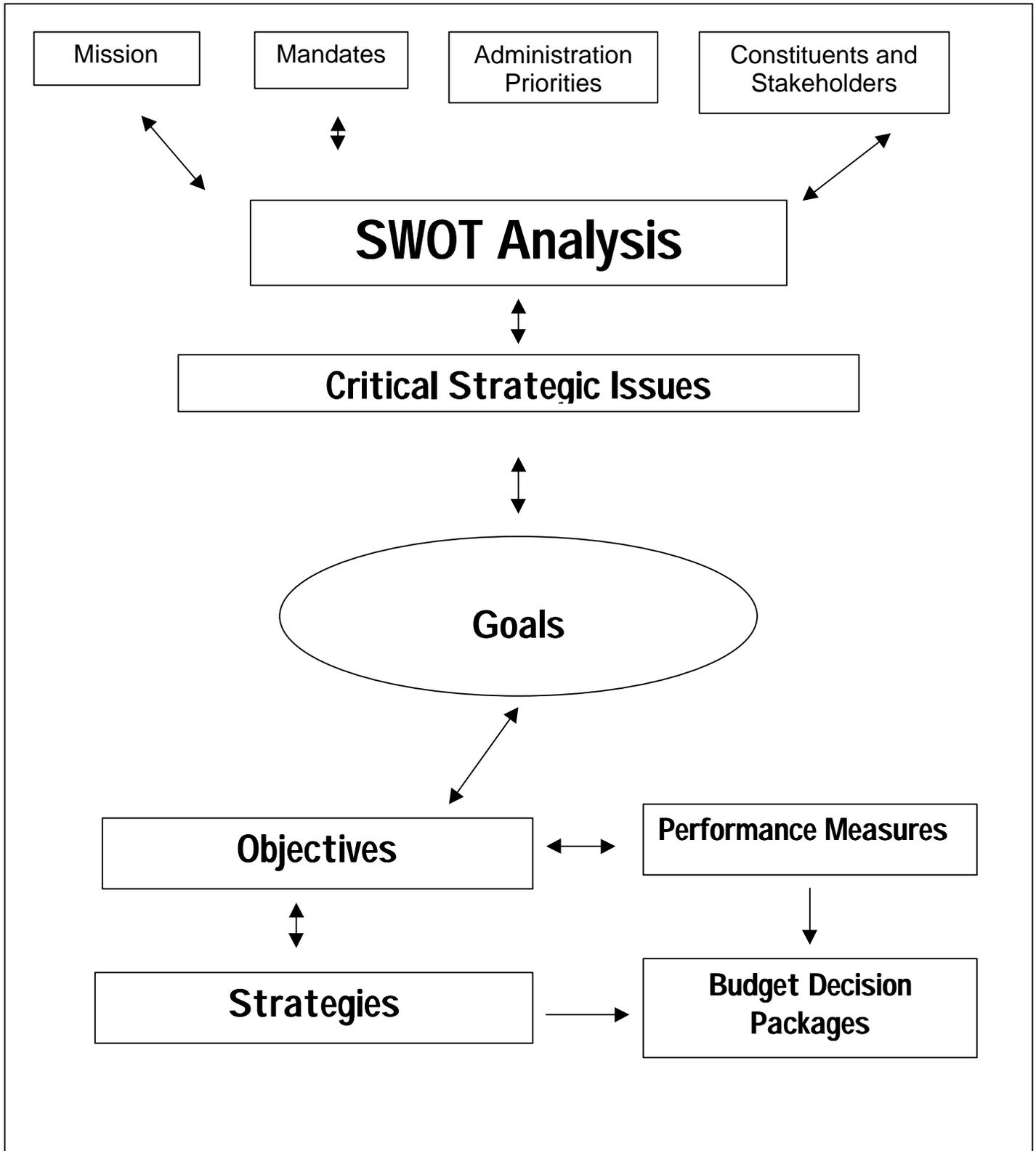
For the next step, your agency uses the information from the strategic assessment to develop the goals, objectives, and strategies for your four-year strategic plan. (See figure on the next page to see the flow.)

Goals, objectives, and strategies: Goals describe the long-term results your agency seeks in managing your critical issues. They are broad, issue-oriented statements that begin to focus your agency's actions toward desired purposes. They are tied to specific strategic issues, generally relating to the fundamental issues that your agency was designed to manage. For each goal, you develop objectives to pinpoint the results your agency wants to achieve within a stated time frame. In contrast to goals, objectives are specific, time-bound, quantifiable or verifiable statements of accomplishment or outcome. Once your agency establishes objectives, strategies can be derived. Strategies show how your agency will accomplish an objective. They are action-oriented rather than procedural in nature. The strategies that your agency adopts are key in determining the amount and type of resources you may request for the 2000-2002 biennium.

Linking goals, objectives, and strategies provides your agency with a tool to manage your resources. Through the strategic planning process, your agency also identifies the priorities that help guide the allocation of your resources.

The remainder of this section describes in more detail the remaining components of the strategic planning process. Your agency may go about developing your goals, objectives and strategies using whatever methods you find most effective as long as you produce the expected outcomes shown here.

Planning process



A. Establishing goals

Goals are tools that help chart your agency's direction, by addressing the critical issues you have identified. They are broad, issue-oriented statements that begin to focus your agency's actions toward desired purposes. They are tied to specific strategic issues, generally relating to the fundamental issues that your agency was designed to manage. They reflect your agency's priorities

Expected outcome

- A list of your agency's goals in priority order.

B. Developing objectives

Each objective should relate to a particular goal. Your objectives should refine your agency's direction by answering the question, "Where do we want to be?" Your objectives should focus on results that, when achieved, move your agency toward its stated goals and address its critical issues.

Expected outcome:

- A list of objectives that state the specific outcomes your agency expects to accomplish within a stated time frame. Each agency goal must have at least one objective; many goals will have multiple objectives to reflect the various targets that must be met to fully accomplish the goal. Time frames may vary, but the objectives should span the entire four-year planning horizon.

C. Developing strategies

In addition to knowing where your agency wants to be, you must also decide what actions will get you there. A strategy defines the particular actions that your agency will undertake to achieve your established objectives and goals. Strategies link your objectives to your agency's day-to-day operations. To achieve an objective, you may need multiple strategies. As your agency evaluates alternative strategies, you must examine the costs, merits, risks, and anticipated consequences that each strategy brings.

After your agency selects a strategy, your last task is to estimate the resources you need to implement the strategy during each fiscal year of the biennium. You will not

include these resource estimates in your draft strategic plan; however, this information should be developed and discussed in your strategic briefing. This information will be necessary when your agency develops its budget package in 1999. You will include resource information needs in your **final** strategic plan.

Expected outcome:

- A list of strategies that your agency expects to implement during the 2000-2002 biennium. Each objective should have at least one strategy, but may have more. Each strategy should be examined to determine what resources will be needed to implement it. Your agency will decide whether your strategies:
 1. have no impact on budget or positions,
 2. require reallocation of resources (either dollars or positions) with no net change,
 3. reflect a net savings of dollars or positions, or
 4. reflect a net cost in dollars or positions.

3. Draft strategic plan

Finally, your agency prepares a draft plan that you are to submit on or before **May 1, 1999**. Your draft strategic plan is simply a document that summarizes what you did in the previous two steps. It communicates clearly and concisely to your constituents why your agency exists, what it is trying to accomplish, and how it will go about doing this. The plan should be structured so that it can play an important role in guiding agency operations.

Your plan must contain the following elements:

- **Agency mission statement**—the reason your agency exists.
- **Agency description**—a summary of your agency's major duties, responsibilities, and constituents. This information should give readers concise background information about your agency. Your agency also must include a list and brief description of your budget activities listed in priority order.
- **Agency organizational chart**—the current organization chart which shows the division and subdivisions with your agency and lines of authority. For large agencies, a summary chart is fine.

- **Summary of agency's strategic assessment**—an evaluation of the key factors which influence your agency's success in achieving its mission and goals. It may begin with a summary of your recent major accomplishments and progress to summarize key external opportunities and threats as well as the strategic issues your agency encountered during its assessment. (While the agency will discuss internal strengths and weaknesses, summarizing them in the plan is not expected.) You should also include any basic planning assumptions you used during your deliberations. You may choose to include tables, charts, or graphs that illustrate the information that supports your internal/external assessment.
- **Agency goals**—the desired end results. These should reflect specific strategic issues, generally relating to the fundamental issues that the agency was designed to manage. They should be presented in priority order.
- **Agency objectives**—clear targets for specific action to fulfill your agency's strategic goals. You may have multiple objectives under a goal; however, each goal should have at minimum one objective.
- **Agency strategies**—actions your agency plans to take during the biennium to accomplish your objectives.

Packaging the draft strategic plan submission

Your draft strategic plan submission (due on May 1, 1999) should contain the following elements, packaged in the sequence listed below:

- Cover letter
- Draft strategic plan (marked *Confidential Governor's Working Papers*)

Number of copies

Submit the original and five (5) copies [six (6) copies for institutions of higher education] to your Cabinet Secretary by **COB May 1, 1999**.

4. Strategic briefing

If necessary, you will be notified about the time and place of your strategic briefing later this year. The actual meeting will take place during May or June 1999. The meetings will be similar to the "issues assessment" meetings held in 1995 and 1997.

Briefing purpose: To discuss the current state of your agency and its draft strategic plan, to reach consensus on critical issues you will address during budget development, and to receive guidance and feedback from policy makers before you develop your budget proposals for the 2000-2002 biennium.

Participants: Agency head and a key staff member with a team which may consist of staff from the Governor's Office, the Secretary's Office, and the Finance Secretariat. (The agency head should deliver the briefing.)

Confidentiality: All materials developed as part of or in preparation for the strategic briefing and in the meeting are considered "*Confidential Governor's Working Papers.*"

Briefing guidelines. Primarily, the meeting provides an opportunity to discuss your agency's strategic plan and critical issues and for you to receive feedback and policy guidance before you develop your budget proposals. You should keep your presentation brief, to the point, and limited to a specific time (depending on the length of time the Secretary sets aside for the meeting). You will want to structure your briefing so that there is adequate time for questions and a full discussion of issues.

You should develop a briefing package that outlines what you will discuss and bring enough copies for all participants. No specific format is required. All team members will already have your draft strategic plan before the meeting, however you will want to bring a copy with you for your reference.

Model agenda. At the meeting, be prepared to briefly highlight the following items:

- Agency constituents and structure; agency accomplishments in carrying out the Governor's and Secretary's goals.

- Critical issues for the agency, how they relate to most important identified weaknesses, opportunities, and threats, and how they fit into the draft strategic plan.
- Resources needed to carry out the strategies identified in the draft strategic plan.
- Critical needs included in the capital outlay proposals.
- Future opportunities to achieve cost savings and operational efficiencies.
- Progress toward achieving your agency's performance measures targets.

Before the meeting, your Cabinet Secretary or DPB budget staff may contact you to finalize the agenda for the meeting and to ask you to address other specific items.

5. Final strategic plan

After your strategic briefing, you will make any necessary changes to your draft strategic plan based on the guidance you received at that meeting. You will prepare a final version of your strategic plan that you will submit with your 2000-2002 biennial budget proposal. Your final strategic plan will contain all the elements in your draft strategic plan **as well as resources required to carry out each strategy as outlined below.**

- **Resource assumptions**—assumptions about resources required to carry out the strategic plan. Your agency should indicate whether it can accomplish the goals, objectives and strategies within their existing budget, with reduced resources, or if additional resources will be requested. If additional resources are needed, your agency should describe what specific results the state can expect for the increased resources.

Packaging the final strategic plan submission

Your final strategic plan will be submitted with your 2000-2002 biennial budget request. The budget development instructions (DPB will issue in 1999) will tell you how to package your final strategic plan.

APPENDIX A

Example of goals, objectives, and strategies

Appendix A

Example of goals, objectives, and strategies

The following hypothetical example developed for a Strategic Planning and Budget Office may be helpful.

Critical Issue: The agency needs to better plan and manage the budget process to effectively support resource allocation decisions.

Goal: Plan and implement the performance budgeting process to effectively support resource allocation decisions.	
Objective	Strategy
Establish a process for agencies to critically examine what they do and why they do it prior to the formal submission of budget requests during the summer of 1997.	The budget sections will distribute the activity listings submitted in the last budget process to the agencies with instructions for agencies to update their list of activities and rank them in priority order. *Cost: No additional personnel. Responsible area: Budget sections
	Each agency will be required to report to the Secretaries and DPB about the accomplishments of each of the activities and how they measure success or failure (Summer 1997). *Cost: No additional personnel. Responsible area: Agencies
	During June 1997, the Evaluation and BOS sections will develop and distribute instructions which will direct agencies to identify the major tasks associated with each of their activities and to assess which tasks are viable for privatization, elimination, or transferring to another state agency. *Cost: Work hours by agencies' staff, no additional personnel. Responsible area: Evaluation and Budget Operations Sections

<p>Goal: Plan and implement the performance budgeting process to effectively support resource allocation decisions.</p>	
Objective	Strategy
<i>(continued from previous page)</i>	<p>Agencies will provide budget decision alternatives on tasks identified in Strategy 3.1.3 to DPB in November 1997. *Cost: Work hours by agencies' staff, no additional personnel. Responsible area: Agencies and budget sections</p>
<p>Produce a comprehensive management information system to support performance budgeting by July 1, 2003.</p>	<p>DPB completes an assessment of the information needs of key users by February 1999. *Cost: Work hours by staff. Responsible area: Team of information users and professionals.</p>
	<p>Develop alternative specifications for the management information system, evaluate the merits of the alternatives, and select one by July 31, 1999. *Cost: \$25,000 Responsible area: Team of DPB Information staff and information technology consultants.</p>
	<p>Construct and test the first phase of the management information system by December 31, 2000. *Cost: \$100,000 Responsible area: DPB information staff and private vendor.</p>
	<p>Pilot test, debug first phase of the management information system, and put into full production by May 31, 2001. Responsible area: DPB information staff and private vendor.</p>
	<p>Construct and test the second phase of the management information system by November 15, 2001. *Cost: \$75,000 Responsible area: DPB information staff and private vendor.</p>
	<p>Pilot test, debug the second phase, and put into full production by June 1, 2002. *Cost: Staff hours Responsible area: DPB information staff and private vendor.</p>

* Note: Resource assumptions for strategies are not to be included in draft strategic plans, but must be discussed in the strategic briefing and included in the final strategic plan you submit.