

*TheCapitol.Net's Executive Conference:*  
**Understanding Performance-Based Budgeting**

***Presented for (federal agency)***

*(Agenda from a custom program designed for a federal agency in 2002. To have a program tailored for your organization, contact us.)*  
Washington, DC

*Instructors: two federal budget experts*

**8:30 Welcome and Introduction** *TheCapitol.Net*

**8:35 I. What You Need to Know to Get Started**

This session will walk you through the basic building blocks of an effective performance-based budgeting (PBB) system, and introduce you to the various types of performance and cost measures and how they are linked to PBB. It will tell you what you should know about past efforts to implement PBB, and why they generally failed, as well as about contemporary performance based reforms, including GPRA and Bush Administration initiatives. You will come away from this session with an appreciation that PBB comes in various forms and there are different ways to successfully introduce it.

**II. Managing for Performance**

PBB succeeds only when it is built into an overall managerial strategy for performance. We will update you on the latest developments and practices in performance management and show how PBB connects with strategic and performance plans, and with other contemporary CFO and GPRA-based initiatives. The session will provide practical indicators as to whether your organization is ready for PBB and the steps necessary for successful implementation. These indicators pertain to basic financial management practices, such as accounting systems and internal controls. *Exercise: Obstacles and Opportunities for Performance-Based Budgeting*

**10:30 Break**

**III. Measuring Results**

Through actual government applications, methods for measuring outputs and outcomes will be simplified. You will be shown how the balanced scorecard approach can be integrated into PBB and how qualitative measures of results can be used to define your agency's objectives, manage operations, and allocate resources. The session will address one of the most difficult aspects of PBB: how to link outcomes to budgets. It will also look at the impact of this new budget/outcome connection on how the Congress and OMB will be making budget decisions. *Exercise: Defining Outputs and Outcomes for Government Programs*

**12:15 Lunch**

**1:15 IV. Measuring Costs**

You will be familiarized with activity based-costing (ABC) and other cost allocation systems and, through practical examples, will be shown how to apply costs measures in budgeting. You will be able to distinguish between the cash and accrual basis, as well as between fixed and variable costs and average and marginal costs. The session will demonstrate how cost measurement links performance and resources.

*Exercise: Turn the Curve*

**V. The Many Roads to PBB**

There is no single approach to PBB. You will see how state and local governments have applied this concept and will be able to assess the applicability of the various methods to your own government or organization. *(A break will be taken at a convenient time during this session)*

*Exercise: Obstacles and Opportunities for Performance-Based Budgeting Revisited*

**VI. How to Make Performance-Based Budgeting Work for You**

What are the critical success factors in determining whether PBB penetrates the routines and procedures of budgeting? How little should your government settle for by way of performance budgeting and how much should it reach for? Why do some governments succeed and others fail? How can you improve the odds that PBB will make it? Should PBB deal only with budget preparation in the executive branch, or should it also change how the legislature handles the budget? These questions will point you in the direction of being able to immediately move ahead with implementing a performance-based budget.

**4:00 Program Concludes**

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