You Want to Do What?

Using Performance Measures to Budget;
Using the Budget to Measure Performance

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Survey and Certification Program
Goals:

1. Explain why and how a program would change from traditional to zero-based budgeting and performance management

2. Provide real-world experience in overcoming obstacles
Background

CMS Agreement

Data Management

Acute Care Facility Surveys

Nursing Home Surveys

Enforcement

Complaint Investigations
The Change

Traditional
• Adjust previous year’s budget to reflect
  – Additional or fewer tasks or number of facilities
  – Previous year’s overall performance (under or over budget)
  – Back into overall budget dollars by decreasing labor across the board

Zero-Based
• Build budget from zero
  – Number of surveys multiplied by the national average surveyor hours per type of survey
  – Add a factor to cover supervision and administration (20 percent of surveyor time)
  – Back into overall budget by proposing to reduce specific tasks at start of budget year
<table>
<thead>
<tr>
<th>Traditional</th>
<th>Zero-based</th>
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<tbody>
<tr>
<td>• Evaluate overall budgeted workload against actual workload completion</td>
<td>• Evaluate each budgeted task’s workload against actual workload performance for quality as well as completion</td>
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<tr>
<td>• Explain variance at end of year</td>
<td>• Explain variance each quarter and at end of year</td>
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Traditional Budget & Evaluation

Pros
• Fast and easy; requires little preparation
• No learning curve for staff new to budgeting
• Raises few questions because, “It’s always been done like this.”

Cons
• New budget staff learn nothing about programs
• Provides no feedback to program staff
• Provides nothing to explain variance from budget
• Perpetuates silos
Zero-based Budget & Evaluation

Pros

- Learn about program operations
- Develop measures on which to evaluate performance
- Pinpoint variances from budget; ask task managers for justification
- Documents trends

Cons

- Requires time-consuming research prior to developing budget
- Requires infrastructure: timesheet codes that reflect countable tasks
- Risk of sabotage by unwilling managers
- Providing additional information risks questions about program operations
Addressing Challenges

CHALLENGE:
• Garnering support from existing authorities
  - “If it ain’t broken, don’t fix it”
  - Personal ownership of traditional budget

STRATEGY:
• Incremental changes each year
  - Inability to pinpoint variances from budget is the “broken” part of the budget process
  - May need to wait until resistant staff retire or delegate
### Addressing Challenges, cont’d

**CHALLENGE:**
- Learning curve to explain variances from budget
  - Lots to explain after the first year
  - Restrain knee-jerk blaming

**STRATEGY:**
- Offer explanations or brainstorm with program or task managers
  - Identify limitations of budget
  - Program managers and budgeters educate each other
  - Identify and define missing tasks
Addressing Challenges, cont’d

CHALLENGE:
• Institutionalizing the evaluation

STRATEGY:
• Use external deadline as the reason and timing for the evaluation
Gather data: separate tasks; assign a timesheet code to each and get benchmarks

Compare zero-based budget to previous year’s performance

Engage managers to explain difference between zero-based and previous year’s budgets; reality check the benchmarks

Plan

Do

Act

Study
Transition Model

- Gather data: separate tasks; assign a timesheet code to each and get benchmarks
- Compare zero-based budget to previous year’s performance
- Engage managers to explain difference between zero-based and previous year’s budget; reality check the benchmarks

Plan

- Propose the budget with clearly explained tables of assumptions and limitations
- Design spreadsheet tools to periodically evaluate the budget against actual performance

Do

Act

Study
Transition Model

- Gather data: separate tasks; assign a timesheet code to each and get benchmarks
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- Propose the budget with clearly explained tables of assumptions and limitations
- Design spreadsheet tools to periodically evaluate the budget against actual performance

- Compare budget against actual performance periodically; use tables and text
- Consult managers for explanations for cumulative performance v. budget and to project performance for entire year
**Transition Model**

- **Plan**
  - Gather data: separate tasks; assign a timesheet code to each and get benchmarks
  - Compare zero-based budget to previous year's performance
  - Engage managers to explain difference between zero-based and previous year's budget; reality check the benchmarks

- **Do**
  - Propose the budget with clearly explained tables of assumptions and limitations
  - Design spreadsheet tools to periodically evaluate the budget against actual performance

- **Act**
  - Supervisor requires accountability
  - Managers redesign processes, train or temporarily transfer staff to reduce backlog
  - Budgeters add overlooked duties of staff or identify unused budget for new purposes

- **Study**
  - Compare budget against actual performance periodically; use tables and text
  - Consult managers for explanations for cumulative performance v. budget and to project performance for entire year
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