



# Priorities of Government Budgeting

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# What is POG?

In 2002, former Governor Gary Locke initiated an effort to rationalize Washington's budget structure when he established his Priorities of Government process.

The process requires each agency to rank program activities in order of their importance to the public.

# 3 POG strategies

The Priorities of Government process focuses on three strategies.

1. View state government as a single enterprise.
2. Achieve results, at less cost, through creative budget solutions.
3. Reprioritize spending, eliminating programs or consolidating similar activities in different agencies.

# According to OFM

“This zero-based budget approach starts with several basic questions:

- What are the results citizens expect from government?
- What strategies are most effective in achieving those results?
- How should we prioritize spending to buy the activities that are most critical to implementing these strategies?
- How will we measure progress?”

# Program Buy List

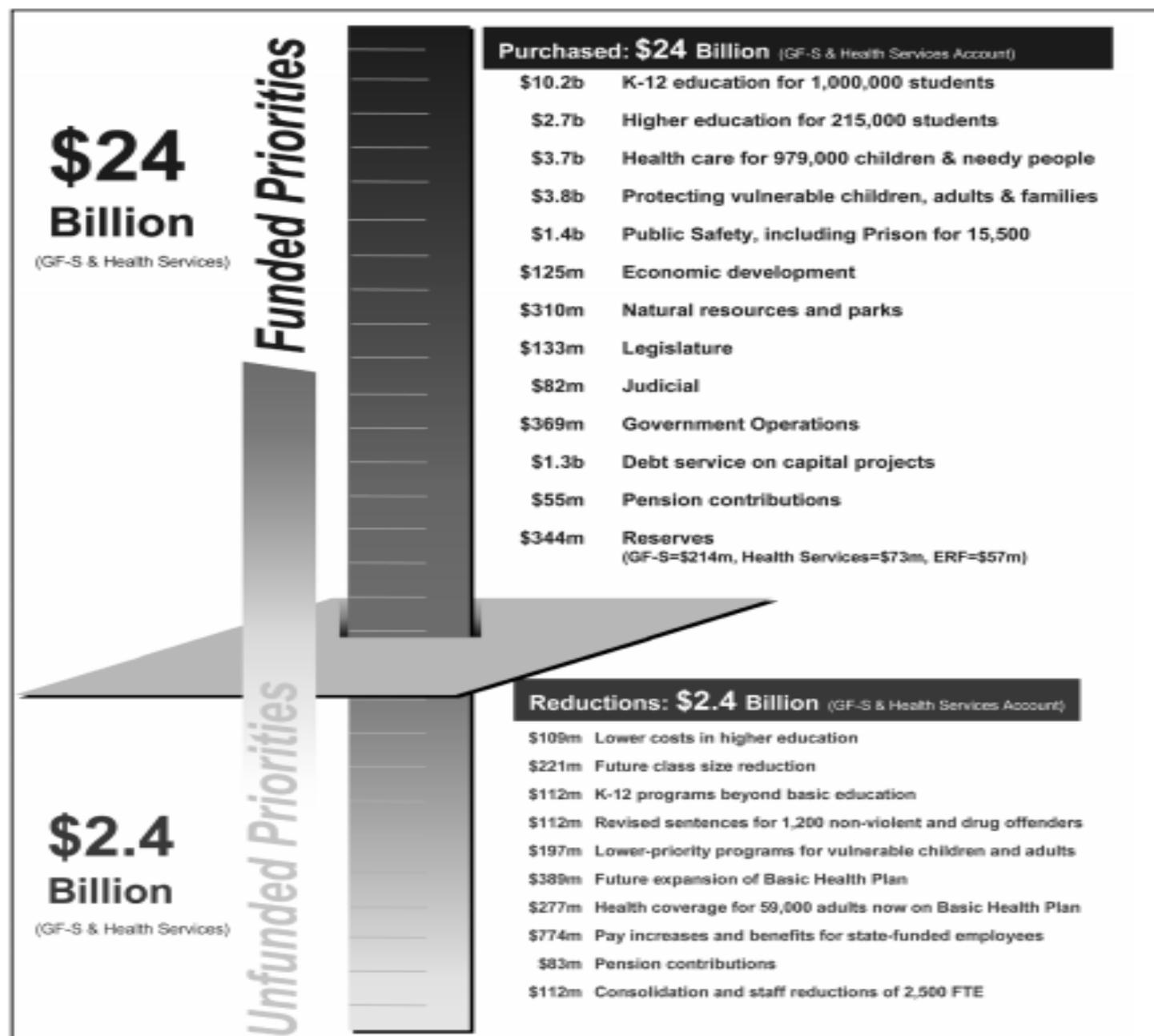
This process creates a "buy" list for budget writers to determine what activities to purchase.

This means everything a budget writer decides to purchase is, by definition, a higher priority than those activities not purchased.

# Program Rankings

High, Medium, Low with no more than 1/3 of costs in each category (no Washington monument plays)

**Figure 7: Example of Washington's Priorities of Government Framework**



# Tax Increases For Low Priorities

Thus any proposed tax increases will be directed at purchasing activities that are at the bottom of the state's buy list, not the top.

This means under a POG budget any tax increases will be for those low priorities that didn't make the cut.

# GAO POG Summary

“One Washington legislator said that POG provided decision makers with proposed priorities in a clear and easily understood format that encouraged constructive debate.

POG allowed the governor to reframe the budget discussion by highlighting priorities and what would be funded in the governor's budget proposal rather than just showing what would be cut.”

# POG Next Steps

Despite GAO's praise for Washington's POG reform, the report noted the state's budget process fails to align the budget planning process with the actual budget writing process.

This criticism of Washington's budget process has also been voiced by the state's Joint Legislative Audit and Review Committee (JLARC).

# JLARC Recommendation

1. Set statewide priorities and targets by publishing an annual "state-of-the-state" report.
2. Focus on outcomes by routinely requesting and using "performance information in policy and budget decisions."
3. Take a more active and direct role in agency activities and decisions.
4. Base legislative committee decisions on performance outcomes by structuring committees around the state's governing priorities.

# Texas Budget Example

GAO: “Although several of the states we examined have undertaken efforts to better align their budgets and planning structures, only Texas has fully implemented this effort.

In Texas, funds are appropriated by agency goals and strategies, which are defined in the agency's strategic plan. Strategies set forth actions to be taken by an agency to achieve its goals. There may be multiple strategies under one goal. Funding is provided at the strategy level.”

# Gregoire's POG 2.0

- Is the activity a core function of government or commercial in nature?
- If it is a core function, can the service be provided more efficiently and effectively through competitive contracting?
- Does it provide a broad public benefit or only serve a special interest?

# POG 2.0

- Does it duplicate the activities of non-profits or other private initiatives?
- Does it duplicate the efforts of other state agencies or programs?
- Does the activity demonstrate quantifiable performance?

# End Goal – Prioritized Performance Budgeting

The natural next step in the Priorities of Government budgeting process is to identify measurable performance outcomes for those programs funded in the budget.

By having detailed performance information, better prioritization can occur by funding those strategies that deliver the best results.

# End Goal – Prioritized Performance Budgeting

To help build a baseline for future spending decisions, the budget adopted should identify at least one high-level performance outcome per activity purchased.

This will allow the budget to be transformed from a spending document to a performance-based purchase agreement between government and taxpayers.

# Resources

- [Governor Locke's Priorities of Government News Conference](#) (2002)
- [Governing for Results in Washington](#) (JLARC 2004)
- [Performance Budgeting](#) (GAO 2005)
- [Changing the Budget Status Quo](#) (WPC 2008)
- [Gov. Gregoire announces plan to transform Washington's budget](#) (2010)
- [Priorities of Government \(POG\) Overview](#) (OFM 2012)



## Questions?

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