

# PURCHASING RESULTS

Governor Vilsack &  
Lt. Governor Pederson

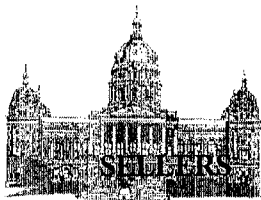
Result Areas & Indicators

Buying Teams

RFRs

Offers

Purchasing Priorities &  
Impact Narratives



State Agencies

“Purchasing Results” is a new and better way to budget. Traditional budgeting fails state government and fails Iowans. Traditional government budgeting starts with last year’s numbers and then adjusts some up and some down.

- All the energy is invested at the margin; the vast majority of spending is never reviewed.
- Inertia maintains current spending. Good, new ideas rarely break through and mediocre programs rarely go away, even in bad budget times.
- The focus is on the money, not the value Iowans get for the money.

Purchasing Results turns the old way upside down. It starts from scratch and uses an entirely different dynamic to invest each dollar to achieve the best results for Iowans.

Think of the Governor and Lt. Governor – with the Legislature – as purchasers of government services on Iowans’ behalf. Think of state agencies as sellers of these services. Purchasing Results sets up a marketplace where buyers try to get the best deal they can from sellers. Conversely, sellers have a strong incentive to offer high value because value drives buyers’ decisions. The better the results per dollar, the better the chance an Offer will be funded.

The mechanics of Purchasing Results work like this:

## 1. Results Areas and Indicators

Governor Vilsack and Lt. Governor Pederson start the process by listening to Iowans. That input forms the basis for **Results Areas and Indicators**, which identify the overall results Iowans want, with indicators that tell us how well we are doing. The five main Result Areas are:

- **Improve Student Achievement**
- **Transform the Economy**
- **Improve the Health of Iowans**
- **Improve Community Safety, Particularly for Vulnerable Iowans**
- **Improve the Quality of Our Natural Resources**

Two more complete the picture:

- **Improve Government Accountability**, which includes the services needed to support all activities, for example: human resources, information technologies, and revenue.
- **Improve the State's Infrastructure**, which provides buildings, highways, technology systems, and more.

An example of an Indicator, in this case for Improve Student Achievement, is the percentage of 4<sup>th</sup> grade students achieving "proficient" or higher in reading.

## 2. Buying Teams and Requests for Results

The Governor and Lt. Governor then ask Buying Teams to help them purchase results in each of the Result Areas. Each Buying Team, which consists of staff from the Office of the Governor and Lt. Governor and the Department of Management, issues a **Request for Results (RFR)** to the sellers.

Each RFR, which is very much like a Request for Proposals (RFP), guides sellers. *"This is what we want to buy. These are the priorities. Here are the strategies we think work best."* Each RFR consists of the Indicators, a Strategy Map, and Purchasing Strategies for that Result Area.

## 3. Offers

With the RFRs as their guide, state agencies prepare **Offers** for the Buying Teams. Each Offer is just that, an offer to provide quantified results for a given price. The Buying Teams encourage agencies to be creative, collaborate with others, and submit any offer they want, to any Buying Team, as long as it responds to an RFR. Existing activities are not exempted. Agencies know that if they want to do something in fiscal year 2006, it has to be in an Offer. Each Offer consists of a Description, Justification, Performance Measures, and Price with Revenue Source.

## 4. Purchasing Priorities

The Buying Teams evaluate the Offers, negotiate with sellers for better deals, and rank the final offers in priority order as recommendations to the Governor and Lt. Governor. Each Buying

Team has an allocation of the total expected revenues and can see how much of their prioritized list that allocation allows them to purchase.

These lists, **Purchasing Priorities**, show the Offers in priority order from top to bottom, with a line drawn to show where the money runs out.

The Purchasing Priorities make the hard choices clear. Higher priority Offers rise above the line and are recommended for funding. Lower priority Offers slip below the line and cannot be funded with the money available. For each Purchasing Priorities list, a one-page “**Impact Narrative**” describes what happens for Iowans when the priorities are funded.

## **Next**

Purchasing Results provides a better framework for budget choices. Decision makers can engage sellers in discussions about Offers. They can reorder the priorities by moving Offers up or down the Purchasing Priorities. They can decide how many dollars should be available overall and how many should be allocated to each Result Area. Ultimately, they decide which Offers provide the best value for Iowans.