

OFFICE OF THE  
LEGISLATIVE  
FISCAL  
ANALYST

JONATHAN C. BALL  
DIRECTOR

**MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE**

**FROM:** Steven Allred, Deputy Director

**DATE:** June 22, 2010

**SUBJECT:** Performance Review Notes on Bills

Senator Niederhauser has been working on legislation to require a "Performance Review Note" on bills that create a new agency or program. While the details are still being drafted, it likely will require a statement of the new agency or program's goals and services, and the performance indicators that will be used to gauge whether the goals are being achieved.

We have prepared the following information packet as background information. It summarizes how performance measurement is being used in Utah currently; how it can be used to strengthen the budgeting process in general; how questions can be asked to strengthen accountability; and how New Mexico has implemented performance measurement in their budget process.

Senator Niederhauser is preparing a presentation which will be provided to the committee at the June 22 meeting.

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## **How Performance Measures are used in Utah**

- Agencies submit performance measures in budget requests to the Governor's Office and Legislature (please see example attached).
- Governor's Office maintains a "Balanced Scorecard" with the goal of tracking agency performance over various types of measures and reporting selected measures over the Internet (please see "Balanced Scorecard" document attached).
- Legislative Fiscal Analyst reports selected measures in the Compendium of Budget Information (COBI), Budget Briefs, and Issue Briefs (please see ORS example attached).
- Legislators ask questions during committee meetings, and decide on the right response (please refer to "Legislating for Results" by NCSL and "Natural Resources Appropriations Subcommittee" documents).
- Legislative Fiscal Analyst uses performance measures in building block and fiscal note follow-up to some extent.

## Example of Performance Measures Submitted in Budget Requests

Form No. 361 Fiscal Year: 2010  
100 Dept of Administrative Services

**Performance Measures Inventory**

Prepare separate forms for each program

Name: DAS Fleet Operations Motor Pool

|   | Measure Title / Description                          | Purpose of Measure   | Most Recent Value | Period Covered |
|---|--|--|-------------------|----------------|
| 1 | Vehicle Under-utilization                            | Vehicles with less than 625 miles / total vehicles leased from DFO   | 16.43             | FY 2009        |
| 2 | Vehicle "Compliance" Percentage for PM's and Recalls | Percentage of vehicles that are less than 5,000 miles overdue for PM services or are less than 90 days for a recall. | 99.22             | FY 2009        |
| 3 | Average full lease vehicle cost per mile             | Average full lease vehicle cost per mile   | 0.26              | FY 2009        |
| 4 | Average hybrid full lease vehicle cost per mile      | Average hybrid full lease vehicle cost per mile  | 0.37              | FY 2009        |

0 attached file(s)

## Balanced Scorecard

The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. The outcome from a balanced scorecard planning process is a tool showing how an individual, department, and /or an enterprise are doing on its key performance indicators.

Decision makers examine the outcomes of various measured processes and strategies and track the results to guide the organization and provide feedback. The value of metrics is in their ability to provide a factual basis for defining:

- Strategic feedback to show the present status of the organization from many perspectives for decision makers
- Diagnostic feedback into various processes to guide improvements on a continuous basis
- Trends in performance over time as the metrics are tracked
- Feedback around the measurement methods themselves, and which metrics should be tracked
- Quantitative inputs to forecasting methods and models for decision support systems

Agencies submit their department-level scorecards to the Governor's Office and GOPB each month. GOPB budget analysts review and report on the scorecards to the Governor's senior staff regularly. Feedback is communicated to agency leadership through the analysts. These meetings serve as partnership opportunities for both GOPB and state agencies.

Currently only state agencies are part of the Balanced Scorecard system. It does not include Public Education or Higher Education, although they do report performance data to the governor and the Legislature in other ways.

On the following page, there is a Balanced Scorecard report submitted by the Department of Technology Services on May 15, 2010 for the month of April 2010.

Selected measures are published on the Internet at [www.performance.utah.gov](http://www.performance.utah.gov).

Source: Governor's Office

# Department of Technology Services

## Balanced Scorecard



Reporting Period: 5/15/2010 (April 2010)

*Mission Statement: Bringing value and innovation to Utah through service and technology*

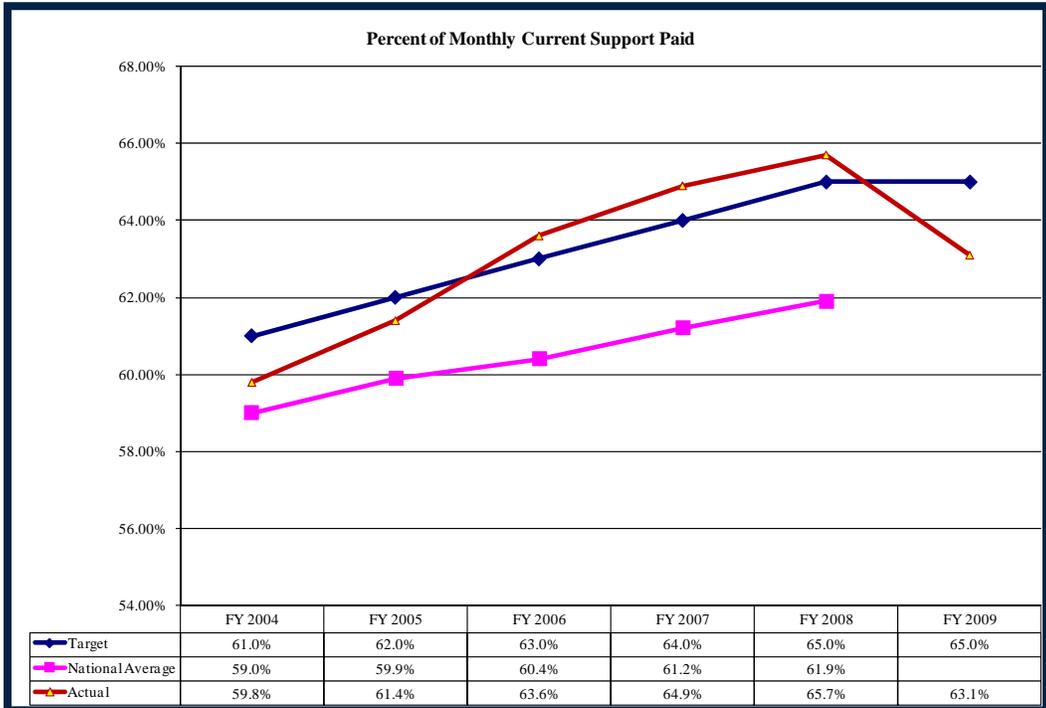
Contacts: J. Stephen Fletcher, Director - 801-538-1758 Dan Frei, Finance Director 801-538-3459

| Key Indicators   | Status  | Trend  | Target   | Current | Previous | Frequency | Metric Definition  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
|--|---------|--------|--|---------|----------|-----------|--|---------|--|-----------|--|--------|--------|--------|--------|------|-----|------|-----|------|-------------|------|------|------|------|--------------|------|------|-----|------|--|
| <b>Infrastructure Optimization: Strive for operational excellence that includes streamlining organizational processes</b>                          |         |        |  |         |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Customer satisfaction with DTS   |         | ➡      | 4.20   | 4.60    | 4.60     | monthly   | Ongoing Help Desk customer satisfaction metrics (surveys are sent to all customers upon submission of Help Desk ticket).   |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Infrastructure Uptime  |         | ⬆      | 90%  | 85.88%  | 83.16%   | monthly   | Number of days with no infrastructure outages. Products include: Network, Wireless, Voice Telephony Network, Email System, PDAs, Security, Data Center, Remedy.  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| DTS Productivity   |         | ⬆      | 55%  | 57.78%  | 56.81%   | quarterly | DTS activities are defined as <i>discretionary</i> (new application, new services, etc.) and <i>non-discretionary</i> (break-fixes, maintenance, etc.) use of resources. The current target for this metric is 55% non-discretionary use of DTS resources. Ultimately, the target for DTS will be 40%. |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| <b>Enterprise Optimization: Provide service our customers expect with innovation and value (see SLA tab for detail information on each Agency)</b> |         |        |  |         |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Service Level Agreements: Application Availability target achieved   |         | ⬇      | 99%  | 99.69%  | 99.82%   | monthly   | IT Directors report the availability of key agency business applications.  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Service Level Agreements: Total Time to Resolution target achieved   |         | ⬆      | 75%  | 92.76%  | 92.45%   | monthly   | Reported through Remedy - Identifies the average time to resolve customer's issue.   |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Service Level Agreements: Time to Initial Response target achieved   |         | ⬆      | 75%  | 87.37%  | 87.16%   | monthly   | Reported through Remedy - Identifies the average time to respond to customer's need.   |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Service Level Agreements: First Contact Resolution target achieved   |         | ⬆      | 75%  | 45.37%  | 44.86%   | monthly   | Reported through Remedy - Identifies percentage of customer's issues that are resolved with first point of contact.  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| DTS Interaction with Agency Business Leaders   |         | ➡      | 100%   | 100.00% | 100.00%  | monthly   | IT Directors meet with Agency Business Leaders monthly.  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Procurement - Number of Days to Process Customer Order   |         | ⬆      | 4.00   | 5.00    | 4.00     | monthly   | Reported through Remedy - Based on medians days from Purchase Request date to Order Submitted to Vendor Date   |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Change Management - Monitor and Track Changes to minimize impact to customers  |         | ⬆      | 15%  | 20.49%  | 15.38%   | monthly   | Number of Change Management Requests that are Emergency or Expedited (submitted within 2 weeks of required service)  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Projects on-time   |         | ⬆      | 100%   | 92.83%  | 92.14%   | monthly   | Activities within projects are on time: 298 of Total 321 Projects  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Projects within budget   |         | ⬆      | 100%   | 98.75%  | 97.80%   | monthly   | Activities within projects are within budget: 317 of Total 321 Projects  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
|  |         |        | <b>Major Project Summary:</b><br><table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Project</th> <th colspan="2">On Time</th> <th colspan="2">On Budget</th> </tr> <tr> <th>actual</th> <th>target</th> <th>actual</th> <th>target</th> </tr> </thead> <tbody> <tr> <td>eRep</td> <td>95%</td> <td>100%</td> <td>99%</td> <td>100%</td> </tr> <tr> <td>Data Center</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Arches (Tax)</td> <td>100%</td> <td>100%</td> <td>96%</td> <td>100%</td> </tr> </tbody> </table> |         |          |           | Project  | On Time |  | On Budget |  | actual | target | actual | target | eRep | 95% | 100% | 99% | 100% | Data Center | 100% | 100% | 100% | 100% | Arches (Tax) | 100% | 100% | 96% | 100% |  |
| Project  | On Time |        | On Budget  |         |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
|  | actual  | target | actual   | target  |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| eRep   | 95%     | 100%   | 99%  | 100%    |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Data Center  | 100%    | 100%   | 100%   | 100%    |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Arches (Tax)   | 100%    | 100%   | 96%  | 100%    |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| <b>Financial: Achieve financial targets</b>  |         |        |  |         |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| DTS Revenue targets achieved   |         | ⬇      | 100%   | 101.0%  | 101.1%   | monthly   | Revenue is within 3% of target (above 100% = over-budget, below 100% = under budget) This figure ties directly to DTS Rates  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| DTS Cost targets achieved  |         | ⬆      | 100%   | 100.8%  | 99.5%    | monthly   | Cost is within 3% of target (above 100% = over-budget, below 100% = under budget)  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| <b>eGov</b>  |         |        |  |         |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Number of Online Services  |         | ⬆      | 935  | 903     | 876      | quarterly | Number of services that all Agencies provide online  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| <b>Security Enhancements</b>   |         |        |  |         |          |           |  |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Security Vulnerabilities Resolved  |         | ➡      | 100%   | 100.00% | 100.00%  | quarterly | Number of Corrective Action Milestones achieved, Vulnerability Scans completed, and Vulnerability findings that have been remediated during the quarter.   |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |
| Number of Security Awareness Trainings Completed   |         | ⬆      | 33%  | 49.70%  | 42.00%   | monthly   | Percentage of State employees who have completed Security Awareness Training. Target changes monthly (currently 4 of 12 months). Annual target is 95%.   |         |  |           |  |        |        |        |        |      |     |      |     |      |             |      |      |      |      |              |      |      |     |      |  |

Note: The Service Level Agreement metrics indicate the impact of the Working 4 Utah initiative on DTS Customers.

**LFA Uses Selected Measures in the Compendium of Budget Information (COBI), Budget Briefs, and Issue Briefs: ORS Example**

The following is an example of a performance measure used by the Legislative Fiscal Analyst. This particular measure illustrates the performance of the Office of Recovery Services in collecting current support payments due.



The Analyst sometimes uses the same measures as provided in Balanced Scorecard, and sometimes uses separate measures requested by the Legislature.

The use of performance measures in budget documents is meant to enhance accountability and foster discussion. While performance measures provide valuable insights, they do not by themselves indicate why results went a particular way, the agency’s precise contribution versus outside factors, or what the appropriate legislative response should be.



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## Legislating for Results

This page excerpts the full text of *Legislating for Results*, which is available to NCSL constituents [in its entirety in pdf](#).

### How Using Performance Information Can Help You

Performance information, especially outcome information, provides information about the results the state is obtaining for the activities it undertakes and for the funds it spends. The information provides a major accountability tool. Perhaps even more important, it provides basic information to help improve what the state is doing for its citizens.

More specifically, here is what legislating for results can do for you:

#### In Hearings:

- ▶ Enable legislators to ask state agencies the right questions about their responsibilities--about both past performance and expected future results.
- ▶ Encourage program management to recognize the need to focus on results and the program's accountability for results.
- ▶ Indicate that the legislature is serious about considering service outcomes.
- ▶ Provide useful information about state programs that can be communicated easily and clearly to constituents.
- ▶ Enable legislators to ask meaningful questions about politically sensitive programs without being misinterpreted as opposition. For example, a legislator might ask, "Has the domestic violence program actually helped reduce domestic violence? From what level to what improved level?" rather than simply asking whether the program's provision of shelter to victimized women is less important than direct prevention activities.

#### To Help Make Appropriation and Policy Decisions:

- ▶ Help identify areas for potential budget reductions, increases or reallocations, including identifying the estimated consequences of such changes.
- ▶ Provide a clearer link between appropriations and actual services provided.
- ▶ Identify programs and agencies that are seeking similar outcomes, thereby drawing such inter-relationships to the legislature's attention. Such situations create a need for coordination and sorting out the activities and responsibilities. Common goals and responsibilities then can be addressed.
- ▶ Improve oversight of state programs and policies.

#### To Provide Knowledge to Inform Policy Development and Improve Communication with Constituents:

- ▶ Provide objective evidence on outcomes of agency activities that inform the political debate.
- ▶ Assist legislators to develop policies by providing objective information about current conditions.
- ▶ Enhance state strategic planning efforts by encouraging a long-term focus on results (i.e., outcomes of government efforts).
- ▶ Provide legislators with objective information with which to address constituents' questions and concerns.
- ▶ Provide information directly related to constituent concerns (citizen-focused outcomes), enabling improved constituent service and increasing citizen confidence that the legislature is addressing citizen concerns.

#### To Change the Approach to Service Delivery:

- ▶ Push state employees to focus on the goals and desired outcomes of their programs.
- ▶ Make clear which programs work and which ones do not.
- ▶ Improve decisions about whether to "privatize" a service or return a privatized service to state administration by providing information about both the past quality and the costs of the service.

#### What Performance Information Cannot Do:

- Tell you exactly the contribution of the state agency activity to the outcomes that occur. Legislative actions such as those described in briefs 7, 9 and 10 can provide explanations (reasons) for high or low levels of performance. However, performance information by itself cannot identify which factors caused the outcomes that occurred and to what extent each factor contributed.
- Similarly, performance information seldom identifies specific actions that are needed to correct problems. The performance information, however, can provide useful clues about what needs to be done and where.

## Using These Materials

Each brief is intended to stand on its own. A brief can be used alone or in combination with other briefs. Attachments to each brief are numbered sequentially, with the brief number as prefix (e.g., attachment 2-1).

The briefs can be separately copied and transmitted to appropriate legislators and legislative staff as desired.

Most briefs contain attachments that expand on some of the issues raised in the briefs.

Accompanying the briefs is an audio cd-rom. It provides excerpts from actual state hearings that illustrate key points of the briefs. A full transcript of the audio material also is provided.

The briefs and audio material can be used to train legislators or legislative staff. The audio material can be particularly helpful in training sessions. Trainers can use the points made at the end of each segment to guide discussion.

Appendices are included that define special terms used in legislating for results (appendix A); provide examples of performance indicators (appendix B); present a composite example of a performance framework--for corrections (appendix C); and provide a list of sources for obtaining further information about legislating for results (appendix D). The final section of the appendices contains the full transcript of the audio material.

## Summary of Key Legislative Actions

*All the actions suggested in this series of briefs aim at improving the effectiveness of the state's services to its citizens. This brief singles out a number of the principal actions legislators can take. More details about each are provided in the brief identified after each action.*

The first group of legislative actions seeks to achieve the best and most useful outcome information. The second group identifies actions for effectively using the outcome information.

### Key Legislative Actions for Obtaining Useful Outcome Information

- Legislate a process for regular reporting of results-based information to the legislature by each major state program. This information should identify clearly what the program has accomplished for the state's citizens, not merely activities the program has undertaken. Many states have already done this to some extent. (Briefs 2, 3 and 5)
- Provide training in legislating for results for legislators and legislative staffs. (Brief 4)
- Ask legislative staffs to review in advance the performance information provided by agencies to identify issues for legislator follow-up during hearings and other legislative sessions. This may be the most critical step in obtaining reliable and understandable information. (Brief 6)
- Seek explanations from agencies for unexpectedly poor or good outcomes. This step is vital before deciding on possible legislative actions. (Brief 7)
- Establish a formal process for review of quality of the outcome data. As the data become used for making major funding and programmatic decisions, it is necessary for the legislature to have confidence in that data. (Brief 8)

### Key Legislative Actions For Effectively Using Outcome Information

- Examine outcome information as part of the review of budget requests. This can be of considerable help in making resource allocation decisions to provide resources where they are most likely to achieve the most benefits to citizens. (Briefs 9 and 11)
- Periodically review state programs, outside the budget process, to identify which services have had strong outcomes and which have had poor or weak results--and why. This will provide evidence to agencies and their programs that the legislature is interested in results, not only in activities and outputs. This, in turn, will encourage agencies and their programs to focus on results and how best to deliver their services. (Brief 10)
- When developing policies and new authorizations, review the latest outcome information relating to current key issues--as a basic starting point (i.e., baseline). (Brief 12)
- Require that outcome information be included as a major criterion when establishing performance incentives for agencies and state employees. This will increase accountability of the agencies and employees and encourage them to focus on important service outcomes. (Brief 13)

- ▶ Support and encourage agencies to include outcome targets in service contracts and grants (including those to local governments). This will increase accountability of contractors and grantees and encourage them to focus on important service outcomes. (Brief 14)
- ▶ Include outcome information when communicating with constituents to help send the message that the state is focused on citizen concerns. Preferably, obtain from agencies, and provide citizens with, service outcomes information relating to constituents' own county or city. (Briefs 15 and 16)

## Sources of Further Information on Legislating for Results

- ▶ Chi, Keon S.; Kelley A. Arnold; and Heather M. Perkins. "Trends in State Government Management: Budget Reduction, Restructuring, Privatization and Performance Budgeting," *The Book of the States*. 2003 Edition, Volume 35. Lexington, Kentucky: [Council of State Governments](#), 2003.
- ▶ General Accounting Office and the National Academies. *Forum on Key National Indicators: Assessing the Nation's Position and Progress*. 2003.
- ▶ *Governing* magazine: <http://www.governing.com>
- ▶ Hatry, Harry; Judy Zelio; and Katharine Mark. "Governing for Results in the States," *The Book of the States*, 2003 Edition, Volume 35. Lexington, Kentucky: Council of State Governments, 2003.
- ▶ Liner, Blaine, et al. (The Urban Institute), and Ron Snell (National Conference of State Legislatures). *Making Results-Based State Government Work*. Washington, D.C.: The Urban Institute, 2001.
- ▶ National Conference of State Legislatures (for links to individual states):  
<http://www.ncsl.org/programs/fiscal/perfbudg/index.htm>

## State Internet Links

### Arkansas

Statutory Requirements: <http://www.arkleg.state.ar.us/ftproot/acts/1999/hm/act222.pdf>

### Florida

Reports on Performance Based Budgeting (PB2) prepared by the Office of Program Policy Analysis and Government Accountability (OPPAGA):

<http://www.oppaga.state.fl.us/budget/pb2publications.html> and

Performance-Based Program Budgeting Legal Requirements <http://www.oppaga.state.fl.us/budget/legalreq.html>

### Louisiana

House Fiscal Division, Performance-Based Budgeting: <http://house.legis.state.la.us/housefiscal/pbb/pbb.htm>

Louisiana Performance-Based Budgeting Law: <http://house.legis.state.la.us/housefiscal/pbb/statutes.htm>

Accountability in Government Statute: <http://house.legis.state.la.us/housefiscal/pbb/pbb.htm>

### Maine

Establishment of Commission on Performance Budgeting

Chapter 151-C: Commission on Performance Budgeting (Heading: PL 1995, c. 395, Pt. B, @1 (new)) §1710-K.

Performance budgeting; definitions (contains text with varying effective dates):

<http://janus.state.me.us/legis/statutes/5/title5ch151-C.pdf>

Performance Budgeting and Strategic Planning. "State of Maine Performance Budgeting Web Page: A Policy Framework"

<http://www.state.me.us/spo/sp/stratplan/strategicplanning.php>

### Maryland

Maryland's Department of Human Resources. "Managing for Results": <http://www.dhr.state.md.us/mfr/mfraba.htm>.

### Minnesota

Office of the Legislative Auditor: <http://www.auditor.leg.state.mn.us/>

### New Mexico

Legislative Finance Committee: Performance-based Budgeting. <http://legis.state.nm.us/lcs/lfc/lfcperfbdg.asp>

Department of Finance and Administration's Article 3A: Accountability in Government.

<http://www.state.nm.us/clients/dfa/pdf/aga.pdf>

An Act Relating to Government Accountability; Amending and Enacting Sections of the Accountability in Government:

<http://legis.state.nm.us/Sessions/04%20Regular/final/SB0561.pdf>

<http://results.gpponline.org/StateCategoryCriteria.aspx?id=123&relatedid=5>

### Oregon

Oregon Progress Board. "Performance Reports": <http://www.econ.state.or.us/opb/>

### **Texas**

[Texas General Appropriations Act for 2008-2009 Biennium](#)

[Texas Guide to Performance Measure Management](#)

State Auditor's Office. "Guide to Performance Measure Management."

The 2006 edition: <http://www.sao.state.tx.us/Resources/Manuals/prfmguide/guide2006.pdf>.

The 2000 edition: <http://www.sao.state.tx.us/Resources/Manuals/prfmguide/>.

### **Virginia**

Joint Legislative Audit and Review Commission: <http://jlarc.state.va.us>

"Virginia Performs": <http://vaperforms.virginia.gov/about.php>

"Virginia Excels": <http://www.vaexcels.governor.virginia.gov/accomplishments/accomplishments-PBM.cfm>

### **Washington**

Joint Legislative Audit and Review Commission: <http://jlarc.leg.wa.gov>

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Posted 19 September 2008; updated 2008.

Email [statebudget-info@ncsl.org](mailto:statebudget-info@ncsl.org) for more information.

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## **Natural Resources Appropriations Subcommittee**

### **January 10, 2007**

The following is a list of questions the Agencies have been asked to address in their brief presentations.

#### **Programs**

##### *1. What do you do?*

- How does your agency serve the public (mission, objectives)? Who specifically are your customers?
- What values does your agency add to society? What is the return you bring on the tax payers' investments?
- Why should the public continue to pay for these services?

##### *2. How well do you do it?*

- How do you define and measure success? What are your performance measures? Why have you chosen them? How do they help you accomplish your mission?
- What are your goals? How well are you achieving your goals?
- What are your efforts to be efficient and effective?

##### *3. What do you see in the future?*

- What are the major issues and challenges in the next 5-10 years for your agency?
- What are you doing/going to do about it?
- Discuss FTE trends and anticipated FTE growth for FY 08 and a 5 year outlook.

#### **Funding**

##### *4. What is your funding structure?*

- What is the nature and sources for your base budget?
- Provide specifics for developing new funding sources.
- Provide a description of your non-lapsing (carry-forward) balances and explain how you are using them.
- What is your justification to have "non-lapsing" intent language (where applicable)?

##### *5. Re-allocation of base budgets*

- What areas within your base budget could be considered for reallocation in order to fund higher priority programs or building blocks?
- What programs would you reduce or eliminate if you were required to cut 10% of your base budget? Why did you choose these programs/services?

## Questions for Budget Reviews

This document provides a list of questions that members of the Natural Resources Appropriations Subcommittee may use to better evaluate agencies' base budgets and requests for budget increase.

### Review of Base Budgets

#### Program Need/Justification

1. How does this program serve the public (mission, objectives)? Who specifically are the customers? Are they satisfied with the services? How is it measured? How often?
2. What values does this program add to society? What is the return on the taxpayers' investments?
3. Why should the public continue to pay for these services? What would happen if this program was eliminated or downsized? Who would be affected?
4. Why is the state doing this? Could this be done by: the private sector, the feds, local government?
5. Does this program duplicate or overlap with another (feds, local)?
6. What criteria are used to evaluate this program? Definition for success? How is success and performance measured?
7. Is this program efficient and effective? What evidences are there?
8. Are there any program activities above and beyond the statutory mission? If yes, Why?
9. What is the cost/benefit of this program? How is it measured? By whom? How often?

#### Funding

1. Why are General Funds used for this program? Can they be replaced with Federal funds? Other?
2. Are there matching funds from other agencies available? Are they being utilized?
3. Could user fees be charged for the services provided (other agencies or the public)?
4. Are the fees (if any) set at appropriate levels?
5. Could it be less expensive to contract out?

#### Expenditures

1. Which expenditure categories had the biggest changes over time? Why?
2. Are there too many administrators?
3. Is the workload seasonal? Do we really need full-time staff?
4. Are travel expenditures reasonable? Do staff need to travel as much out of state?
5. Can operating costs be reduced with updated equipment?

### **Review of Requests for Budget Increase**

1. Why should the state pay for this? Is this going to benefit the whole population or just an exclusive group?
2. How did the agency manage to get along without this funding until now?
3. Where does this request fit in the agency's priorities? Is it more important than an already existing activity? If so, can funds be shifted?
4. What will happen if the request for funding increase is denied?
5. What would the agency do if it were granted only ½ of the requested amount?
6. Can this project be funded only as a pilot program?
7. What other ways of dealing with the problem are there?
8. Is the amount requested really necessary to do the job? Could less-skilled people be used to accomplish the work? Different materials?
9. Is the workload seasonal? Do we really need full-time staff?
10. Is full-year funding needed for new personnel? Won't there be lag before new people are hired?

**Asking Key Questions:  
A Legislator's Guide to Using Performance Information**

**Basic questions to ask agencies in budget and program review hearings:**

1. What is your program (or agency) mission? Who are your customers?
2. How is this program expected to help the state's citizens? Which citizens?
3. What key results are expected from this use of taxpayers' funds?
4. Did your program obtain the expected results in the most recent funding period?
5. What key performance indicators do you use to track progress in attaining these results?
6. What are the unintended impacts of the program, both positive and negative?
7. What have been the values for these indicators in past years?
8. How do these values compare to targets you established for the funds you received? Have any been unexpectedly good or unexpectedly poor?
9. For which citizen groups have the results been less than desired? (Examples: Groups by location, gender, income, age, race/ethnicity, disability, etc.)
10. If any targets were missed, why were those targets missed?
11. What is currently being done to improve deficiencies?
12. What actions does your proposed budget include that would improve results?
13. How would results change if funding is increased by 5 percent? Decreased by 5 percent?
14. Which groups of citizens might benefit? Which might lose? To what extent?
15. What other programs and agencies are partners in producing desired results?

Source: Legislating for Results, Action Brief 9. National Conference of State Legislatures and the Urban Institute, 2003.

*For Initial Funding for New Programs*

- What is the mission of the program? What outcome indicators will be used to track results?
- For outcome indicators for which data already are available, what are the current levels for each of those outcome indicators (the baselines)? What do you expect will be the numerical values for each outcome indicator for the budget period and for each of the following two or three years?
- Which citizen groups will benefit from the program? To what extent?
- Which citizen groups might lose because of the program? To what extent?
- When are those benefits expected to occur? In which years?

## **Example from Another State**

### **New Mexico Performance Measure Process**

In 1999 the Legislature of the State of New Mexico passed the Accountability in Government Act. The Legislature decided to make performance measurement a statutory requirement because it wasn't being voluntarily implemented to their satisfaction. The act requires each state agency to provide a set of accountability measures to the Legislature, and to report quarterly on their performance. These reports are part of a larger structure of accountability that New Mexico has set up to track how agencies are achieving their statutory mission.

The Legislative Finance Committee reviews the quarterly reports. In order to create some consistency in how performance measures are reported, the committee has established uniform "Green, Yellow, and Red" indicators for quarterly reports. A "Green" rating signifies successful target achievement; a "Yellow" rating highlights a narrowly missed target or a significantly improved but not fully-performing program; a "Red" rating is not necessarily a sign of failure, but indicates a problem in the agency's performance or the validity of the measure. Each of these indicators has a process and set of criteria.

New Mexico also has performance measures built into their appropriations acts (please see the attached sample). The appropriations act specifies the type of measure used (outcome, output, efficiency, quality, or explanatory) along with a target indicating an expected level of performance. Agencies submit "Performance Based Budgeting Data" with their budget requests to the executive and legislative branches.

[bracketed material] = deletion

| Item | General Fund   | Other State Funds | Intrnl Svc Funds/Inter-Agency Trnsf | Federal Funds | Total/Target |         |
|------|--|-------------------|-------------------------------------|---------------|--------------|---------|
| 1    |  |                   |                                     |               | 86%          |         |
| 2    | (b) Outcome:   |                   |                                     |               |              |         |
| 3    |  |                   |                                     |               |              |         |
| 4    |  |                   |                                     |               | 88%          |         |
| 5    | (c) Outcome:   |                   |                                     |               |              |         |
| 6    |  |                   |                                     |               |              |         |
| 7    |  |                   |                                     |               | 71%          |         |
| 8    | (d) Output:  |                   |                                     |               |              |         |
| 9    |  |                   |                                     |               | 80%          |         |
| 10   | (e) Output:  |                   |                                     |               |              |         |
| 11   |  |                   |                                     |               |              |         |
| 12   |  |                   |                                     |               | 72%          |         |
| 13   | (f) Output:  |                   |                                     |               |              |         |
| 14   |  |                   |                                     |               |              |         |
| 15   |  |                   |                                     |               | 90%          |         |
| 16   | (g) Output:  |                   |                                     |               |              |         |
| 17   |  |                   |                                     |               | <5           |         |
| 18   | (2) Labor relations division:  |                   |                                     |               |              |         |
| 19   | The purpose of the labor relations program is to provide employment rights information and other work-site |                   |                                     |               |              |         |
| 20   | based assistance to employers and employees.   |                   |                                     |               |              |         |
| 21   | Appropriations:  |                   |                                     |               |              |         |
| 22   | (a) Personal services and  |                   |                                     |               |              |         |
| 23   | employee benefits  | 1,200.0           | 51.4                                | 691.5         | 243.9        | 2,186.8 |
| 24   | (b) Contractual services   | 8.0               |                                     |               | 3.5          | 11.5    |
| 25   | (c) Other  | 192.3             | 1,025.8                             | 2.6           |              | 1,220.7 |

**Performance Report Card**  
**Workforce Solutions Department**  
**Fiscal Year 2009, 4th Quarter**

**Performance Overview:** This is Workforce Solutions Department's second year reporting on key quarterly performance measures. The department's new measures align with the department's goals and stem from required federal performance measures. Further work is needed in the Workforce Transition Services Program to incorporate goals for other key programs, such as At-Risk Youth and Veteran Programs, and performance measures for Local Workforce Development Boards.

| <b>Workforce Transition Services Program</b>   |   | Budget:    | FTE:  | FY08     | FY09    | Q2     | Q3     | Q4      | FY09    | Rating   |
|--|---|------------|-------|----------|---------|--------|--------|---------|---------|----------|
|  |   | \$19,558.3 | 348.5 | Actual   | Target  |        |        |         | Annual  |          |
| 1  | Total number of individuals receiving services through the public workforce system  |            |       | 13,340   | 8,800   | 3,299  | 5,838  | 8,906   | 8,906   | <b>G</b> |
| 2  | Percent of adult participants receiving services through the public workforce system who are employed in the first quarter after the exit quarter*                |            |       | 86%      | 83%     | 83%    | 86%    | 85%     | 85%     | <b>G</b> |
| 3  | Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program*                     |            |       | 84%      | 86%     | 83%    | 88%    | 88%     | 88%     | <b>G</b> |
| 4  | Percent of youth participants who are in employment or enrolled in post-secondary education and/or advanced training in the first quarter after the exit quarter* |            |       | 71%      | 71%     | 61%    | 64%    | 66%     | 66%     | <b>R</b> |
| 5  | Percent of adult Workforce Investment Act participants employed in both the second and third quarter following the exit quarter*                                  |            |       | 90%      | 72%     | 88%    | 90%    | 92%     | 92%     | <b>G</b> |
| 6  | Percent of Workforce Investment Act dislocated worker participants employed in the third quarter following the exit quarter*                                      |            |       | 92.9%    | 75%     | 91.5%  | 92%    | 93%     | 93%     | <b>G</b> |
| 7  | Percent of eligible unemployment insurance claims that will be issued a determination within twenty-one days from the date of claim*                              |            |       | N/A      | 87%     | 89%    | 86%    | 80%     | 80%     | <b>Y</b> |
| 8  | Average unemployment insurance call center wait time to reach an agent, in minutes*   |            |       | N/A      | <5      | 33     | 24     | 20      | 20      | <b>R</b> |
| 9  | Number of persons served by the labor market services program   |            |       | N/A      | 150,000 | 62,639 | 99,348 | 134,881 | 134,881 | <b>R</b> |
| <b>Program Rating</b>  |   |            |       | <b>G</b> |         |        |        |         |         | <b>Y</b> |
| <p>Comments: The American Recovery and Reinvestment Act (ARRA) 2009 included \$11.8 million in Workforce Investment Act (WIA) funding and \$3.2 million in unemployment insurance (UI) employment services. WSD noted a large percentage of youth participants receiving workforce development services are 14 to 18 years of age (#4). The youth are increasing their basic skill level and are not exiting the system with a job. The UI Program has been challenged by the economic downturn with a significant increase in workload (#7 and #8). A comparison of the second week of June 2008 to June 2009 showed the following: claims increased from 998 in 2008 to 3,063 in 2009, calls increased from 2,899 in 2008 to 11,556 in 2009 and certifications increased from 12,779 in 2008 to 37,579. New management is implementing a number of new initiatives, including an interactive voice response system, re-employment customer service process, monitoring productivity of the customer service representatives, customer surveys and a study on call center efficiency. The UI call center has extended its hours, including weekends, and added 28 temp positions.</p> |   |            |       |          |         |        |        |         |         |          |
| <b>Labor Relations Program</b>   |   | Budget:    | FTE:  | FY08     | FY09    | Q2     | Q3     | Q4      | FY09    | Rating   |
|  |   | \$3,857.6  | 43.0  | Actual   | Target  |        |        |         | Annual  |          |
| 10   | Number of backlogged human rights commission hearings pending each quarter*   |            |       | 0        | <5      | 0      | 0      | 0       | 0       | <b>G</b> |
| 11   | Percent of wage claims investigated and resolved within one hundred twenty days*  |            |       | 96%      | 95%     | 99%    | 98%    | 100%    | 100%    | <b>G</b> |
| 12   | Number of targeted public works inspections completed*  |            |       | 1,881    | 1,775   | 899    | 1,426  | 1,915   | 1,915   | <b>G</b> |
| 13   | Percent of discrimination cases settled through alternative dispute resolution  |            |       | 72%      | 78%     | 58%    | 57%    | 59%     | 59%     | <b>R</b> |
| <b>Program Rating</b>  |   |            |       | <b>Y</b> |         |        |        |         |         | <b>G</b> |
| <p>Comments: Mediation is a voluntary process and the employer and employee may not be willing to participate in the process (#13). WSD has implemented a new screening process for selecting cases for mediation and offering alternative dispute resolution.</p>   |   |            |       |          |         |        |        |         |         |          |
| <b>Business Services Program</b>   |   | Budget:    | FTE:  | FY08     | FY09    | Q2     | Q3     | Q4      | FY09    | Rating   |
|  |   | \$3,550.5  | 39.0  | Actual   | Target  |        |        |         | Annual  |          |

**Performance Report Card  
Workforce Solutions Department  
Fiscal Year 2009, 4th Quarter**

|   |  |     |        |        |        |         |         |   |
|---|--|-----|--------|--------|--------|---------|---------|---|
| 14  | Percent of employers sampled reporting customer satisfaction*  | N/A | 84%    | 89%    | 96%    | 98%     | 98%     |  |
| 15  | Number of personal contacts made by field office personnel with New Mexico businesses to inform them of available services or provide actual services* | N/A | 20,000 | 50,424 | 77,502 | 104,033 | 104,033 |  |
| <b>Program Rating</b>   |  | N/A |        |        |        |         |         |  |
| <p>Comments: The performance measure on contacts with NM businesses (#15) captures services provided to employers. WSD reported a large percentage of services provided are captured in the "referred qualified applicants" and "reviewed resumes and referred eligible individuals" category, which are considered job referrals. Of the 104,033 FY09 actual, 76,275 belong to the job referral category. In FY10, WSD reported the job referral category will not be counted as part of this performance measure due to these not being available services or services provided to businesses. Also, personal contact is defined as any contact that is made with a business, including e-mail, telephone and face-to-face contact.</p> |  |     |        |        |        |         |         |   |

\*Denotes House Bill 2 measure

Note: Measures are an average of the prior four quarters in alignment with federal reporting standards. The FY09 annual number also reflects an average of the prior four quarters.