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I'm enclosing this month's State Management Innovations Newsletter for your review. With the fiscal year completed, many states are responding well to the tight budget cycle through improved planning, performance management and streamlining. In this issue, we have highlighted Missouri's efforts to improve performance management throughout its government.

If your state government agency has started implementing reforms and you want to share the results, please send me an email with some of the details and I'll have my research staff get in touch with you. We need to highlight and share management innovations at all levels.

-Carl DeMaio

July 2004

Table of Contents

If you find this newsletter useful and informative, please forward it to your friends and colleagues!

- Managing for Results: Strategic Planning and Performance Budgeting
- Finance: State Finances and Budgeting
- Workforce: Strategic Management of Human Capital
- Technology: E-Government and Information Technology
- Procurement: Competitive Sourcing and Contracting
- State Government Spotlight: Missouri

Managing for Results: Strategic Planning and Performance Budgeting

Alabama State Establishes Commission to Inform Citizens

The state of Alabama has established a government commission of accountability to show taxpayers how their dollars are divided among state agencies. In order to answer the age-old question, 'Where are citizen tax-dollars going?' the commission provides Alabama taxpayers with the specific impact of money spent by state agencies and customer service. By making this information available and establishing a rating system to evaluate state agencies responsiveness to the needs of the people, the state will be providing more transparency and in effect, more accountability to the public To view this article go to:
http://www.theplainsman.com/vnews/display.v/ART/2004/06/24/40daea0b818f9

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Making Effective Use of Results-Oriented Information

In today's climate of fiscal instability, many states have struggled to incorporate performance information into budgeting decisions. In response to this difficulty, the National Council of State Legislatures and the Urban Institute to have released a report titled, "Legislating for Results" designed to help legislators make effective use of results-oriented information. While this report was designed to assist state legislators, it can also greatly benefit agency heads and other executive branch leaders who want to understand how to use performance measures to improve communications with their legislators. To view this article go to:
http://www.governing.com/articles/5manage.htm

Washington, DC City's Approach to "Managing for Results"

Washington, DC City Administrator Robert Bobb delivered a keynote address at the 2004 City and County Innovations Summit that outlined the District's that has completely rejuvenated the city's long maligned management process. Mr. Bobb attributed the City's success to a commitment toward gauging citizen priorities and consistent, monthly performance reporting. By incorporating citizen feedback into the strategic planning process, Washington, DC has effectively moved toward performance-based or "citizen-centered" government. To view this presentation go to:
http://www.performanceweb.org/stateandlocal/presentations/0429RB.pdf

Strategic Planning and Organizational Alignment in Government (October 14-15, Arlington, VA)

State government agencies are increasingly under pressure to develop long-range strategic plans that chart out agency goals on a multi-year basis. Agencies are asked to use strategic planning at all levels of the organization to develop goals, refine policies, and manage initiatives. Strategic planning in a governmental context requires a modified approach to traditional strategic planning that mixes statutory requirements with the evolving dynamics of public policy issues faced by government agencies. Acquiring strategic planning skills will aid in your program's ability to define results, manage for results, and communicate with program stakeholders. This training will focus on developing a performance-based strategic plan by applying the Strategic Management Framework methodology as a template for developing a results-oriented strategic plan for your government programs. This framework is derived from best practices from all levels of government. For more information go to:
http://www.performanceweb.org/pi/training/courses/strategicplanning.htm

2004 Best Practice Forum: Show Me The Measures! - Implementing Performance Measures in Government (October 6-7, Arlington, VA)

As we move closer and closer to a performance-based government, agencies are focusing on establishing measures and performance plans for the myriad programs under their supervision. The increased focus on performance moves hand-in-hand with an important increase in government transparency. One hurdle in this process has been the creation of efficient measures that track and communicate program success and accountability. Through the creation of results-oriented measures, managers can track program success by adhering to a set of measures to drive the outcomes, strategies and outputs of their program. This training will focus on developing performance goals and measures by applying the Government Performance Logic Model framework as a template for program management. Through the establishment of outcome-oriented performance measures, program managers will be able to communicate and monitor the success of annual and long-term performance goals. For more information go to:
http://www.performanceweb.org/pi/training/courses/developingmeasures.htm

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Finance: State Finances and Budgeting

A Ratings Approach to Balancing State's Budget

Balancing budgets has grown increasingly difficult in state government over the past few years. States that are struggling to balance their budgets are suggested to reinvent the budget process using a model pioneered by Washington state Governor Gary Locke called "Budgeting for Outcomes." Washington's process begins by defining eight to 10 measurable results that are most important to citizens, such as better education, health, public safety, mobility and environmental quality. Teams of experts research which strategies have the most impact on each outcome and prioritize them and subsequently rank last year's programs, along with any new initiatives, according to the impact they will have on the desired outcome. Each team goes down its list until the money runs out. Then programs below that line are eliminated from the budget. To view this article go to:
http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2004/06/23/EDG5179OMR1.DTL

Key Elements in Successful Implementation of Performance-Based Budgeting

To implement performance-based budgeting, the state of Louisiana has outlined key success factors for effective implementation of this initiative within the state. Critical factors for Louisiana include: an initiation by the Legislature, rather than a blue ribbon study committee; a recognized need for more accountability; a cooperation between the Legislature and the Executive; the integration of an existing framework; and a commitment to fully informing and including agency personnel in the process. Thus, every agency in the executive branch participates and specific performance expectations are contained within each agency's appropriation. Progress toward achieving targeted performance is reported quarterly. To view this release go to:
http://house.legis.state.la.us/housefiscal/PBB/PBB.htm

Workforce: Strategic Management of Human Capital

Employee Performance Management in Missouri

Every employee plays an important role in making their agency the best it can be. The way to make this happen and bring issues related to daily work activities to the forefront is through the employee appraisal process. The State of Missouri's new performance appraisal process - also known as Performance Management - is communication driven, forward looking, and it is used for planning, training, and professional development. For more information go to:
http://www.pds.mo.gov/pm/index.shtml

Texas Unveils New Online Employment Resource

Texas Governor Rick Perry recently unveiled a new program - WorkInTexas.Com - to help employers look for workers, and workers look for a job. This program is an innovative Internet tool that will match qualified workers with good employers at no cost. The program is being administered through the Texas Workforce Commission and required the partnership between the Commission, more than two dozen local workforce boards, and 270 local workforce centers. Since the Web site went live on May 24, more than 27,000 jobs have been posted, more than

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46,000 Texans seeking work have registered and more than 3,800 people have been hired. For more information go to:
http://www.twc.state.tx.us/jobs/job.html

Technology: E-Government and Information Technology

The Potential of E-Government and Its Future Challenges

Government leaders are still exploring how to maximize the potential of e-Government. In the past year, government agencies at levels have responded to increasing citizen demands for additional information and online services. However, challenges still remain due to the lack of inter-agency cooperation. This is the biggest barrier to integrating technology and allowing creativity and innovation in e-Gov, referred to as agency infighting. Successful innovation requires agencies to work together, giving up some control for the good of the jurisdiction. A consequence of the negative impact of bureaucratic infighting is inconsistent design of web pages within a single jurisdiction. This makes it difficult for citizens to navigate easily and get the information they need. To view this article go to:
http://www.governing.com/conf/mtech4nb.htm

Delaware Conducts Major Overhaul of Its IT Agency

The state of Delaware is undergoing a restructuring of its technology department unprecedented in state government. Delaware has removed all of its employees from the civil service system, paid them as close as possible to competitive market salaries in the area, offered them bonuses for performance, and at the same time keep systems running for users through the massive changeover. Although a small in stature, these changes in Delaware could have a big impact on how other states view their IT departments and personnel. To view this article go to:
http://www.governing.com/articles/6it.htm

Seeking Innovative Ways to Fund IT Initiatives

Tight budgets are forcing state IT executives to become creative in order to fund IT initiatives. State technology officials are experimenting with various solutions including the use of shared contracts and an increase in enterprise-wide purchases to maximize an agency's buying power on common products and services. In addition, several governments have been successful with charging fees to businesses for government services when officials can prove that the businesses are receiving a significant boost in profit or productivity. Local officials also seek advice from industry on issues such as the private sector's expertise in finding and receiving grants. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0621/pol-cios-06-21-04.asp

Louisiana Seeks Public Opinion through the Internet

A new public opinion pilot is being implemented in Louisiana called the "Share Your Opinions" program. It allows citizens to log on to the Internet and "vote" on important public policy issues facing the state. This online tool has been designed to aid the public to interact with their legislators. The aim of the program is to more accurately gauge how citizens feel about the issues, and which subjects they feel are most important in a cost effective and efficient manner. To view this article go to:

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http://www.govtech.net/news/news.php?id=90534

CIO Management Model May Be Causing Resignations

Over the past few months, Chief Information Officers (CIOs) have left in several states, including Arkansas, Florida, New Hampshire, Tennessee and Vermont. Some believe this is due to the breakdown of the CIO management model in state government. One of the most difficult decisions in setting up a state CIO governance model is determining overall organization status and location. More specifically, whether to make the CIO position cabinet-level, and where to place the CIO office in the statewide management structure. To view this article go to: http://www.governing.com/articles/6tech.htm

States Seek to Save Through the Use of Open Source Software

Several states are passing laws and administrative policies to help agencies realize the cost savings from using open source software. At least five states have introduced bills requiring their agencies to consider open source software as an option. For example, Massachusetts' Office for Administration and Finance requires state agencies to consider open source when buying new software. These states are joining most others that already use some open source software. Delaware, for instance, has servers and other behind-the-scenes technology running on Linux. According to Delaware officials, the idea is to create much needed cost and organizational efficiencies. Open source software is free computer code that programmers can modify or customize for their agency's needs. Linux is one of the better-known alternatives to commercial software. To view this article go to: http://www.governing.com/articles/5talk.htm

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Procurement: Competitive Sourcing and Contracting

Competitive Contracting in Washington State

Competitive contracting has been authorized by the Personnel System Reform Act of 2002 in Washington State. The purpose is to help state agencies and higher education institutions find more cost-effective ways to provide services. At the same time, it provides the private sector a new opportunity to help the state develop a competitive edge. By expanding contracting to services "traditionally and historically provided by state employees," this provision is expected to deliver results because employees will have an opportunity to redesign how they do their jobs in order to deliver better results to those they serve at a competitive price. To view this release go to: http://washingtonworks.wa.gov/overview.pdf

Florida Unveils Competitive Sourcing Initiative

The State of Florida recently revealed its long awaited competitive sourcing initiative that will change the face of implementing and managing procurement and contracting policy in the state. This effort was led in part by Pam Pfeifer, the Director of the Governor's Center for Efficient Government, who has recently been a speaker at several of the Performance Institute's events. The "Gate Process" introduces a process for identifying and conducting outsourcing opportunities in state government and will be a catalyst and model example for improving performance and creating efficiency throughout the state. To view this press release go to: http://www.performanceweb.org/contracting/pressrelease.pdf

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States Explore Offshore Outsourcing

The debate over offshore outsourcing continues to rage in state governments nationwide. Legislators have introduced more than 120 bills during the past two years to discourage, limit or ban offshoring in state government contracts. Officials in all of those states are keeping a close eye on three bills that have become law since March, waiting to learn whether the restrictions harm government officials' ability to provide services. Outsourcing has its supporters because it provides affordable access to expertise and resources not available in government. But it is a sensitive issue politically, especially at the state and local levels, because it involves sending jobs outside the United States at a time when many people here are looking for work. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0614/feat-global-06-14-04.asp

Outsourcing Beyond Typical Government Service Delivery

In addition to outsourcing typical service delivery areas of government, there has also been an increasing push to outsource areas related to policy making and program design. For example, Texas wants to use a "call center" approach to qualify citizens for public benefits. When seeking public assistance, a client would simply dial up a call center staffed by private sector operators rather than visit a local government public assistance office. To view this article go to:
http://www.governing.com/articles/5private.htm

State Government Spotlight: Missouri

Managing for Results: Strategic Planning & Management

Missouri claims to lead the nation in "Managing for Results." This initiative helps keep the state government focused on results and to drive meaningful improvements for citizens. It encourages fact-based decision making and innovation and recognizes the need for agencies to work together to drive significant improvements. Benefits of Managing for Results include: better performance on high priority results, agencies collaborating to improve their performance, increased accountability for Missouri citizens, cost savings, reduced burden on citizens, and increased diversity in state government.

As part of this initiative, the state of Missouri has created a "Managing for Results" website that allows Missouri citizens to see how the state government is being held accountable for its results. Missouri has established three goals with specific results and corresponding measures identified for each goal. These are: Missouri is a Leader in Education; Missouri is developing a 21st Century economy; and Missouri is a safe, healthy place to live and work. The measures provide a means for identifying historical trends, monitoring recent progress, and when possible, comparing Missouri to the nation as a whole.

To ensure that state government is accountable and responsive to the public, Missouri has adopted integrated strategic planning as a management tool for the executive branch of government. Strategic planning involves identifying challenges or opportunities and then developing a plan to meet those challenges and move toward desired results for the public. Long-range strategic planning guides agency activities and results in decisions being performance based rather than activity based.

The Interagency Planning Council (IPC) provides leadership in implementing the integrated strategic planning

process. IPC's role is to: promote the use and refinement of the strategic planning model, act as a resource network for best practices, facilitate effective coordination and integration of departmental responses to issues that cross organizational boundaries, provide technical assistance, advice, and training in the area of strategic planning, resolve planning process questions, and recommend to the Governor methods for improving planning effectiveness and efficiency.

Finance: State Finances and Budgeting

The Division of Budget and Planning, under the Office of Administration, analyzes budget policy issues and provides fiscal information to the commissioner, the governor's office, the General Assembly, Missouri's congressional delegation, and state, local, and federal agencies. The staff reviews state agency fiscal operations, prepares annual budget instructions, analyzes budget requests, and prepares the annual Executive Budget and appropriation bills. The division analyzes the state economy and tax issues, estimate revenue collections, track agency performance measures, review legislation with budget implications, and draft fiscal notes. Other responsibilities include: coordinating legislative reviews for the executive branch, reviewing federal issues and their impact on Missouri. The division also is the designated state demographic agency and has statutory duties for technical aid to the decennial reapportionment of election districts.

Beginning on January 1, 2005 state officials will be required to consider program or agency performance in their budgetary decisions resulting from new legislation, SB 299 (2003). To begin preparations for the new requirements of this new legislation, SB 299, each House Appropriations Committee chairman established a sub-committee on performance analysis and review who provided the first focused emphasis on the utilization of performance data in legislative decision-making. In addition, a uniform approach of information reporting seeks to better integrate executive strategic planning and management initiatives with spending authority established by the legislature. These efforts have resulted in redesigned performance reporting forms and budget documents that will be utilized beginning in the FY 2006 budget cycle.

Technology: E-Government & Information Technology

The Information Technology Advisory Board (ITAB) Subcommittee, part of the Office of Information Technology, oversees the development and delivery of the State's IT performance management Program. In 2003-2004 there will be focus in the following areas: development of a performance management model, network management, and emerging issues. The performance management subcommittee will conduct research and develop a performance management process advocating industry best practices that will be used as a model by all Missouri information technology entities. The Network Management Consortium is responsible for developing the business and information requirements for submission to ITAB. Emerging issues will arise and new opportunities and changing needs require a flexible approach to identifying and undertaking short-term projects.

A new technology initiative at the moment aims to address the failure to complete comparisons of Medicaid benefit case records to unemployment wage and unemployment benefit records by the state Department of Social Services. A Missouri State Auditor's report recently revealed that more than 40% of Medicaid recipients had no recent eligibility re-evaluation. This new Program Integrity initiative specifically aims to strengthen the connection between Food Stamp re-certifications and corresponding Medicaid cases through automation. The wage match and unemployment data comparisons to Medicaid cases will be re-designed using new information technology to correct system deficiencies. These new technology initiatives will help to ensure Missouri's executive branch effectively follows federal re-evaluation guidelines and that only those that are actually eligible will receive Medicaid welfare benefits.

Outsourcing: Competitive Sourcing & Contracting

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The Division of Purchasing and Materials Management, under the Procurement Office, is responsible for the procurement of all state required supplies, materials, equipment and professional or general services except for those agencies exempted by law. The division transacts monetary commitments and contracts or authorizes such transactions by state agencies. It executes procurement functions in accordance with applicable statutes and maximizes competitive procurement and awards on all contracts. In addition, the division develops programs to expand business with minority business enterprises, provides for statewide cooperative procurement by local government, and maintains responsibility for the statewide in-house recycling program.

In 2003, law SCR 13 signaled the beginning of a legislative effort to review existing state services and determine whether effectiveness and efficiency can be increased through privatization and competition. Since its inception, the Committee has been holding public hearings to gain information about the effects of privatization on government functions and experiences in other states. One particular privatization effort under way is the overhaul of Missouri's foster care system. The newly created Division of Children's Services will be required to consult with community care providers to provide services to children and families. A competitive process has been established for contract awards aimed at privatizing several administrative functions relating to the foster care system on a limited basis. Additionally, the Division will be required to submit an annual report on this privatization project regarding its costs, efficiencies, and ability to meet specified outcomes.

For more information on each of the government's departments go to:
http://www.mri.missouri.gov/sp/splan.html

President: Carl DeMaio
Director of State and Local Affairs: Benjamin Neumann
Newsletter Editor: Sergio Bonadona

The State Management Innovations Newsletter is provided as a free informational newsletter to all state employees about the latest news from the state government and independent news media on performance management.

The Performance Institute is a private think tank that serves as the nation's leading authority and repository on performance-based management practices for government organizations. Its mission is to identify, study and disseminate the leading management innovations pioneered by "best-in-class" government programs at federal, state and local levels. Through its national conferences on pressing issues, interactive executive training programs, and best practice research projects, the Institute provides cutting-edge expertise in the design, implementation and evaluation of strategies to solve operational challenges and enhance government performance.

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