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I'm enclosing this month's State Management Innovations Newsletter for your review. As you can see, many states are responding well to the tight budget cycle through improved planning, performance management and streamlining. In this issue, we have highlighted Virginia'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

May 2004

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

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Managing for Results: Strategic Planning and Performance Budgeting

Governors' Priorities Revealed in State-of-the-States Report

A recent report, commissioned by the NGA Center for Best Practices, analyzed 45 governors' state-of-the-state addresses in 2004, identifying common issues about jobs, health care and education. These issues dominated the concerns of the nation's governors as they work within an era of constrained economic times and budget shortfalls. The report also details examples of innovative strategies and programs that governors have proposed and launched to move their priorities forward. To view this report go to:
http://www.nga.org/cda/files/2004SOSAnalysis.pdf

Commission Compiles Performance Indicators for California

The Little Hoover Commission has compiled an initial set of indicators for the State of California and encourages policy-makers to use these indicators and performance measures to set priorities, build political consensus for reform and guide these reforms. The Commission does not propose to establish indicators for the State, but wishes to provide the State a framework for how it could proceed. The Commission hopes to persuade policy-makers that indicators are powerful tools that can be used to focus policy-making and program administration. To view these measures go to:
http://www.performanceweb.org/measures/hoover_staterankings.pdf

2004 Government Performance Summit West - Comprehensive Coverage of the Latest Mandates and Challenges (June 7-9, Anaheim, CA)

Federal and state government organizations have begun to require that their managers and employees implement a performance management system in their agencies. At the federal level, the President's Management Agenda is responsible for requiring this change, while many state governments are developing and implementing similar performance management reforms in their agencies. As this requirement for performance management continues to grow, many agencies still lack best practices and strategies for implementing these reforms. In order to access the latest development and implementation strategies on government management reform, you are invited to attend the 2004 Government Performance Summit West, being held June 7-9 in Anaheim, California. The event will feature key management reform leaders from state and federal agencies, as well as legislative perspectives and agency executive updates from those leading the change toward creating a performance-based government. For more information go to:
http://www.performanceweb.org/west04/index.html

Management Transformation and Reform in Texas State Government (June 25, Austin, TX)

Like most other state governments in this time of fiscal uncertainty, Texas faces unprecedented challenges and opportunities in the coming years. Effective, "citizen-centered" government depends on the ability of our leaders to enhance performance and accountability throughout the state. The State of Texas has launched a number of initiatives in recent years meant to improve accountability, transparency, competition and performance in government services. The Performance Institute, along with New York based think tank the Manhattan Institute, will sponsor a free half-day event devoted to discussing management reform initiatives taken in the State of Texas. Mike Morrissey, Executive Director for Budget, Planning & Policy in the State of Texas will deliver a presentation on the state's reform efforts thus far. Carl DeMaio of The Performance Institute will speak about the C*alifornia Citizens' Budget*, which was published last summer and has played a substantial role in guiding management reform in state government. Henry Olsen of the Manhattan Institute will lead a panel that includes DeMaio and Stephen

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Goldsmith, the former mayor of Indianapolis, in a discussion of how Texas government can intensify its focus on performance and thus improve the results it generates for taxpayers. . For more information go to:
http://www.performanceweb.org/stateandlocal/r117/r117.htm

Finance: State Finances and Budgeting

States Start Borrowing In Light of Increased Demand for Services

Many state leaders are increasingly interested in borrowing to deal with the long-delayed demands for services, more so now that voters have proven unwilling to support new taxes. Consequently, states this year are looking at big-dollar borrowing plans, on top of two years of record-breaking new debt. With elections just ahead for 11 governors and most legislatures, support for taxes is slim. Advocates argue that low interest rates and the economic spark from a burst of government spending makes borrowing a sensible choice. Critics say bonds just delay and inflate costs for government programs, while damaging states' financial health - especially if they're being used to pay for routine business. To view this article go to:
http://www.bakersfield.com/24hour/nation/story/1243828p-8295136c.html

Performance-Based Budgeting and Management in Missouri State Government (June 10, Jefferson City, MO)

This event will bring together key leaders in Missouri government to discuss SB 0299, the newly enacted law requiring that state agencies utilize performance-based budgeting. Specific attention will be paid to compliance issues surrounding the new requirements and how these new rules affect the budgeting process. Moreover, this event will help agencies implement a performance-based strategic plan in their daily operations to meet desired results. Using the Logic Model, agencies can align agency activities and outputs to overall goals and mission to facilitate development of a performance-based budget. This framework helps integrate performance and agency budget through cost accounting. For more information go to:
http://www.performanceweb.org/stateandlocal/p259/P259.htm

Workforce: Strategic Management of Human Capital

Workers Compensation Claims Costs Still Rising

According to a report released by The Council of State Governments, fewer workers' compensation claims are being filed than in the past but the cost of those claims is much larger. The report lays out the effects of rapidly increasing workers' compensation costs on state governments, businesses and the insurance industry and the ways states are trying to cope. These increasing costs could not come at a worse time when many states are desperately trying to deal with budgetary shortfalls. The effect on state budgets is two fold: it costs more to insure state employees and it makes it more costly for private businesses to hire, insure and protect their employees. To view this report go to:
http://www.csg.org/NR/rdonlyres/erizihbq55ytjucwwmab6raf7aclq3ocldkm3wdlsmrfgcgjfcj64pcm6ennmq2iquks2djmejsbne5tylzz57gfcae/Workers+Comp+%28final%29.pdf

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Utah Launches New Online Recruiting System

Governor Olene Walker recently launched Utah Job Match, the state's new online recruiting system designed to provide greater access and ease of use to those applying for state jobs. With this new system, employment seekers can maximize their job search efforts through technology. This new innovation demonstrates the state's commitment to working smarter, a key initiative in the Walker Work Plan. The Utah Department of Human Resource Management (DHRM) developed the system in an effort to more effectively serve the public's needs. To view this site go to:
https://statejobs.utah.gov/

Human Capital Management Certification Program

Government agencies at all levels are increasingly under pressure to link their human capital strategies to agency mission and goals and report the results to policymakers and the general public. To help government agencies align human capital strategies with mission, goals, and organizational objectives to improve performance and citizen satisfaction the Performance Institute provides comprehensive education programs through its Human Capital Management (HCM) Certification Program. A solid foundation in HCM is crucial to survive and thrive in today's government workplace. By attending one or more of the courses offered in this series, you will hone your skills in recruiting, retaining and evaluating your federal workforce. You will also learn to assess workforce needs based on your agency's strategic plan and project future workforce gaps. The publicly offered courses are designed to provide interactive training, so space will be limited. Agencies can send staff to attend the public-offered courses in this catalogue, or bring a customized program in-house for their managers. For more information go to:
http://www.performanceweb.org/pi/training/humancapital_index.htm

HR Innovations 2004 - Recruiting, Retaining, Motivating, and Rewarding the Government Workforce (June 28-30, Washington, DC)

The federal government has a human capital crisis on its hands, and it’s not merely an issue of recruitment or retention. It’s a crisis of getting the right people, with the right skills, in the right position, at the right time, to perform the right function, with the right compensation and to be reviewed by the right employee performance evaluation. That’s a LOT of rights to get right. No matter how it’s spun, the reality is that over the next five years more than half of all federal employees will be eligible to retire. With a poor economy giving the federal government a temporary reprieve, agencies must sharpen their human capital tools NOW to get ready for the anticipated exodus of talent. To help your agency align human capital strategies with mission and goals and prepare for the looming federal human capital crisis - the Performance Institute and a coalition of good-government groups has assembled "HR Innovations 2004" - the most comprehensive human capital management event being offered to government managers this year. For more information go to:
http://www.performanceweb.org/hri04/hri_04_brochure.pdf

Technology: E-Government and Information Technology

States Consolidate Systems to Cut Costs

Many state and local governments are being forced to consolidate systems to cut costs due to the economic

downturn that has been reducing IT budgets over the last four years. For example, the Iowa Legislature has mandated that the state's Information Technology Enterprise conduct a study on combining three of its mainframe data centers. Moreover, the state is beginning to roll out some new IT initiatives by increasing its e-government programs, such as putting applications for food stamps online. To view this article go to:
http://www.gcn.com/23_5/state-local/25118-1.html

Getting Education Grants More Efficient Online

In Missouri, the education department decided to put in an electronic system to improve the way it handles grants. The department had been using several unproductive extra steps in filling out grant applications, mostly because it always did things that way. When the system became electronic, the department improved the business process. As a result, instead of taking two months to process, applications now take two days. The new system solves other problems as well. Missouri's system helps rank the school districts so it is easier to figure out which schools need the funding and how much should be allocated to each. In addition, the number of staff needed to do the application paperwork shrank — from 16 to seven. Education is an area that deals with billions in federal grant funding, but it is not the only one that can benefit from a more efficient grants-management system. Public safety, housing and social services agencies can also use advancements in technology to make the most of their grant-application process. To view this article go to:
http://www.governing.com/articles/3talk.htm

Two State IT Projects Awarded for Excellence

Two state and local IT projects received Showcase of Excellence awards at FOSE 2004 in Washington, DC: he Richmond, Va., Citizens' Request System in Richmond, VA, which lets residents order services online, and the Tax and Revenue Integrated Tax System of the District of Columbia which modernizes and automates much of the D.C. tax processing. The committee nominated 10 finalists and selected two winners in each of the four categories: e-government, Defense, homeland security, and state and local. To view this article go to:
http://www.gcn.com/vol1_no1/state-local/25393-1.html

New Mexico Consolidates Information Technology

New Mexico Governor Bill Richardson recently signed an executive order directing state executive agencies to reorganize and consolidate the information technology, computer and network resources. The state is taking unprecedented steps to ensure financial accountability and performance in state government, including information technology. The goal is to have the tools to serve the public in the most efficient manner and at the lowest possible cost to taxpayers. The executive order calls for internal consolidation of state executive agency IT resources, which means all IT employees will report to a single organization, the office of the agency secretary or director. To view this article go to:
http://www.govtech.net/news/news.php?id=89869

2004 National E-Gov Usability Summit - Enhancing Accessibility and Citizen Interface through Design and Outreach (July 12-14, Washington, DC)

The President's Management Agenda (PMA) emphasizes creating an effective and efficient citizen-centered e-Government. Essential to this initiative is the development and deployment of usable and accessible e-Gov. Strategic planning of web-based services and design must be performance measured and results-based. Agencies are expected to dramatically increase IT results, yet will only have a 1% IT budget increase this fiscal year. This timely event promises to improve your agency's IT infrastructure by detailing best practices for focusing and targeting

offered services and by ensuring enterprise-wide collaboration and consistency. Enhancing e-Gov usability will overwhelmingly improve your score and ensure end-user satisfaction with your agency's services and the information it provides. Also, develop concrete plans to get a broad population of citizens involved with your agency's services and programs. For more information go to:
http://www.performanceweb.org/technology/t164/index.html

Procurement: Competitive Sourcing and Contracting

Association Claims that Outsourcing Will Help States' Economies

A recent report by the Information Technology Association of America (ITAA) found that 104,000 high-tech jobs went overseas in 2003. But the association argues that outsourcing computer work through expanded global trade will create 317,000 new jobs of all sorts in the United States by 2008. The report is meant to rebate the political debate over U.S. job losses. Over the next four years, outsourcing of software and computer work actually will result in an increase in jobs in the United States, with the greatest number of jobs - 34,000 -- created in California, followed by Texas with 24,000, according to projections from ITAA. Florida and New York are expected to get nearly 40,000 new jobs combined; Wyoming and Vermont will generate fewer than 700 jobs each. To view this report go to:
http://www.itaa.org/itserv/docs/execsumm.pdf

Flexibility Needed in Public-Private Partnerships

State governments seek flexibility in their industry partnerships because technology changes so rapidly that sometimes vendors have to deviate from the specifications. An example of the need for more flexible procurements is the case of traffic cameras that track red-light violations. It's interesting to see the proposals submitted. Vendors offer all kinds of different digital cameras, film and timing devices. With a flexible request for proposals, it lets vendors come forth with innovations. To view this article go to:
http://www.gcn.com/vol1_no1/state-local/25379-1.html

New Law Prohibits Off-Shoring of Federal IT Work

Federal workers who face private competition from OMB Circular A-76 do not have to worry about losing their jobs to foreign workers. A provision in the fiscal 2004 omnibus budget bill that President Bush signed last month bars companies that win federal jobs through A-76 competitions from shifting the work to other countries. The Thomas-Voinovich Amendment is part of legislation against the growing trend of businesses and governments seeking software and IT services from companies and workers in countries such as India and China. The provision prohibits for one year any work won by a vendor from being performed by the contractor at a location outside the United States, unless the work is already being done overseas by government employees. To view this article go to:
http://www.gcn.com/23_4/state-local/25019-1.html

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State Government Spotlight: Virginia

Modeled after the federal government, the Commonwealth of Virginia is composed of an: Executive, Legislative, and Judicial branch. Together, these three branches of government make, interpret, and execute the laws that govern the state. Therefore, a number of Executive Branch agencies are in charge of the key areas of management and performance.

Managing for Results: Strategic Planning & Management

Virginia's current managing for results system has been operational since 1995. It is comprised of four, linked processes: strategic planning, performance measurement, program evaluation, and performance budgeting. The figure below presents one way to show the linkages between these processes. Because the processes are designed to work together to manage the performance of state government, this system is referred to as the Virginia's "performance management" system. Taken as a whole, these components provide multiple tools and streams of information that policy and decision-makers, the general public, and state employees can use to manage strategy and improve and communicate the results of government services.

Finance: State Finances and Budgeting

The Department of Planning and Budget (DPB), under the Secretary of Finance, develops and administers the state budget, which allocates money for state agencies and institutions. The agency also conducts policy analyses and evaluations of state programs and services, and oversees the Commonwealth’s strategic planning and performance measurement efforts. In addition, the Department analyzes proposed state legislation, reviews regulations for need and clarity, and prepares economic impact statements on regulations. DPB is in charge of "Virginia Results" - the Commonwealth's main site for information on the performance of government agencies. Virginia Results ensures that results-oriented information of all types is directly available for audiences.

Workforce: Strategic Management of Human Capital

The Department of Human Resource Management is in charge of providing leadership in human resources management, which is responsive to the goals and needs of the Commonwealth and its workforce. The department addressed the diverse human resources needs of our customers through guidance, consultation, and training. Under a new Management Standards Scorecard, Executive branch agency directors are accountable for the performance of their agencies.

Technology: E-Government & Information Technology

The Virginia Information Technologies Agency (VITA) is the Commonwealth’s new consolidated, centralized information technology organization. Established by the 2003 General Assembly, VITA’s responsibilities fall into three primary categories: Operation of the IT infrastructure, including all related personnel, for the executive branch agencies declared by the legislature to be “in-scope” to VITA; Governance of IT investments, in support of the duties and responsibilities of the Information Technology Investment Board and the Chief Information Officer of the Commonwealth; and Procurement of technology for VITA and on behalf of other state agencies and institutions of higher education.

Outsourcing: Competitive Sourcing & Contracting

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Finding better and less costly ways to provide government services for Virginia's citizens is a principal goal of state government. This is done through the Commonwealth Competition Council. The Council has developed a process to guide agencies and institutions in reaching appropriate competitive decisions. The Council utilizes the Commonwealth of Virginia Cost Comparison program "COMPETE." This program is a system designed to assist in developing and comparing the relative cost of operating functions by government or by contract. This comparative analysis is part of the overall Competition Process developed by the Council.

For more information on each of the government's departments go to:
http://www.virginia.gov/cmsportal/government_881/government_1046/executive_1354/index.html

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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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