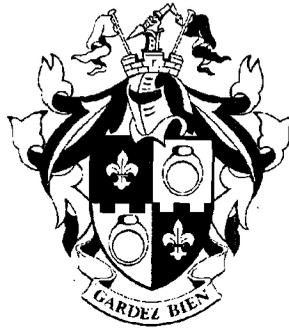# Legislative Uses of Performance Measures in Budget Decision-Making

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LEGISLATIVE USES OF PERFORMANCE MEASURES IN BUDGET DECISION-MAKING

Appendix

List of Exhibits

CHAPTER I: INTRODUCTION

A. Authority

Council Resolution 15-1092, <u>FY 2006 Work Program of the Office of Legislative Oversight</u> adopted July 26, 2005.

B. Scope and Organization of Report

This report responds to the Council's request to compare the use of performance measures by public and private organizations in their budget decision-making process. The report focuses primarily on the use of performance measures by state and local legislatures.

In addition, Council Resolution 15-904 adopted February 15, 2005 requests that County agencies link budget decisions to performance measures. This report provides examples of how other legislative bodies have incorporated performance measures into their budget-decision making. Appendix A contains a copy of Council Resolution 15-904.

The report is organized as follows:

Chapter II, Overview of Types and Purposes of Performance Measures, defines the different types of performance measures.

Chapter III, Use of Performance Measures by Legislatures – Common Experiences and Obstacles, summarizes the ways in which program managers and elected officials use performance measures and presents recurring themes regarding the use of performance measures by state and local legislatures.

Chapter IV, Legislative Techniques for Using Performance Measures, identifies techniques by which state and local legislatures receive, evaluate, and use performance data as part of their budget decision-making.

Chapter V, Findings and Recommendations, presents OLO's findings and recommendations.

C. Methodology and Acknowledgements

OLO gathered information for this assignment through general research, document reviews, and interviews with representatives from public and private organizations.

OLO greatly appreciates the information and assistance made by the following individuals:

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CHAPTER II: OVERVIEW OF TYPES AND PURPOSES OF PERFORMANCE MEASURES

A. Definitions

Most state and local governments adopt similar definitions for the different types of performance measures. This report uses the definitions established by *Montgomery Measures Up!*[1], the County Government's collection of performance measures. Exhibit 1 shows those definitions and provides examples from the *Montgomery Measures Up!* performance measure for the Crisis Center program run by the Department of Health and Human Services.

EXHIBIT 1: DEFINITIONS OF PERFORMANCE MEASURES

Type of Measure	Definition	Example from Crisis Center program
Input	Resources used to produce an output or outcome.	Total expenditures.
Workload/Outputs*	The amount of services provided, units produced, or work accomplished (output); or the external demand that drives County activities (workload).	Number of contracts monitored.
Efficiency	Outputs per unit of input, inputs per unit of output, and similar measures of how well resources are being used to produce goods and services.	Average administrative cost for monitoring functions per customer.
(Program) Outcome/Results**	The direct results of a program or program element on clients, users, or some other target group; the degree to which the program mission is achieved.	Percent of monitored contracts that report outcome measures with improved results.
Service Quality	The degree to which customers are satisfied with a program, the accuracy or timeliness with which the service is provided, and other measures that focus on the merit of the service delivery *process* itself.	Percent of monitored contracts using a customer satisfaction survey that show improved satisfaction.

Source: *Montgomery Measures Up!* OMB, March 2005.
*This term is referred hereafter as output measures.
**This term is referred hereafter as outcome measures.

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[1] *The Montgomery Measures Up!* definitions are nearly identical to those included in Council Resolution 13-1488, November 24, 1998 discussed later in this report. Appendix B contains a copy of Council Resolution 13-1488.

B. Potential Uses by Program Managers and Elected Officials

This chapter describes how government program managers and elected officials use performance measures. This chapter also identifies the potential for performance measures to improve program management and oversight. Based on a review of the literature and interviews, OLO's research finds that differences exist between program managers and elected officials regarding the most informative types of measures, the preferred level of detail, and the frequency of data review.

1. Improving Management and Oversight

Most research examining government decision-making concludes that performance measures can help legislatures make more informed budget decisions. One recent analysis concluded "...our traditional public management practices have been indelibly altered through a sustained belief and momentum in achieving performance-oriented government."[2] Performance measures can help legislatures "identify areas for potential budget reductions, increases or reallocations, provide a clearer link between appropriations and actual services provided, and improve oversight of programs and policies."[3]

However, there is evidence indicating that poorly implemented performance measures may drain resources without improving budget decision-making. For example, the Maryland State Office of Legislative Audits evaluated the State's Managing for Results (MFR) initiative[4] and finds the agencies:

> ...frequently unable to demonstrate that MFR results affected budget recommendations. In many cases, the information was submitted late in the budget review process. State agencies that we reviewed generally did not document the use of MFR as a budgeting and operational management tool. Although MFR results are to be accumulated and monitored throughout the year, our audit disclosed that minimal, if any, monitoring by State agencies was occurring, except at fiscal year-end for budget submission preparation purposes.[5]

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[2] *Institutionalizing Performance-Oriented Government*, ASPA, Vol. 26-9, Cheryle Broom, September 2004.

[3] *Legislating for Results*, The Urban Institute and the National Conference of State Legislatures, December 2003.

[4] The Maryland Managing for Results initiative requires State departments to establish program priorities and to identify desired results. Managing for Results requires that departments submit missions, goals, objectives, and performance measures for each appropriated program as part of their annual budget submissions.

[5] *Department of Budget and Management Managing for Results Initiative*, Performance Audit Report, Maryland State Office of Legislative Audits, Department of Legislative Services, January 2004.

2. Oversight Tool for Elected Officials

Elected officials occasionally use performance measures as an oversight tool. Many legislatures only review performance measures in detail during the annual budget season. Elected officials may improve their decision-making by reviewing performance data to:

- Evaluate program efficiency;
- Compare results over time or against similar programs (benchmarking);
- Assist in identifying funding priorities;
- Identify duplicative or overlapping activities in different departments;
- Support strategic and long-term planning efforts; and
- Inform funding decisions.

While the list above displays the optimal uses of performance measures, in practice it is uncommon for legislatures to use these measures to their fullest potential. Chapter III of this report discusses the factors that impede the use of performance measures by legislatures.

3. Management Tool for Program Managers

Some program managers use performance measures to oversee on-going operations of the activities they manage. Program managers most often use these measures to:

- Track resource expenditures and needs;
- Identify potential areas for performance improvement; and
- Motivate personnel to continuously improve.

Program managers need to examine data frequently and routinely to uncover trends in their program's performance. Performance measurement research shows that managers often focus on output measures. Output changes become readily apparent after relatively short periods of time.

In contrast, program managers are less likely to track outcomes routinely. Outcome trends often do not emerge without in-depth analysis of data over an extended amount of time.

4. Reporting Device for Both Program Managers and Elected Officials

Performance measurement research identifies a common use of these measures by both program managers and elected officials – reporting results to external audiences. Program managers report measures to elected officials. Both program managers and elected officials report performance information to the public. In general, the reporting of performance measures serves to:

- Justify funding requests/decisions; and
- Educate the public about how tax dollars are being spent.

In interviews with those who gather performance data for several jurisdictions, OLO learned it is not uncommon for program managers (and at times elected officials) to produce performance measures merely to meet a reporting requirement rather than for internal use. In many cases, performance measures take form with no intent to advance a management or oversight goal. Instead, measures are prepared exclusively to comply with a mandate imposed by an external entity with no expectation that the data will influence program operations, direction, or funding.

CHAPTER III: USE OF PERFORMANCE MEASURES BY LEGISLATURES – COMMON EXPERIENCES AND OBSTACLES

This chapter presents recurring themes regarding the use of performance measures by state and local legislatures. OLO reviewed research papers, interviewed government representatives from other communities, and conducted Internet research to identify these themes. In particular, OLO found two recent research papers that provide important findings and analysis to support this report.

- *Performance Budgeting: States' Experiences Can Inform Federal Efforts;* United States Government Accountability Office (GAO); February 2005; and

- *Making Results Based State Government Work*; Blaine Liner, Harry P. Hatry, Elisa Vinson, Ryan Allen, Pat Dusenbury, Scott Bryant, and Ron Snell for the Urban Institute; April 2001.

This chapter is organized as follows:

Part A describes the sources of performance measure information.

Part B discusses the selection of performance measures.

Part C describes the types of performance measures used by legislatures.

Part D identifies the factors that limit the use of performance measures by legislatures.

A. Source of Information

Legislatures rarely have direct access to program information. Legislatures also do not have sufficient staff resources to develop many performance measures in-house. Instead, legislatures must rely on operating departments, budget offices, or administrative officials to collect and report performance data.

In communities where the legislature appoints the City/County Manager, the legislature is likely to have more direct oversight over the management of performance measurement. In communities, where the operating agencies do not directly report to the legislature, the preparation of performance measures almost always occurs under the direction of the governor, county executive, or mayor.

Research on performance measures shows that program managers and program staff generally provide the source data for performance measures. Program staff often do not engage in strategic planning and therefore are less likely to collect and monitor outcome measures. Rather, program staff frequently focus their attention on output measures that directly relate to daily operations.

Most states and some counties and cities have legislative branch audit or oversight offices. In some jurisdictions, these offices prepare independent program measures for legislators. Legislative branch audit or oversight offices do not have staff resources to prepare a full complement of program measures. Instead, they evaluate the performance of a few programs selected by the legislature. Even when a legislative branch office develops performance measures, program administrators generally provide the source data.

B. Selection of Measures

Research on performance measures, as well as OLO interviews with selected jurisdictions, show that state and local legislatures have limited involvement in deciding which programs should be subject to performance measurement. Moreover, legislatures rarely participate in the selection of the specific output, outcome, service quality, or efficiency measures used to evaluate a program's performance.

In fact, the Urban Institute report, *Making Results Based State Government Work*, finds that program staff often select the measures by which their own programs are evaluated without oversight or direction from any elected or appointed government official.[6]

C. Types of Measures Used by Legislatures

The GAO study finds that state legislators rely primarily on output and workload measures when using performance measures during budget decision-making. According to the GAO report:

> Although most states were able to point to instances in which outcome measures and evaluations were useful in budget deliberations, state officials said that workload and output measures are currently more directly linked to budget decisions than other types of performance information. Workload and output measures lend themselves to the budget process because workload measures, in combination with cost per unit information, can be used to help develop appropriation levels and legislators can more easily relate output information to a funding level to help define or support a desired level of service.[7]

Additionally, output measures often are more readily available than other types of performance data. The availability of output data likely contributes to the predominant role of this type of measure in legislative decision-making. As mentioned above, program managers often are the source for most performance data and tend to rely on immediately available data. These managers may not have been trained to generate more sophisticated measures that monitor efficiency or service quality.

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[6] *Ibid.*, Urban Institute page 68.
[7] *Ibid.*, GAO, page 11.

However, the Urban Institute report suggests that while **output** measures will remain important for program management, **outcome** measures should be of greater interest to legislators. The Urban Institute report asserts that:

> For legislators, outcome information provides a basis for judging budget requests, helping choose policy and program legislation, identifying agency problems, and providing evidence to make a case for legislative proposals. Because outcome information is, by its very nature, citizen- and customer-based, the process can provide improved communication between the state government and citizens, leading to greater citizen trust in their state government.[8]

D. Factors that Limit Use of Performance Measures by Legislatures

The research on performance measures shows that most state and local legislatures do not routinely use performance measures in budget decision-making (see page 13). This conclusion is supported by the 2002 report of the Government Performance Project (GPP) by the Maxwell School of Citizenship and Public Affairs at Syracuse University. GPP researchers evaluated the management capacity of state and local governments. The GPP report generally characterizes legislatures' use of data in the budgeting process as "very modest."[9]

A 2004 report by the Idaho Legislature's Office of Performance Evaluation provides further evidence of the limited legislative use of performance measures. The Office of Performance Evaluation surveyed state legislators about performance data submitted by Idaho agencies. The survey finds that 80 percent of responding legislators "do not frequently use performance information."[10]

The factors that contribute to the limited use of performance measures by state and local legislatures are:

- Quantity of measures;
- Data accuracy and reliability concerns;
- Relevance of data; and,
- Training and staff resources.

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[8] *Ibid,* Urban Institute, page 46.
[9] *Paths to Performance in State and Local Government,* Government Performance Project of the Maxwell School of Citizenship and Public Affairs, page 214.
[10] *Strategic Planning and Performance Measurement,* Idaho Office of Performance Evaluations, page 9; December 2004.

1. Quantity of Measures

State and local governments that monitor program performance generally collect large numbers of measures often covering hundreds of activities.[11] Legislators often are inundated with information and are unable to locate the data most relevant to pending budget decisions. In the report *Performance Budgeting: States' Experiences Can Inform Federal Efforts*, the GAO finds:

> Another challenge that officials in every state we visited described was effectively using the large quantities of performance information generated by state agencies. According to some of these officials, decision makers are overwhelmed with the quantity of information available to them, and they find it difficult to locate what would be most useful in addressing their particular needs. [12]

The GAO further reports that several states have undertaken efforts to reduce the number of performance measures that are collected and reported. The Texas legislature, for example, recently directed state agencies to limit its performance reporting to "key measures" deemed most relevant to budget decision-making.

2. Data Accuracy and Reliability Concerns

Review of the literature on performance measures reveals that some state and local legislators have on-going concerns about the accuracy and reliability of performance data produced by program managers. Particularly where the chief administrative officer does not report directly to the legislature, legislators may feel uneasy basing decisions on data collected and packaged by the executive branch.

This perception is identified in the GAO report.

> Officials in some states said that concerns regarding the reliability of agency-reported performance measures detract from the credibility of such performance information, causing decision makers to distrust and sometimes discount it. [13]

The Urban Institute report relates a similar observation:

> Many legislators do not trust the performance information provided by agencies. Some legislators expressed the belief that agencies do not have any incentive to be truthful. Ultimately, the responsibility for data quality resides with the agency providing the data. ... A key problem is that the

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[11] By way of example, the Montgomery County Government's *Montgomery Measures Up!* publication of April 2005 contains measures for 264 different programs.
[12] *Ibid.*, GAO, page 17.
[13] *Ibid.*, GAO, page 16.

amount of performance data collected by state agencies in a governing-for-results system inevitably will be greater than can be annually reviewed or audited for quality. [14]

While actual data integrity problems may not be widespread, even isolated cases of irregularities may dampen legislators' confidence in performance measures. Legislative auditing of performance measures is discussed later in this report (see page 18). See Appendix C for an example of legislative auditing that found significant problems in self-reported agency data.

3. Relevance of Data

Legislators often find agency-prepared performance measures of limited relevance to their budget decision-making, even when they have confidence in the accuracy of data. In allocating government resources, legislators need to see a clear link between performance measures and specific budget decisions. However, agencies often do not gather information that aligns with these areas of concern.

The Urban Institute finds several factors contribute to a mismatch between reported measures and legislative information needs. These factors include:

- Agencies pay too little attention to the interpretation and analysis of the data or to the examination of reasons for good or poor performance.
- Cause-and-effect linkages are almost always insufficiently described, failing to link the information on funding and agency activities to the desired outcomes.
- Sometimes the agency performance information is grouped in ways that do not correspond to legislative committees, forcing appropriations committees to seek out multi-agency commitments and recalculate allocations in order to understand the full dollar cost of achieving an outcome.
- Linkages between annual budget/program plans and long-term planning are often weak or neglected. [15]

The Urban Institute report further notes that existing budget review procedures may not identify when multiple programs in different departments influence a common outcome. The Urban Institute recommends that governments develop an index that cross-references different programs that contribute to the same outcomes. [16]

A recent study by the IBM Center for the Business of Government finds that program staff who are aware that legislators do not use performance data do not attempt to tailor measures to meet legislators' needs.

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[14] *Ibid.*, Urban Institute, page 91.
[15] *Ibid.*, Urban Institute, page 57.
[16] *Ibid.*, Urban Institute, page 13.

If agency personnel believe that performance data required by the chief executive are not considered seriously by legislators when making allocation decisions, then they will undoubtedly concentrate their use of such data internally for management purposes and perhaps budget justification when preparing their budget request.[17]

Agencies may initially report measures that highly relevant to daily program management but less relevant to legislative branch budget deliberations. As a result, legislators are likely to disregard the information. This, in turn, may discourage agency staff from adjusting the measures to better suit legislators' needs.

4. Training and Staff Resources

Certain types of performance data, particularly outcome measures, are more difficult to interpret than output measures. This challenge is particularly acute for legislatures and their staff that do not have first-hand knowledge of the many internal and external factors that influence specific efficiency or outcome measures. For example, the Urban Institute finds:

> Typically, legislators and their staffs find the outcome information that they receive challenging. By itself, such information is usually not easy to interpret. Furthermore, outcome information alone only reveals the extent to which outcome progress is or is not being made, not why the outcomes have occurred or what should be done to make improvements. Outcome information becomes more useful if legislators are provided with supplementary interpretative information. What do the data mean? What is their significance? Which of the many data provided by the executive branch warrant attention and, possibly, action? Typically, legislators in the midst of legislative sessions lack both the time and expertise to carefully examine agency performance reports.[18]

The GAO report notes that training is an important factor in helping legislatures and their staff interpret the types of performance measures that are most useful for legislative decision-making. The GAO asserts that as legislative staff become more familiar with performance information, they become more effective at analyzing measures and distilling the most useful information for legislators to use in budget decision-making.[19] Furthermore, the Urban Institute report concludes that legislatures with strong analytical arms to review data are better prepared to use performance information.[20]

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[17] *Staying the Course: The Use of Performance Measurement in State Governments* (page 8) by Julia Melkers, Associate Professor of Public Administration, University of Illinois at Chicago and Katherine Willoughby, Professor of Public Administration and Urban Studies, Georgia State University, page 8; November 2004.

[18] *Ibid.,* Urban Institute, pages 84-85.

[19] *Ibid.,* GAO, page 17.

[20] *Ibid.,* Urban Institute, page 13.

CHAPTER IV: LEGISLATIVE TECHNIQUES FOR USING PERFORMANCE MEASURES

This chapter describes techniques by which state and local legislatures receive, evaluate, and use performance data as part of their budget decision-making.

This chapter is organized as follows:

Part A describes how most legislatures selectively use performance measures to inform budget decision-making.

Part B identifies techniques used by state and local legislatures to incorporate performance measurement systematically into budget decision-making. The specific techniques detailed in this report include:

- Legislative branch involvement in selecting measures
- Monitoring performance goal achievement
- Displaying performance data next to budget line items
- Legislatively mandated auditing of performance data
- Legislature sponsored performance evaluations
- Review of inter-jurisdictional benchmark data
- Sunset reviews
- Balanced Scorecard

Part C identifies state and local legislatures that have enacted legislation or approved resolutions directing government agencies to use quantitative measures to evaluate performance. The types of mandated uses reviewed are:

- Mandated use of performance measures
- Mandated use of process improvement models

A. Selective Use of Performance Measures by Legislators

As noted in Chapter III, performance measurement research shows that legislators commonly receive performance data prepared by agency staff. For the most part, performance data are not customized to support specific legislative budgetary decisions. Legislators use pre-packaged bundles of performance measures by occasionally selecting certain "off-the-shelf" data sets that might be available. When legislators (or their staff) find a packaged measurement product that meets their analytical needs, the information becomes part of the budget discussion. When legislators do not receive relevant performance data (or when the relevant data are difficult to extract from the submitted materials), budget deliberations simply proceed without the use of performance measures. Under these circumstances, performance measures inform budget decision-making only on a case-by-case basis.

Example: Selective Use of Performance Measures
City of Baltimore

The City of Baltimore's "CitiStat" tool exemplifies the model of government performance data being used routinely by the executive branch but very selectively by the legislature. CitiStat is an accountability tool featuring computer mapping of City service performance data as well as weekly data analysis and management accountability sessions. CitiStat is distinctive among state and local performance measurement efforts because of the extensive range of data collected and the frequency with which data are updated.

The Mayor of Baltimore, cabinet members, and other senior managers routinely review the CitiStat data. This executive branch review primarily focuses on evaluating the operational performance of City programs. City Council members occasionally attend CitiStat sessions and at times request data from CitiStat staff. However, the City Council does not routinely review CitiStat data and infrequently taps into this data as part of its budget decision-making.[21]

A recent CitiStat report displaying Baltimore Fire Department performance indicators appears in Appendix D.

B. Systematic Use of Performance Measures by Legislatures

Several state and local legislatures more systematically integrate performance measurement into budget decision-making. This section describes techniques for integrating performance measurement into the legislative budget process and cites examples of jurisdictions where each technique is in use. Many of the jurisdictions mentioned in this chapter have adopted more than one of these techniques.

Excerpts from budget documents included in the appendices provide examples of how these selected jurisdictions incorporate different combinations of techniques to suit their local needs.

1. Legislative Branch Involvement in Selecting Measures

While most state and local legislatures do not actively participate in selecting performance measures, some legislatures have staked out a role in this process. On a periodic basis (most commonly once a year), these legislatures review and comment on the performance measures maintained by the Executive Branch. In some cases, legislatures annually approve the list of specific performance data for departments and agencies to measure. As detailed in the example below, a few legislatures also act to establish target achievement levels for each approved performance measure.

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[21] The Baltimore City Council has a very small legislative staff. The infrequent use of CitiStat data by the Council may be a product of limited analytical staff resources.

Example: Legislative Branch Involvement in Selecting Measures State of Florida
Florida implemented a performance-based program budgeting system in 1994. As part of this program, the Office of Program Policy Analysis and Government Accountability (OPPAGA) proposes program measures for each agency and each newly created program. OPPAGA is a legislatively created office that reports to the Joint Legislative Auditing Committee of the Florida legislature. Each year, after reviewing recommendations from both OPPAGA and the Governor, committees of the Legislature select final program measures. State agencies must include the selected outcome and output measures as part of their long-range program plans. In addition, the Legislature also establishes a target achievement level (known as a "standard") for each measure as part of the annual budget appropriation process. Exhibit 2 illustrates the performance measures and standards for the Florida Health Care Administration, approved by the Legislature. The full document appears in Appendix E.

EXHIBIT 2
PERFORMANCE MEASURES AND STANDARDS APPROVED BY THE FLORIDA STATE LEGISLATURE
FY04

Performance Measures and Standards
Approved by the Legislature for Fiscal Year 2004-2005

AGENCY FOR HEALTH CARE ADMINISTRATION

	Measure	Standard
	Program Administration and Support	
1	Administrative costs as a percent of total agency costs	0.11%
2	Administrative positions as a percent of total agency positions	11.36%
	Children Special Health Care	
3	Percent of hospitalizations for conditions preventable by good ambulatory care	7.70%
4	Percent of eligible uninsured children who receive health benefits coverage	100%
5	Percent of children enrolled with up-to-date immunizations	85%
6	Percent of compliance with the standards established in the Guidelines for Health Supervision of Children and Youth as developed by the American Academy of Pediatrics for children eligible under the program	95%
7	Percent of families satisfied with the care provided under the program	90%
8	Total number of uninsured children enrolled in Kidcare	406,451
9	Number of uninsured children enrolled in Florida Healthy Kids	339,557

2. Monitoring Performance Goal Achievement

Some state and local legislatures have developed techniques to routinely assess how well public programs have achieved past year performance goals. These legislatures track performance goal achievement to detect trends in program demand, efficiency, and service quality. In addition, some legislatures monitor past program performance to assess whether these programs have achieved designated service level standards. For example, the Texas legislature requires that agencies provide an explanation for any variation of five or more percent above or below a projected performance target.

Example: Monitoring Performance Goal Achievement **Prince William County, Virginia[22]**
The Prince William County Board of Supervisors approves a four-year Strategic Plan that identifies community outcome measures for specific strategic goals. The Board of Supervisors directs the County's Office of Executive Management to align annual program budgets with community outcomes and performance objectives consistent with the four-year Strategic Plan. The Office of Internal Audit annually produces Service Efforts and Accomplishments (SEA) reports for various functions of the County government. The SEA reports contain current and past year cost, workload and performance measures. The Office of Executive Management reviews SEA reports to assess how well each agency performed over the past year as compared to the target performance levels established at the beginning of the year. The Board of Supervisors also receives SEA data and considers past agency performance during its budget deliberations. An excerpt from the Prince William County 2004 Department of Fire and Rescue SEA Report appears in Appendix F.

3. Displaying Performance Data Next to Budget Line Items

Legislatures often have difficulty aligning specific program measures with corresponding budget decisions. While program performance data may be available, the relationship between those measures and specific budget line items may be unclear. To address this problem, a few legislatures require that budget documents display program performance data next to budget line items.

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[22] In Prince William County, the County Executive is appointed by the elected Board of Supervisors.

The goal of this approach is to link performance measures directly with the budget expenditures most related to those measures. The budget document establishes a connection between specific output measures and the level of funding necessary to accommodate a projected output demand. This approach also may display program funding in the context of the goals or outcomes that should be affected by that program's budget. Through this juxtaposition of program measurement and funding levels, the budget document informs legislators (as well as others) about the inter-relationship between program funding and program outputs and outcomes.

Example: Displaying Performance Data Next to Budget Line Items
State of Texas

In Texas, each State agency must prepare a strategic plan that defines outcome goals and identifies program strategies to achieve these goals. The Texas legislature appropriates funds within an agency's budget by line items corresponding to each program strategy. In preparing their budgets for legislative review, agencies submit outcome measures corresponding to each goal as well as efficiency and output measures corresponding to each strategy.

The Texas Legislative Budget Board, a permanent joint committee of the Texas legislature, reviews agency budget requests and their associated performance measures and provides funding recommendations to the State Senate and State House of Representatives. The appropriation act approved by the Legislature groups together program goals, strategies, performance measurements, and funding levels within each agency's budget.

Exhibit 3 illustrates displaying of performance measures within the 2003 Texas General Appropriations Act for the Texas Department of Health. Appendix G contains an expanded version of this document.

EXHIBIT 3
STATE OF TEXAS GENERAL APPROPRIATIONS ACT
FY03

DEPARTMENT OF HEALTH*

	For the Years Ending	
	August 31, 2004	August 31, 2005

A. Goal: PUBLIC HEALTH PROMOTION
Ensure that prevention, promotion and education are integral parts of all public health services. Reduce health hazards, support resistance to health threats and promote disease control. Promote individual and community involvement in improving personal and environmental health.

	August 31, 2004	August 31, 2005
Outcome (Results/Impact):		
Percentage of Inspected Entities in Compliance with Statutes and/or Rules	78.06%	78.1%
Percentage of Eligible WIC Population Served	75%	75%
Percent of AIDS Cases Diagnosed Two Years Ago and Living 24 Months or More	88.6%	89.1%
Vaccination Coverage Levels among Children Aged 19 to 35 Months	79%	82%
A.1.1. Strategy: BORDER HEALTH & COLONIAS	$ 1,276,346	$ 1,276,346
Develop and implement programs designed to assist in the reduction of consumer, environmental, occupational and community health hazards along the Texas/Mexico border and in the "colonias" in a binational effort that coordinates with local providers and community leaders.		
A.1.2. Strategy: FOOD (MEAT) & DRUG SAFETY	$ 18,214,664	$ 18,214,664
Design and implement uniform and effective programs to ensure the safety of food, drugs, and medical devices.		
Efficiencies:		
Average Cost Per Surveillance Activity	189.27	189.27
A.1.3. Strategy: ENVIRONMENTAL HEALTH	$ 6,623,069	$ 6,623,069
Develop and implement comprehensive, uniform and effective risk assessment and risk management programs in the areas of consumer products, occupational and environmental health, and community sanitation.		

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Sections 11.28, 11.32, and 11.47. Article IX, Section 11.45 appropriates the Department of Health any additional revenues from fees collected for the purpose of obtaining criminal history record information.

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4. Auditing of Performance Data

The General Accountability Office (GAO) reviewed the use of performance measures by state legislatures. The GAO review finds that legislators often have concerns about the reliability and credibility of self-reported agency performance measures. When legislators have less than full confidence in the reliability of performance data, they may become more skeptical about basing budget decisions upon that data.

At least 29 states have legislative branch auditing offices that perform a variety of auditing and program evaluation functions. Most of these state legislative auditing offices conduct periodic assessments of the reliability of performance data submitted by government agencies. However, most legislative auditing offices have insufficient staff resources to conduct comprehensive reviews of every agency performance measure. Rather, these offices tend to focus their performance measure audits on select programs of particular interest to the legislature.

Example: Auditing of Performance Data
State of Maryland

The Maryland Managing for Results initiative requires State departments to establish program priorities and to identify desired results. Managing for Results requires that departments submit missions, goals, objectives, and performance measures for each appropriated program as part of their annual budget submissions.

The Maryland Office of Legislative Audits (OLA) conducts periodic audits of agency performance measures as requested by the leadership of the General Assembly. The purpose of these reviews is to determine the accuracy of data presented in agency performance measures. OLA also assesses the control systems put in place for collecting, summarizing, and reporting the performance measures.

In April 2004, the Senate and House budget committees requested that OLA conduct an audit of the reliability of performance measures prepared by the Maryland Department of Business and Economic Development. A table summarizing the findings of this audit appears in Appendix H.

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5. Legislature Sponsored Performance Evaluations

Some legislatures address data credibility concerns by sponsoring independent performance evaluations. These evaluations may include a wide range of topics including definition of mission, business processes, management structure, staffing levels, fiscal controls, contract oversight, case management, and technology use. Very often, these evaluations feature performance assessments that measure program or department workload, efficiency, and customer service levels.

Legislatures most commonly assign these evaluations to legislative branch auditing offices. As these evaluations often are very labor intensive, legislatures are selective in targeting programs and departments for intensive study.

**Example: Legislature Sponsored Performance Evaluation
City of Austin, Texas**[23]

The Austin City Council annually approves a "service plan" for the Office of the City Auditor. The service plan lists specific studies, reports, and investigations to be undertaken by the City Auditor including a series of specific program or department performance audits. The service plan also identifies follow-up reviews to monitor changes that may have taken place since the completion of previous performance audits.

Performance audit reports prepared by the City Auditor frequently include detailed outcome and efficiency measures. The City Auditor presents performance audit findings to the City Council's Audit and Finance Subcommittee.

The 2003 Service Plan directed the City Auditor to conduct a performance audit of the City's Law Department. Excerpts from the report including performance measurement data appear in Appendix I.

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6. Review of Inter-Jurisdictional Benchmark Data

Some local jurisdictions routinely incorporate inter-jurisdictional benchmark data into budget documents. This information allows legislators to compare the performance of local public services against similar programs in other communities. Counties and cities that routinely compare benchmark data identify communities that share similar characteristics with their home community.

The International City/County Management Association (ICMA) Center for Performance Measurement maintains a database of public sector performance measures from over 100 cities and counties in the United States and Canada. Subscribers to ICMA's Comparative Performance Measurement Program receive annually updated service quality and efficiency measures from other participating cities and counties. Representatives from participating communities select the specific public services to be measured and define standardized indicators to measure these services. While many communities that publish benchmark data within their budget documents cite results compiled by ICMA, some jurisdictions prefer to collect this independently.

OLO's interviews with performance measure practitioners find a wide variety of opinions about the merits of intra-jurisdictional benchmarking of performance data. Jurisdictions that publish benchmarking data as part of their budget documents do so in the belief that programs operate in similar environments in certain other communities and that the performance data from these communities are both comparable and verifiable. Other communities discount the value of benchmarking because of external factors (such as

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[23] The City of Austin is a Council-City Manager form of government. The Mayor of Austin is a popularly elected member of the City Council. The City Auditor is appointed by the City Council.

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differences in law, client base, economic conditions, climate, etc.) that cloud comparability of programs among jurisdictions. These communities also cite concerns about the accuracy and methodology of performance measures calculated elsewhere.

Example: Review of Inter-Jurisdictional Benchmark Data
Fairfax County, Virginia[24]

Fairfax County participates in the ICMA Comparative Performance Measurement Program. The County Board of Supervisors considers the ICMA comparative data during its annual budget deliberations. In addition, the County's adopted budget document includes a series of bar charts that compare Fairfax County program measures against similar measures from other jurisdictions.

Fairfax County does not use a single comparative community for all of its benchmarks. For example, the County frequently compares its performance against Miami-Dade County, Oklahoma City, and Richmond for public safety measures while comparing itself against Prince William County, Virginia, and Montgomery County, Ohio for public works measures.

For some service areas (such as health and human services), Fairfax County uses data collected by the Virginia Department of Health to compare program performance against similar programs in other counties in the state.

Exhibit 4 illustrates Fairfax County's public safety benchmarking data from the FY05 Adopted Budget. Appendix J contains further information on Fairfax County's benchmarking data.

EXHIBIT 4
FAIRFAX COUNTY ADOPTED BUDGET
FY05

PUBLIC SAFETY:
Total Fire Incidents per 1,000 Population

Miami-Dade County, FL	4.1
Fairfax County, VA	5.9
Oklahoma City, OK	6.3
Richmond, VA	11.4

Source: ICMA FY 2002 Data

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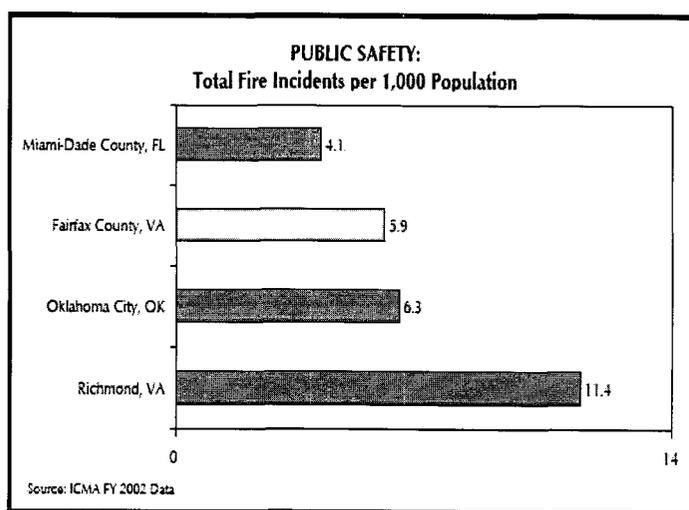
[24] In Fairfax County, the County Executive is appointed by the elected Board of Supervisors.

7. Sunset Reviews

At least seven states have statutes requiring periodic sunset reviews of all existing state agencies. A sunset review is an evaluation to determine whether to continue or abolish an agency. In these states, every agency undergoes a review every seven to 12 years. Typically, the state legislature annually directs its auditor's office to conduct sunset reviews for a select list of agencies. The auditor prepares a report describing how effectively the agency has fulfilled its assigned mission. Sunset reviews frequently rely on output, outcome, efficiency, and customer service measures to assess agency performance.

Upon receipt of the auditor's report, the legislature decides whether to re-authorize the existence of the agency. Legislatures also use information presented in sunset reviews to reconsider the allocation of resources and responsibilities both within and among government agencies.[25]

Example: Sunset Review **State of Arizona**
Arizona law requires each agency to undergo a sunset review. The Arizona Joint Legislative Audit Committee (JLAC) creates a schedule for agency sunset reviews and sets dates on which agencies will be abolished unless legislation is passed to continue their operation. JLAC then assigns responsibility for the sunset review either to a legislative committee or to the Office of the Auditor General. The Arizona Legislature has established in statute a list of criteria (known as "sunset factors") by which to evaluate agency performance. These sunset factors include evaluation of "the effectiveness with which the agency has met its objective and purpose and the efficiency with which it has operated." Assessment of this sunset factor generally includes a description of output, outcome, and efficiency measures. Upon completion of an agency's sunset review, the Legislature holds a public hearing on the re-authorization of that agency. The Legislature then decides whether to continue, eliminate, or modify the agency. The sunset factors section from the Office of the Auditor General's 2004 performance audit of the Arizona Department of Environmental Quality appears in Appendix K.

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[25] Since 1979, the Texas Sunset Advisory Commission has performed 346 sunset reviews of state agencies and commissions. Over that period, the Texas Legislature approved the continuation of 81% of the agencies and commissions reviewed. Almost 14% of the sunset reviews resulted in the abolishment of an agency of commission. The remaining 5% of sunset reviews resulted in the re-organization of functions within and among agencies and commissions.

8. The Balanced Scorecard

"Balanced Scorecard" refers to a priority-setting approach developed in the private sector that helps organizations link their strategic objectives to performance measures. The Balanced Scorecard is a management system (not only a measurement system) that clarifies organizational vision and strategy by breaking high-level strategies into objectives, measurements, targets, and initiatives.

The Balanced Scorecard measures organizational performance across four perspectives:

- Financial performance;
- Customer knowledge;
- Internal business processes; and
- Learning and growth.

This approach enables managers to understand the linkages between the areas listed above and helps them focus their efforts through key indicators. In addition, the Balanced Scorecard is a system where measures are reviewed in light of changes to vision, strategy, or mission of an organization.

The Balanced Scorecard approach is designed to:

- Focus the whole organization on the few key things needed to create breakthrough performance.
- Help integrate various corporate programs such as quality, re-engineering, and customer service initiatives.
- Break down strategic measures into local levels so that unit managers, operators, and employees can see what's required at their level to roll into excellent performance overall.[26]

Used in the private sector (perhaps most notably by Southwest Airlines), the Balanced Scorecard has also been adopted by the public sector in some communities. In these communities, elected officials evaluate competing budget items based on their consistency with pre-determined priority outcomes. Public sector application of the Balanced Scorecard differs from that in the private sector in that governments are more mission-driven than profit-driven. This mission-driven approach affects the selection and prioritization of outcomes.

Interviews with budget practitioners in several jurisdictions suggest that some communities that employ a Balanced Scorecard approach rank most budget components as a top priority. This practice makes it difficult for legislators to assess the relative value of competing budget items.

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[26] *Translating Strategy Into Action: The Balanced Scorecard*, Robert S. Kaplan and David P. Norton, 1996.

Example: Balanced Scorecard
Mecklenburg County, North Carolina[27]

The Mecklenburg County Board of County Commissioners has identified high level community goals (called "focus areas"). For example, one of the County's focus areas is "Community Health and Safety." For each focus area, the Commissioners created a series of associated outcomes (known as "desired results"). "Reduce Violence, Injury, and Emotional Harm," for example, is a desired result within the Community Heath and Safety focus area. Specific programs are aligned to achieve desired results. As an example, Child Abuse Prevention is a program category with the Reduce Violence, Injury, and Emotional Harm desired result. The County's Child Protective Services program is one of the specific activities within the Child Abuse Prevention category.

Similar to a private sector Balanced Scorecard approach, the Board established seven priority levels by which to rank different programs and set a cap on the number of programs within each priority level. The Board uses a priority setting process to place all programs into these categories. The Board bases funding levels in the approved budget on these priorities. The Board also analyzes and judges the service in terms of relevance, performance, and efficiency.

In addition, the Board reviews County services through a review/evaluation framework modeled after the federal Office of Management and Budget's (OMB) Performance Assessment Rating Tool (also known as PART). To give time for an in-depth review, the Board reviews one-third of government services each year. Using PART, the Board reviews and rates individual services and aggregate scores are calculated by program category based on service ratings. Based on these scores, the program or service is rated as "exemplary", "successful", "moderately successful", or "results not demonstrated".

Exhibit 5 is an example of Mecklenburg County's Child Protective Services' performance measures. Appendix L includes excerpts from a presentation of the Mecklenburg County Child Protective Services performance measures.

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[27] In Mecklenburg County, the County Manager is appointed by the elected Board of County Commissioners.

EXHIBIT 5
MECKLENBURG COUNTY CHILD PROTECTIVE SERVICES PERFORMANCE MEASURES
JUNE 2005

Example

Focus Area:	COMMUNITY HEALTH & SAFETY
Focus Area Goal:	*Make our community healthier and safer*
Desired Result:	Reduce Violence, Injury & Emotional Harm
Strategy:	Protect (prevent) the public from physical and emotional harm
Measures:	M1: Abused Children Rate M2: Violent Crime Rate

6

C. Mandates for Others to Evaluate Performance

Many state and local legislatures have enacted legislation or approved resolutions directing that agencies of government employ quantitative measures to evaluate performance. These legislative actions seek to ensure that government managers engage in sound, data-based decision-making regardless of the degree to which the legislature reviews details of specific performance measures. The following two techniques are examples of directives issued by elected officials for frontline program managers to engage in performance measure evaluation.

1. Mandated Use of Performance Measures

A report by the National Conference of State Legislatures finds that 33 states have enacted statutory performance measurement requirements for government agencies.[28] The nature of these requirements differs from state to state. Some state statutes merely require that agencies engage in performance measurement without further specification of the types of measures to be collected. Other statutes mandate that agencies compile data to support outcome and efficiency measures. State statutes cite a variety of intended

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[28] *Governing for Results: Legislation in the States* by Ronald K. Snell and Jennifer Grooters, 2000.

purposes for performance measurement including supporting legislative budget decisions, facilitating program evaluation of agencies and programs, and providing public information.

Several state legislatures require agencies to report performance measures in the larger context of a strategic plan. In this approach, the strategic plan identifies desired agency goals and specific programs designed to produce those goals. Performance measurement monitors the degree to which agencies have achieved the strategic planning goals.

Some county and city legislatures also have indicated their desire for government agencies to prepare and report performance data. In 1998, the Montgomery County Council approved a resolution calling on County agencies to develop performance measures and to incorporate these measures in their budget documents. The resolution cited the Council's intent to use performance information for several purposes including establishing a basis for developing strategic objectives and program goals, supporting continuous improvement of government programs, identifying areas of weakness, and providing a context for resource allocation decisions. Appendix B contains a copy of the Council resolution.

**Example: Mandated Use of Performance Measures
State of Washington**

In 1993, the Washington State Legislature enacted a statute requiring that agency budget documents "establish measurable goals for achieving desirable results ... [and] clear strategies and timelines to achieve its goals." For each major state program, the statute directs agencies to define program objectives that are expressed in outcome-based and measurable form. Agency budget proposals must integrate funding requests with "performance measures that allow objective determination of a program's success in achieving its goals."

Section 43.88.090 of the Revised Code of Washington establishes the performance measurement requirements for state agencies. The complete text of Section 43.88.090 appears in Appendix M.

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2. Mandated Use of Process Improvement Models

Some state and local governments have applied process improvement models developed in the private sector to evaluate the performance of public sector service delivery. Evaluation of performance data is a key component of process improvement. Often, government must adjust a private sector model for use in evaluating government functions.

Process improvement models primarily look at the quality of service provided rather than the cost of providing that service. As such, many process improvement models do not

directly address budgetary issues. Nonetheless, enhancement of service quality may result in improved program efficiency, which, in turn, may reduce program costs. The primary goal of process improvement models is to affect changes at an operational level. Therefore, program managers and direct service delivery agents often are the principal participants in process improvement. While elected officials are not likely to be directly involved in use of a process improvement model, they could mandate that government programs routinely undergo this type of evaluation.

Six Sigma is an example of a process improvement model used in the private sector. The fundamental principle of Six Sigma is to improve customer satisfaction by reducing defects. The ultimate performance target is nearly defect-free processes and products. A Six Sigma improvement team uses five key steps to achieve this goal.

The key steps in the Six Sigma methodology are: 1) define, 2) measure, 3) analyze, 4) improve, and 5) control.

The define stage of the process calls for:

- Baselining and benchmarking the process to be improved;
- Deconstructing the process into manageable sub-processes, further specifying goals/sub-goals;
- Establishing infrastructure to accomplish the goals; and
- Assessing the cultural/organizational change that might be needed for success.

Once the improvement team completes the define stage of the process, it proceeds through the measurement, analysis, improvement, and control steps. The improvement team identifies relevant information based on engineering principles and models.

After the team collects the relevant information, it then evaluates the information for trends, patterns, and causal relationships. If needed, the team conducts special experiments to confirm theories about relationships or to understand the extent of leverage of factors. When the target level of performance is achieved, control measures are then established to maintain performance.

Six Sigma originated at Motorola in the early 1980s in response to a CEO-driven challenge to achieve tenfold reduction in product-failure levels in five years.

The following example discusses how a mayor mandated the use of a process improvement model by local government agencies. While this is an example of an initiative by the executive branch of government, a legislature could issue a directive of a similar nature.

Example: Mandated Use of Process Improvement Models[29]
Fort Wayne, Indiana

Five years ago, the Mayor of Fort Wayne, Indiana sought to bring an entrepreneurial management approach to the city government. Specifically, the Mayor sought to apply a private sector orientation to public sector service delivery. The Mayor selected the six sigma model as the preferred tool to improve the operational practices of city services and to raise the level of customer service. The Mayor hired a consultant to design a six sigma initiative suitable for application to the City government. In addition, the mayor dedicated resources to train senior program managers in the six sigma technique. The City currently provides 160-hour and 80-hour six sigma training courses for its program managers.

To date, over a dozen city services (including those of the police, fire, and public works departments) have undergone a six sigma review. A summary of a six sigma evaluation of the City's trash collection program appears in Appendix N. As part of this evaluation, the City sought to identify the factors that resulted in an unacceptably high level of missed collections. The six sigma team analyzed program data and determined that trash collection routes with highest number of misses were also the routes with the least experienced personnel. In addition, the City used testers (known as "secret shoppers") to measure the responsiveness and accuracy of the program's complaint handling system. Based on this information, the City implemented new training initiatives and other processes adjustments. The City attributes a 50 percent reduction in trash collection misses to the six sigma effort.

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[29] Operating departments in the City of Fort Wayne report directly to a popularly elected Mayor. The elected members of the City Council approve the City's budget.

CHAPTER V: FINDINGS AND RECOMMENDATIONS

Part A of this chapter summarizes the Office of Legislative Oversight's (OLO) research findings. Part B presents OLO's recommendations for Council action.

A. Key Research Findings

Finding #1: **Performance measures have the potential to improve legislative decision-making.**

Most research examining government decision-making concludes that performance measures can help legislatures make more informed budget decisions. However, performance measurement activities that do not produce useful information drain resources without improving decision-making.

Finding #2: **Legislatures rarely participate in the selection of the measures used to evaluate program performance.**

Legislatures do not often decide which programs should be subject to performance measurement. Moreover, legislatures rarely participate in the selection of the specific output, efficiency, outcome, or service quality, or measures used to evaluate program performance.

Finding #3: **Most state and local legislatures do not use performance measures routinely in their budget decision-making.**

The most frequently cited factors that limit the usefulness of performance measures for legislatures include:

- Legislators often are inundated with information and are unable to locate the data that are most relevant to pending budget decisions.

- Legislators find that agency-generated performance measures do not provide the type of information needed to inform legislative branch decision-making.

- Legislators have on-going concerns about the accuracy and reliability of data produced by program managers or other executive branch officials.

- Legislators may have insufficient training and staff resources to interpret and apply performance measures to their budget decisions.

Finding #4: **Some state and local legislatures have adopted techniques to more systematically integrate performance measurement into budget decision-making.**

Legislative Branch Involvement in Selecting Measures: Some legislatures actively participate in selecting performance measures. On a periodic basis (most commonly once a year), these legislatures review and comment on the performance measures maintained by the Executive Branch. In some cases, legislatures approve the list of specific performance measures for departments and agencies to measure.

Monitoring Performance Goal Achievement: Some state and local legislatures have developed techniques to routinely assess how well public programs have achieved past year performance goals. Legislators track performance goal achievement to detect trends in program demand, efficiency, and service quality. Some legislatures assess whether programs have achieved designated service level standards.

Displaying Performance Data Next to Budget Line Items: A few legislatures require that budget documents display program performance data next to budget line items. The goal of this approach is to link performance measures directly with the budget expenditures most related to those measures. The budget document establishes a connection between specific output measures and the level of funding necessary to accommodate a projected output demand. This approach also may display program funding in the context of the goals or outcomes that should be affected by that program's budget.

Auditing and Evaluation of Performance Measures: At least 29 states have legislative branch auditing offices that perform a variety of auditing and program evaluation functions. Most of these state legislative auditing offices conduct periodic assessments of the reliability of performance data submitted by government agencies. However, most state legislative auditing offices have insufficient staff resources to conduct comprehensive reviews of every agency performance measure. Rather, these offices tend to focus their performance measure audits on select programs of particular interest to the legislature.

Some legislatures address data credibility concerns by sponsoring independent performance evaluations. These evaluations may include a wide range of topics including definition of mission, business processes, management structure, staffing levels, fiscal controls, contract oversight, case management, and technology use. Very often, these evaluations feature performance assessments that measure program or department workload, efficiency, and service quality levels.

Benchmarking: Some local jurisdictions routinely incorporate inter-jurisdictional benchmark data into budget documents. With this information, legislators have the opportunity to compare the performance of local public services against similar programs in other communities. Counties and cities that routinely compare benchmark data seek to identify communities that share similar characteristics with their home community.

OLO finds a wide variety of opinions about the merits of intra-jurisdictional benchmarking of performance data. Those jurisdictions that publish benchmarking data as part of their budget documents do so in the belief that programs operate in similar environments in certain other communities and that the performance data from these communities are both comparable and verifiable. Other communities discount the value of benchmarking because of the external factors that cloud the comparability of programs among jurisdictions. These communities also cite concerns about the accuracy and methodology of performance measures calculated elsewhere.

Sunset Review: Some legislatures direct staff to routinely review how well agencies have fulfilled their missions. Each year, legislative staff prepare sunset reviews for a select number of agencies. A sunset review is an evaluation to determine whether to continue or abolish an agency. Upon receipt of the sunset review, the legislature decides whether to re-authorize the existence of the agency. Legislatures also use information presented in sunset reviews to reconsider the allocation of resources and responsibilities both within and among government agencies.

Priority Setting (Balanced Scorecard): The term "Balance Scorecard" refers to a priority-setting approach developed in the private sector that helps organizations link their strategic objectives to performance measures. The methodology breaks high-level strategies into objectives, measurements, targets, and initiatives. Some communities have adapted the Balanced Scorecard approach to public sector decision-making. In these communities, elected officials evaluate competing budget items based on their consistency with pre-determined priority outcomes.

Some communities that employ a Balanced Scorecard approach rank most budget components as a top priority. If most programs are ranked as a top priority the legislature is left without a means to assess the relative value of competing budget items. OLO finds that a budget process that assigns the highest priority ranking to virtually every government activity may have minimal impact on legislative decision-making.

B. Recommendations

OLO recommends the Council take steps to improve its use of performance measures in budget decision-making.

Recommendation #1: **The Council should encourage the County and bi-County agencies to continue using performance measures as an internal management tool.**

The Council should direct agencies to continue collecting performance data. Program managers should prepare performance measures not merely to meet a Council or budget office reporting requirement. Instead, the Council should encourage the routine use of performance measures as an on-going management tool. Moreover, the Council should encourage agencies and departments to develop efficiency, service quality, and outcome measures that may help both program managers and elected officials guide program direction.

Recommendation #2: **The Council should systematically incorporate performance measures into budget decision-making.**

a. **Request that agency staff submit performance measures concurrently with the submission of their recommended operating budget.**

For the Council and its staff to adequately review performance measures during the budget season, agencies must submit their measures concurrent with their operating budget submissions. In past years, the Council has received agency performance measures well into budget season which limits the Council's and its staff's ability to interpret the data and consider their relevance to pending budget decisions. Timely receipt of performance measures at the beginning of budget season is critical to allow integration this information into budget analyses.

b. **Request that Council budget analysts review agency performance measures during budget season and highlight for the Council: 1) any major changes and trends in program achievements, and 2) programs that have not achieved projected performance targets.**

Council budget analysts should highlight to the Council all measures that reveal a major change in a program's performance. Analysts also should compare actual performance with target goals established the previous year. When a program does not to achieve important performance goals, analysts should ask the agency or department to explain the factors that contributed to the lower than expected performance and report that information to the Council.

c. Request that agencies report how performance measures have influenced specific budget recommendations. The Council should direct agencies to present annually how performance measures support strategic planning.

While Council staff should review all performance measures, the Council should direct agencies to highlight which specific measures influenced particular budget line items. Agencies should demonstrate how performance measures support specific funding recommendations.

The Council should ask agencies and departments to report how they use performance data to support strategic planning. Agencies and departments should describe how they use data to measure progress toward achieving strategic objectives. In addition, agencies and departments should show the relationship between output, efficiency, and outcome measures and planned future allocation of resources.

Recommendation #3: **During each budget season, the Council should identify a short list of priority measures that the Council will examine in depth during the following budget season.**

As Council committees review agency and department budgets, Councilmembers should specify performance measures that are most relevant to their decision-making. The Council should create a short list of measures that relate to areas of particular interest or concern. Councilmembers may select existing measures for inclusion on the short list or ask for the creation of new measures. If the Council requests a new measure, it should confirm that the agency or department is capable of collecting data as necessary to meet Council needs.

While some output measures may be of use in determining program funding levels, the short list should consist primarily of efficiency and outcome measures that most closely align with the Council's larger budgetary goals.

For priority measures, the Council should ask agencies and departments to justify the performance targets established over the next year. Council committees may hold mid-year worksessions to learn about the status of data collection and the progress toward meeting performance targets.

OLO finds that differences among communities may genuinely compromise the benefit of intra-jurisdictional benchmarking. Nonetheless, comparison of some County performance measures with those in other communities may be valid given a full understanding of the similarities and differences in the environment in which programs operate. OLO advises that the Council limit its benchmarking requests to the short list of priority measures and that it direct agencies to identify the factors that affect the comparability of data for these measures.

Recommendation #4: **The Council should direct agencies to design new budget and finance technology systems that are capable of linking performance measures with specific budget line items.**

OLO supports the idea of integrating performance data into budget documents alongside the program funding line items. While this approach seems like a simple formatting change, a challenge may arise in assuring that both budget figures and their associated performance measures derive from corresponding data sets. The analytical value of linking this information would be lost if a performance measure is not directly influenced by the budget line with which it is coupled.

Both the County Government and the Montgomery County Public Schools intend to upgrade their financial and budget information systems. In developing the functional requirements for new budgetary computer applications, County agencies should plan to link performance measures to specific budget line items.

Recommendation #5: **Office of Legislative Oversight base budget reviews should include an assessment of how performance measures are developed and used.**

Earlier this year, the Council assigned OLO the responsibility to perform base budget reviews of County agency programs and activities. As it studies the services provided by different programs and the cost of providing these service, OLO should assess which quantitative measures are most useful to evaluate program performance. This effort may involve developing new performance measures or verifying the accuracy of existing agency-generated measures.

OLO notes that the Office of the Inspector General's current work plan includes performance audits to determine the accuracy and reliability of actual program results reported by the County Government's Office of Management and Budget.

Recommendation #6: **Agency and Council budget analysts should assess their performance measurement training needs.**

Agency and Council budget analysts should work together to assess their skill levels and training needs as relates to the use and interpretation of performance data. This effort should focus on the staffs' abilities to interpret outcome measures and to apply these measures to budget decision-making.

OLO finds that two techniques for systematic review of performance measures described earlier may be costly to implement without generating meaningful improvement to the decision-making process.

Recommendation #7: **The Council should not adopt a policy to routinely sunset County agencies, departments, and commissions.**

Mandatory sunset reviews of all agencies, departments, and commissions impose a very large workload burden upon the legislature, its staff, and those subject to the sunset review. In addition, routine sunset reviews treat all agencies, departments, and commissions equally without regard to their size, mission, or past performance. Instead, of conducting routine sunset reviews, OLO recommends that the Council focus its attention on monitoring the performance of select activities that have the greatest impact on Council priorities.

Recommendation #8: **The Council should not expend the effort to establish priority-based budgeting (such as the Balanced Scorecard approach) unless the process is capable of excluding major categories of spending from the highest priority ranking.**

Some communities have created a budget framework (such as the Balanced Scorecard approach) that starts with the establishment of high level priorities. The legislature then ranks competing budget items in light of their consistency with the established priorities. While such a system may appear to help sort funding requests, OLO finds that this approach is effective only when decision-makers exclude some major categories of programs from the highest priority ranking. If most cost components of government receive the top priority ranking, then this approach succeeds only in producing an additional layer of administration without having a practical impact on resource allocation decisions.

APPENDIX

OLO Report 2006-2

LEGISLATIVE USES OF PERFORMANCE MEASURES IN BUDGET DECISION-MAKING

APPENDIX	DOCUMENT TITLE	CIRCLE NUMBER
A	Council Resolution 15-904	© 1-2
B	Montgomery County Council Resolution 13-1488	© 3-7
C	Maryland Office of Legislative Audits, Department of Legislative Services, Performance Audit Report of the Department of Managing and Budget Managing for Results Initiative	© 8-10
D	CitiStat summary report of the Baltimore, Maryland Fire Department performance indicators	© 11-13
E	State of Florida Agency for Health Care Administration Performance Measures and Standards, FY04	© 14-16
F	Prince William County, Virginia Department of Fire and Rescue Service Efforts and Accomplishments (SEA) Report, 2004	© 17-20
G	Texas General Appropriations Act for the Texas Department of Health 2003	© 21-26
H	Maryland Department of Business and Economic Development audit of the reliability of the Managing for Results performance measures	© 27-29
I	City of Austin Performance Audit of the Austin Law Department, 2004	© 30-46
J	Fairfax County, Virginia Public Safety Benchmarking Data, 2005	© 47-51
K	State of Arizona Performance Audit of the Arizona Department of Environmental Quality Office, 2004	© 52-63
L	Excerpts from a presentation of the Mecklenburg County, North Carolina Child Protective Services performance measures, 2005	© 64-68
M	Section 43.88.090 of the Revised Code of the State of Washington establishes the performance measurement requirements for state agencies	© 69-71
N	A summary of a six sigma evaluation of the Fort Wayne, Indiana trash collection program	© 72

Resolution No.:	15-904
Introduced:	February 1, 2005
Adopted:	February 15, 2005

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Knapp, Praisner, Subin, Floreen and Andrews

SUBJECT: Establishing Annual Budget Priorities and Performance Measures

Background

1. The Montgomery County Charter vests final budget authority in the County Council. Section 305 of the Charter provides that "the Council may add to, delete from, increase or decrease any appropriation item in the operating or capital budget."

2. The majority of funding that is appropriated by the Council comes from the taxpayers of Montgomery County, and in exercising this budget authority, the Council is accountable to County taxpayers and must ensure that funding priorities are clear and that the programs it funds are cost-effective.

3. In order to set funding priorities and make budget decisions, the Council must have clear information regarding agency, program, and project cost-effectiveness, including documentation of outcomes.

4. County agencies provide extensive budget data, but they have not been explicitly asked by the Council to identify their on-going budget priorities or to provide clear information on the cost-effectiveness of programs or initiatives. Some County agencies have done extensive work on strategic plans and performance measures, but these measures are generally not linked to decisions on resource allocation.

5. Some local legislative bodies have tried to create a framework for budget deliberations. For example, a decade ago the City Council of Charlotte, North Carolina defined five "focus areas" or "strategic themes" and has adhered to them, making changes in individual initiatives as needed to respond to new challenges or demands.

6. In the past the Montgomery County Council itself has identified overriding priorities – for example, the multi-year Children First initiative that began in 1999.

<u>Action</u>

The County Council for Montgomery County, Maryland approves the following resolution:

The Council intends to establish a stronger framework for its budget deliberations in close consultation with County agencies and the community.

As a key element of this framework, the Council intends to set annual budget priorities. The Council will set these priorities by October 1 each year for the following fiscal year.

To this end, the Council requests County agencies, as they develop their recommended budgets each year, to:

- identify their own budget priorities;
- provide clear information on the cost-effectiveness of their programs;
- provide performance measures on individual programs that enable the Council and the community to assess the results achieved with past funding;
- identify the methodology and information used to review program effectiveness; and
- link decisions on future resource requests and allocations to these performance measures.

The Council intends to use the information outlined above in its budget deliberations and in setting annual priorities beginning with FY07.

For the FY06 budget process, the Council requests that County agencies provide as much information as possible in the five aforementioned areas for review at Council Committee worksessions scheduled during April and May 2005.

This is a correct copy of Council action.

Elda M. Dodson

Elda M. Dodson, CMC
Acting Clerk of the Council

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By County Council

SUBJECT: Council Expectations Regarding the Development and Use of Performance Measures

Background

1. The County Council is increasingly interested in the potential uses of performance measures. The Council believes that measuring and reporting the performance of publicly funded activities can enhance communication, encourage continuous improvement, increase accountability, strengthen oversight, and improve decision making.

2. The Council wants to support and encourage agency efforts to develop, report, and use performance measures.

3. The Council intends to provide clear guidance and feedback to the agencies regarding their respective measurement efforts and the Council's performance information needs.

Action

The County Council for Montgomery County, Maryland, approves the following resolution:

The Montgomery County Council hereby adopts the following goals, expectations, and principles for the development and use of performance measures by agencies for which funds are appropriated or approved by the Council. For purposes of this resolution, "agencies" is defined to include the County Government, Montgomery County Public Schools, Montgomery College, Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission and the Montgomery County Housing Opportunities Commission.

Development of Performance Measures and Reports

1. The Council calls on the agencies to assume the lead responsibility for developing and reporting performance measures for their respective activities. The Council asks the agencies to report performance measures to agency staff, agency decision-makers, the Council, and the general public. The Council anticipates that the measures an agency reports externally will be a subset of more comprehensive measurement data that the agency collects for internal management purposes.

2. The Council adopts the following performance measurement definitions.[1] For consistency, the Council requests that the agencies use the same terms and definitions when reporting performance measures to the Council.

   - **Results (outcome) measures** - the outcome or accomplishments associated with a service or program. Examples: change in students' test scores, reduction in fire deaths/injuries.

   - **Service quality measures** - customer satisfaction with a service or program, or how accurately or timely a service is provided. Examples: percent of clients satisfied with home health aide services, average number of days it takes to complete a work order, meter reading error rates.

   - **Output measures** - the number of units produced or amount of service provided by an organization or program. Examples: number of road miles resurfaced, number of children immunized, number of permits issued, number of library books checked out.

   - **Input measures** - the value of resources used to provide a particular service or program. Examples: dollars spent, staff hours/workyears used.

   - **Efficiency measures** - the cost, either in dollars or employee-hours, per unit of output or outcome. Examples: cost per community center visit, investigator hours per case solved, cost per million gallons of clean drinking water produced.

3. The Council believes that performance measures should be:

   - **Based on goals and objectives that tie to a statement of program mission** - Performance measures should clearly relate to an agency's mission, goals, and objectives and should allow for comparisons over time.

   - **Understandable, reliable, and used in decision-making** - Agencies should report performance measures that are reliable, easy to read and understand, and free from jargon and technical terms. Performance measures should also be relevant and used in decision-making.

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[1] Adapted from the Governmental Accounting Standards Board's Service Efforts and Accomplishments Reporting: Its Time Has Come (1990), the State of Maryland's Managing for Results Guidebook (1997) and Fairfax County's Fairfax County Measures Up (1997).

- Reported as a combination of different types of performance measures, i.e., results, service quality, output, input, and efficiency measures - The Council requests that the agencies report a combination of these different types of performance measures. Together, the combination of measures should educate the reader about each agency's principal contributions, accomplishments, costs, and challenges.

- **Cost-effective** - The cost of gathering, verifying, reporting, and using performance information should not exceed its value for management and decision-making.

4. The Council also encourages the agencies to accompany measurement reports with explanatory information about factors that might bear upon an organization's performance, e.g., general economic conditions, demographic data, recent initiatives or program changes.

Use of Performance Measures and Reports

5. Over time, the Council intends to use performance measurement information to help:

- Enhance communication with the agencies and the public about the costs and performance of programs and services;

- Establish a basis for developing strategic objectives and clarifying program goals and policies;

- Support agency efforts to continuously improve management and service delivery;

- Maintain oversight of and accountability for programs and other activities;

- Identify areas of weakness that require special attention or remedial action; and

- Provide a context for budget discussions and identify opportunities for changes and trade-offs in resource allocation.

6. As part of the annual budget review process, the Council Committees want to review a summary of performance data for each agency. The Council calls upon the agencies to consider performance information an important element of each agency's annual budget submission. Recognizing the limited time available during budget worksessions, the Council Committees may also decide to hold comprehensive worksessions at other times during the year on the performance of selected programs, activities, or organizational units within an agency.

7. To facilitate the Council's ability to incorporate discussion of agency performance into the Council's annual budget review, the Council asks agencies to report a summary of performance data in the same document as the agency's budget submission to the Council or in an accompanying document.

8. Each agency should present the summary of performance data in a format that parallels how the agency presents and the Council reviews the agency's operating budget request. In some cases, the agency should also indicate incremental results associated with specific reductions or increases in funding.

9. The Council's operating budget public hearings, held in April, will provide an opportunity for public input on the summary performance measures provided in each agency's budget request.

10. Over time, as agencies develop better measures and collect more data, the Council expects to use performance information more extensively in decision-making. The Council recognizes that it will take agency staff time to collect and report valid, meaningful, and reliable performance data. The Council adopts the following steps to promote steady progress toward further institutionalizing the development and use of performance measures:

   • The Council requests that each agency's FY 2000 operating budget submission include a summary of performance measurement data developed to date. In addition, the Council asks each agency to propose a schedule that specifies what additional performance information the agency will include in the FY 2001 and FY 2002 budget requests.

   • During the Council's review of the FY 2000 budget, Council staff will incorporate review of the performance measurement data developed to date and proposed schedules into the Council Committees' worksessions. Council Committees will provide feedback and reach agreement with the agencies on each agency's respective approach to performance measurement, the measures developed to date, and the proposed schedule.

   • Each agency's FY 2001 and FY 2002 budget submission to the Council should include the summary performance data, as identified and agreed upon in the schedule. For subsequent budget submissions, the Council calls upon each agency to continue refining summary performance data consistent with Council feedback.

The Office of Legislative Oversight's Role in Supporting the Council's Performance Measurement Efforts

11. To assist the Legislative Branch and agency staff in developing and using performance and outcome measures, in FY 99 the Office of Legislative Oversight will:

   • Compile a library of performance measurement resources available for use by Legislative Branch and agency staff;

   • Identify performance measurement training opportunities for Legislative Branch and agency staff; and

   • Compile a list of and facilitate access to consultants who provide services related to developing, reporting, and using performance measures.

12. In addition, OLO will design a model Service Efforts and Accomplishments (SEA) report. A SEA report communicates the performance of key service areas across the agencies. The Council will use the model report to determine whether to pursue production of a full SEA report in the future. OLO will work with the County Government to assure that the model SEA report can also be used as a resource for meeting any future performance reporting requirements by the Governmental Accounting Standards Board.

13. In addition, the Council expects OLO to continue tracking the agencies' efforts to develop and use performance measures. OLO will provide the Council with an annual status report of agency progress.

This is a correct copy of Council action.

Mary A. Edgar, CMC
Secretary of the Council

Performance Audit Report

Department of Budget and Management
Managing for Results Initiative

Initiative as Implemented is Not an Effective Decision Making Tool

January 2004
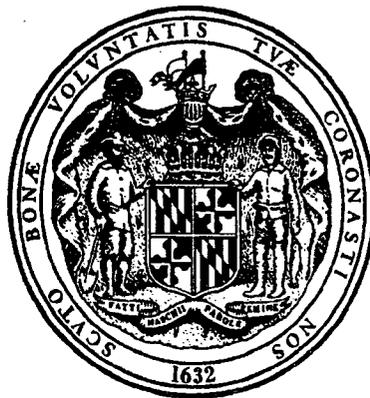
Office of Legislative Audits
Department of Legislative Services
Maryland General Assembly

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

Bruce A. Myers, CPA
Legislative Auditor

January 13, 2004

Delegate Van T. Mitchell, Co-Chair, Joint Audit Committee
Senator Nathaniel J. McFadden, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We conducted a performance audit to determine to what extent the Managing for
Results initiative (MFR) has become part of the statewide and agency decision
making processes. We also reviewed a Department of Budget and Management
(DBM) report estimating the fiscal year 2002 costs for MFR spending. We
conducted this audit, and reviewed the DBM report, in response to a request made
in April 2003 by the Chairmen of the Senate Budget and Taxation Committee and
the House Committee on Appropriations.

MFR has been designed to shift the culture of State government management to
focus on measuring and achieving results, rather than primarily focusing on
processes. Although it could be a valuable planning and budgeting tool, our audit
results indicate that MFR is not being effectively used by DBM in the statewide
budget process, or by agencies in formulating budgets or administering and
implementing programs. A lack of application of MFR concepts to budget issues
and agency operations by both DBM and State agencies has significantly decreased
MFR's value in managing State government. Specifically, although MFR
information is collected annually by DBM during the budget preparation process,
DBM was frequently unable to demonstrate that MFR results affected budget
recommendations. In many cases, the information was submitted late in the budget
review process. This is significant because DBM estimated in its report that the
State incurred $1.9 million in MFR direct operating costs during fiscal year 2002,
which, according to our review, appears to be understated.

State agencies that we reviewed generally did not document the use of MFR as a
budgeting and operational management tool. Although MFR results are to be
accumulated and monitored throughout the year, our audit disclosed that minimal,
if any, monitoring by State agencies was occurring, except at fiscal year-end for
budget submission preparation purposes.

Even if effective ongoing monitoring of MFR results was put in place by agencies, the value of the data is questionable due to reliability issues. Specifically, DBM does not require agencies to provide assurance or document that appropriate processes are in place to ensure the accuracy of the MFR submissions, and our separate audits of certain agencies' MFR data, conducted over the past several years, raised significant concerns about data reliability.

An executive summary can be found on page 5 of the report. Our audit objectives, scope, and methodology are explained on page 13.

We wish to acknowledge the cooperation extended to us during our audit by DBM and the agencies selected for review.

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Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

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#REF!

FIRE DEPARTMENT

CITISTAT

REPORTING PERIOD: MAY 18, 2005 THROUGH MAY 31, 2005

SUMMARY INDICATORS

FIRE SUPPRESSION	FY2002 YEAR-END	FY2003 YEAR-END	FY 2004 YEAR END	FY2004			
				FY 2005 July-Sept	FY2005 (Oct. - Dec.)	FY2005 (Jan. - March)	FY 2005 April-June
911 Fire Suppression Service Calls	72459	70135	106822	28672	30324	30842	
Residential Structure Fires	2111	1797	1526	399	507	488	
Private Dwellings	1505	1293	1071	281	234	96	
Apartments	566	468	390	81	204	303	
Others	40	36	65	37	69	89	
Non-Residential Structure Fires	647	426	443	77	176	81	
Public Assembly	53	45	35	12	22	10	
Schools & Colleges	55	51	131	18	94	27	
Health Care & Penal Institutions	35	34	27	8	8	8	
Stores & Offices	88	59	49	9	18	10	
*Vacant Structure	245	159	n/a	n/a	n/a	n/a	
Others	171	78	90	30	34	26	
Vacant Structure Fires	n/a	n/a	163	38	64	52	
Total Structure Fires	2758	2223	2132	514	747	569	
Non-Structure Fires	3883	2756	2256	647	508	479	
Vehicles	987	912	791	236	158	170	
Area Outside of Structures	143	82	71	18	8	19	
Brush, Grass, Wildland	1084	580	300	66	73	60	
Trash, Rubbish, Dumpsters	1633	1150	1065	327	269	230	
Others	36	32	29				
HAZMAT Incidents	100	163	164	271	340	378	
Mutual Aid Incidences	353	286	286	167	150	131	
Provided	78	88	85	50	31	26	
Received	275	198	201	117	119	105	
False Alarms	4772	5153	5927	1765	1436	1378	
Suppression	1362	1236	1434	471	445	513	
EMS	3410	3917	4493	1294	991	865	
Private Alarms	5894	5621	5338	1547	1396	1364	
EMS	531	465	531	182	157	150	
Suppression-Residential	1927	1396	1287	326	365	316	
Suppression-Commercial	3436	3760	3520	1039	874	898	
Average Response Times							
1st Arriving Unit	0:03:54	0:04:12	0:03:51	0:03:54	0:03:49	0:03:34	

CITISTAT

REPORTING PERIOD: MAY 18, 2005 THROUGH MAY 31, 2005

SUMMARY INDICATORS

First Alarm	N/A	N/A	N/A	N/A	N/A	N/A	

					FY2004		
FIRE DEATHS	FY2002 YEAR-END	FY2003 YEAR-END	FY 2004 YEAR END	FY 2005 July-Sep	FY2005 (Oct. - Dec.)	FY2005 (Jan. - March)	FY 2005 April-June
Civilian Deaths	24	34	38		3	10	
0 - 18	6	10	13		2		
19 - 35	3	3	7		1	1	
36 - 59	11	8	12			2	
60 +	4	13	6			7	
Arson-Related Fire Deaths	3	8	3				
Residential Structure Fire Deaths	23	33	31		3	9	
Non-Residential Structure Fire Deaths			5			1	
Other Fire Deaths	1	1	2				
Fire Deaths Occurring in Structures with Working Smoke Detector	10	9	8		2	2	
Fire Deaths Occurring in Structure without a Working Smoke Detector	13	20	17		1	8	

					FY2005		
EMERGENCY MEDICAL SERVICES	FY2002 YEAR-END	FY2003 YEAR-END	FY2004 YEAR-END	FY 2005 (July-Sept.)	FY 2005 (Oct. - Dec.)	FY2005 (Jan. - March)	FY 2005 (April-June)
Total Dispatched	125,318	126,651	135,172	41,186	35,771	36,867	
Medic (ALS)	121,685	118,826	125,306	37,981	32,823	33,559	
Red Alert (BLS)	427	532	2,424	536	521	833	
PM Engine	2,020	6,028	8,262				
EMS Officers	1,186	1,265	2,954	2,669	2,427	2,475	
Total Responses	122,608	137,522	149,451	37,066	34,725	33,657	
Medic (ALS)	118,011	125,261	125,073	31,416	29,964	30,413	
Red Alert (BLS)	1,030	800	2,707	215	200	389	
PM Engine	2,020	6,028	6,184	2,393	1,728		
EMS Officers	1,547	5,433	10,869	3,042	2,833	2,855	
Total Patient Transports	83,026	82,453	83,348	20,739	20,344	21,366	
Medic (ALS)	81,996	81,653	80,923	20,589	20,168	21,066	
Red Alert (BLS)	1,000	783	2,425	150	176	300	
% Responses that Resulted in EMS Transport	67.72%	59.96%	55.77%	55.95%	58.59%	63.48%	#DIV/0!

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CITISTAT

REPORTING PERIOD: MAY 18, 2005 THROUGH MAY 31, 2005

SUMMARY INDICATORS

Suppression Ambulance Assist Runs	45,324	42,273	46,793	13,096			
Response Times							
EMS Units	0:07:18	0:07:24	0:06:17	0:05:49	0:05:55	0:06:15	
Suppression Ambulance Assists	0:03:56	0:04:00	0:03:54	0:03:51	0:03:56	0:04:00	
Responses that Resulted in EMS Billing	77,131	77,968	56,725	18,575	18,623	19,527	
% Responses that Resulted in EMS Billing	62.91%	56.69%	37.96%	50.11%	53.63%	58.02%	#DIV/0!
% Transports that Resulted in EMS Billing	92.90%	94.56%	68.06%	89.57%	91.54%	91.39%	#DIV/0!
EMS Billings ($)	$19,902,870	$31,959,880	23,256,770	$7,615,270	$7,635,430	$8,006,070	
EMS Revenue Collected	$7,497,389	$9,263,272	5,246,056	$2,183,498	$1,646,949	$1,415,609	
Medicare Revenue Collected	$4,459,850	$5,195,812	3,702,335	$1,357,770	$1,179,297	$1,165,268	
Medicaid Revenue Collected	$970,774	$1,179,231	570,399	$309,021	$211,077	$50,300	
Other	$1,472,713	$2,075,724	822,085	$430,834	$220,416	$170,835	
None	$594,051	$812,505	151,237	$85,873	$36,159	$29,206	
EMS Collection Rate	37.67%	28.98%	22.56%	28.67%	21.57%	17.68%	
	$7,497,389	$9,263,272	$5,246,056	$2,183,498	$1,646,949	$1,415,609	

FIRE PREVENTION/INVESTIGATIONS	FY2002 YEAR-END	FY2003 YEAR-END	FY 2004 YEAR END	FY 2005 July-Sep	FY 2005 (Oct. - Dec.)	FY2005 (Jan. - March)	FY 2005 April-June
Public Fire Safety Education (Persons)	48,035	66,217	79,208	34,198	45,152	12,398	
Community Meetings/Events	236	328	2,043	1,097	660	178	
Inspections	21,805	12,560	14,707	4,018	5,060	5,490	
Permits Issued	6,781	5,860	6,767	1,636	1,827	3,049	
Smoke Detectors Distributed	10,435	8,570	33,213	7,860	5,566	5,120	

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State of Florida

Performance Measures and Standards
Approved by the Legislature for Fiscal Year 2004-2005

AGENCY FOR HEALTH CARE ADMINISTRATION

		Measure	Standard
		Program Administration and Support	
	1	Administrative costs as a percent of total agency costs	0.11%
	2	Administrative positions as a percent of total agency positions	11.36%
		Children Special Health Care	
	3	Percent of hospitalizations for conditions preventable by good ambulatory care	7.70%
	4	Percent of eligible uninsured children who receive health benefits coverage	100%
	5	Percent of children enrolled with up-to-date immunizations	85%
	6	Percent of compliance with the standards established in the Guidelines for Health Supervision of Children and Youth as developed by the American Academy of Pediatrics for children eligible under the program	95%
	7	Percent of families satisfied with the care provided under the program	90%
	8	Total number of uninsured children enrolled in Kidcare	406,451
	9	Number of uninsured children enrolled in Florida Healthy Kids	339,557
	10	Number of uninsured children enrolled in Medikids 9 Number of uninsured children enrolled in Children's	56,225
	11	Number of uninsured children enrolled in Children's Medical Services Network	10,669
		Executive Director / Support Services	
	12	Program administrative costs as a percent of total program costs	1.44%
	13	Average number of days between receipt of clean Medicaid claim and payment	11
	14	Number of Medicaid claims received	145,101,034
		Medicaid Services - Individuals	
	15	Percent of hospitalizations that are preventable by good ambulatory care	10%
	16	Percent of women receiving adequate prenatal care	85%
	17	Neonatal mortality rate per 1000	4.7
	18	Average number of months between pregnancies for those receiving family planning services	35

19	Percent of eligible children who received all required components of EPSDT screen	64%
20	Number of children ages 38006 enrolled in Medicaid	1,590,866
21	Number of children receiving EPSDT services	407,052
22	Number of hospital inpatient services provided to children	92,960
23	Number of physician services provided to children	6,457,900
24	Number of prescribed drugs provided to children	4,444,636
25	Number of hospital inpatient services provided to elders	81,919
26	Number of physician services provided to elders	1,436,160
27	Number of prescribed drugs provided to elders	15,214,293
28	Number of uninsured children enrolled in the Medicaid Expansion	1,635
	Medicaid Long Term Care	
29	Percent of hospitalizations for conditions preventable with good ambulatory care	12.60%
30	Number of case months (home and community-based services)	665,999
31	Number of case months services purchased (Nursing Home)	561,156
	Medicaid Prepaid Health Plan	
32	Percent of hospitalizations for conditions preventable by good ambulatory care	13%
33	Percent of women and child hospitalizations for conditions preventable with good ambulatory care	14.50%
34	Number of case months services purchased (elderly and disabled)	1,877,040
35	Number of case months services purchased (families)	9,396,828
	Health Care Regulation	
36	Percent of nursing home facilities with deficiencies that pose a serious threat to the health, safety, or welfare of the public	0%
37	Percent of investigations of alleged unlicensed facilities and programs that have been previously issued a cease and desist order, that are confirmed as repeated unlicensed activity	4%
38	Percent of Priority I consumer complaints about licensed facilities and programs that are investigated within 48 hours	100%
39	Percent of accredited hospitals and ambulatory surgical centers cited for not complying with life safety, licensure or emergency access standards	25%
40	Percent of validation surveys that are consistent with findings noted during the accreditation survey	98%

41	Percent of assisted living facilities with deficiencies that pose a serious threat to the health, safety or welfare of the public	0%
42	Percent of home health facilities with deficiencies that pose a serious threat to the health, safety or welfare of the public	0%
43	Percent of clinical laboratories with deficiencies that pose a serious for not complying with life safety, licensure or emergency access standards	0%
44	Percent of ambulatory surgical centers with deficiencies that pose a serious threat to the health, safety or welfare of the public	0%
45	Percent of hospitals with deficiencies that pose a serious threat to the health, safety or welfare of the public	0%
46	Percent of hospitals that fail to report serious incidents (agency identified)	6%
47	Percent of new Medicaid recipients voluntarily selecting managed care plan	50%
48	Percent of complaints of HMO patient dumping received that are investigated	100%
49	Percent of facility patient dumping complaints confirmed	0%
50	Number of complaints of facility patient dumping received that are investigated	10
51	Number of inquiries to the call center regarding practitioner licensure and disciplinary information	30,000
52	Total number of full facility quality-of-care surveys conducted	7,550
53	Average processing time (in days) for Statewide Provider and Subscriber Assistance Panel cases	53
54	Number of construction reviews performed (plans and construction)	4,500
55	Number of construction review performed (plans and construction)	520,000

Area Agency on Aging
Administrative Services

Program Budget Summary

Total Annual Budget			Number of FTE Positions	
FY 2005 Adopted	$	446,484	FY 2005 FTE Positions	4.70
FY 2006 Adopted	$	488,460	FY 2006 FTE Positions	5.20
Dollar Change	$	41,976	FTE Position Change	0.50
Percent Change		9.40%		

Outcome Targets/Trends

	FY 03 Actual	FY 04 Adopted	FY 04 Actual	FY 05 Adopted	FY 06 Adopted
▪ Citizens in County-wide survey satisfied with the County's programs to help the elderly population	78%	82%	78%	78%	78%
▪ Clients whose independence has been maintained or improved for three months	90%	91%	97%	90%	90%
▪ At-risk elderly citizens receiving services within five days	100%	75%	100%	80%	90%
▪ Substantiated Adult Protective Services (APS) cases per 1,000 adult population	0.50	0.32	0.54	0.50	0.50
▪ Agency performance targets met	58%	70%	65%	70%	70%
▪ Compliance in Virginia Department for the Aging fiscal and program audits	100%	100%	100%	100%	100%
▪ Aging expenditures per capita senior citizen	$99	$97	$97	$108	$104

Activities/Service Level Trends Table

1. Director's Office and Data Management

The Director's Office handles overall Agency administration. Data Management maintains Agency and client statistics through a computerized system dedicated to aging services.

	FY 03 Actual	FY 04 Adopted	FY 04 Actual	FY 05 Adopted	FY 06 Adopted
Total Activity Annual Cost	$232,146	$272,760	$333,259	$287,094	$290,090
▪ Total clients and customers served by the agency	13,552	12,600	11,782	13,500	13,500
▪ Client records maintained	3,164	2,700	3,293	3,100	3,200
▪ Service unit records managed	330,140	300,000	371,900	330,000	360,000
▪ Agency staff reporting computer support is adequate	100%	95%	94%	95%	95%

Change In Key Output Indicators Compared To Total Spending

Purpose: To provide a comparison of changes in several key Fire and Rescue outputs with change in total spending (career and volunteer) adjusted for inflation.

Change In Key Fire and Rescue Output Indicators Compared To Total Spending
Between Fiscal Year 1999 and Fiscal Year 2004
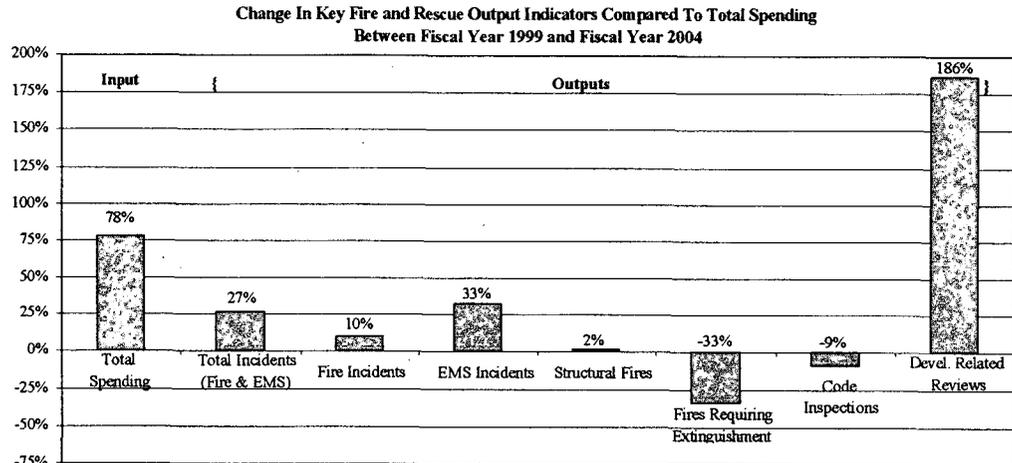
Trend:

♦ While total spending, adjusted for inflation, increased significantly over the six year period, growing by 78 percent, several other measures also increased. These measures include EMS incidents, which increased by 33%, fire incidents, which increased by 10 percent, and structural fires, which increased by 2%. Measures that did not increase or went down during the period include fires requiring extinguishment, which decreased by 33%, and code inspections, which decreased by 9 percent. The number of development related reviews, the demand for which is driven by development in the County, increased significantly.

Comments:

♦ The increase in total spending was a result of equipment costs, vehicle costs, debt payments, and station construction costs, as well as increased staffing to provide extended hours of career staffing, 24-hour medic units, and 24-hour supplemental staffing.

♦ Development related reviews are dependent on the demand for services, which is correlated with the business cycle and general level of development in the County.

♦ The number of EMS incidents increased at a faster pace than the population (21.4 percent) during the six year period.

♦ The number of fires requiring extinguishment varied over the six year period from a low of 741 in FY 2004 to a high of 1,110 in FY 1999. This number can vary from year to year due to temperature extremes, improved fire detection technology, etc. Fire and Rescue public education programs can also have an impact.

♦ The number of code inspections decreased in reaction to increased demand for emergency services, training, and the reallocation of resources to development related reviews during the six year period. Inspections are still performed regularly on life safety issues but follow-up inspections on lesser violations have been reduced.

Cardiac Arrest Survival Rate

Purpose: The purpose of this measure is to provide information on the cardiac witness survival rate. Although cardiac arrest is not predictable, it doesn't have to be fatal. The survival rate of cardiac arrest patients increases with every minute that is saved during response time. Response time to a cardiac arrest may vary based on the location of the patient and if the cardiac arrest is witnessed. This measure is determined by dividing the total number of witnessed cardiac arrests with survival by the total number of witnessed cardiac arrests.

Witnessed Cardiac Arrest Survival Rate
Fiscal Year 2004
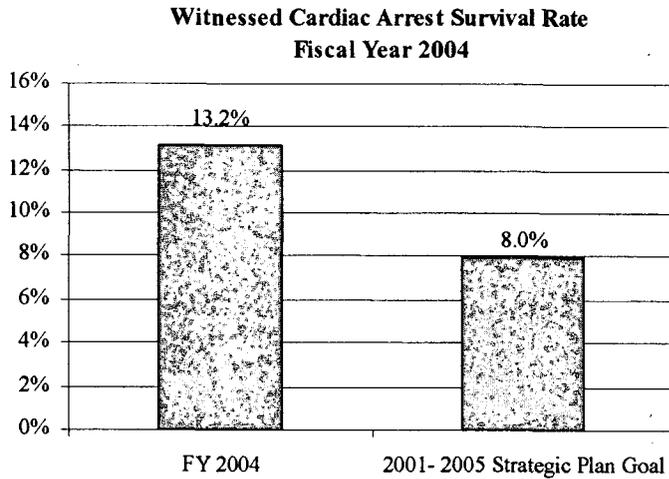
Note: Data prior to FY 2004 was not available.

Trend:
♦ In FY 2004 the fire and rescue career staff responded to 117 cardiac arrests. Approximately 32.5 percent of the cardiac arrests responded to were witnessed and 13.2 percent of the witnessed cardiac arrests were survived.

	FY 2004
Total number of cardiac arrests	117
Approximate number of witnessed cardiac arrests	38
Approximate number of witnessed cardiac arrests w/survival	5

Comments:
♦ The 2001-2005 Strategic Plan goal is to attain a cardiac arrest survival rate of 8 percent or greater. The 2004-2008 Strategic Plan goal is to attain a witnessed cardiac arrest survival rate of 10% or greater.
♦ The current reporting system does not include the number of cardiac arrests responded to by Volunteer Fire and Rescue staff.
♦ A new reporting system to be implemented in FY 2005 is expected to improve collection of cardiac arrest data although obtaining the data may be difficult due to federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations.

DEPARTMENT OF
FIRE AND RESCUE

SECTION LOCATOR

OVERVIEW

SPENDING AND STAFFING:
Spending per Capita
Staffing per 1,000 Residents
Geographic Miles and
Population Served

OUTPUTS:
Change in Key Outputs

RESULTS:
Cardiac Arrest Survival Rate
Fire Related Deaths
Fire Response Within Target
BLS Response Within Target
ALS Response Within Target
Spending per Incident
Incidents per 100,000
Residents
Citizen Satisfaction

Fire Related Deaths Per 100,000 Residents

Purpose: To provide an indicator of success in minimizing fire-related deaths. It is important to note that because relatively small numbers are involved each year the measure can be very volatile in any one year. Trends over time are a better indicator of performance than the results of any one year.

Fire-Related Deaths Per 100,000 Residents
Fiscal Year 1999 Through Fiscal Year 2004
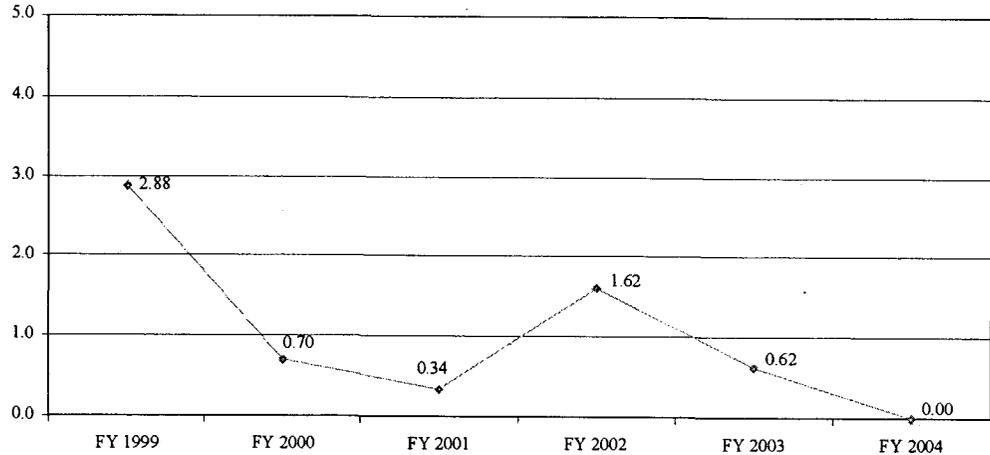
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Resident Fire-Related Deaths	8	2	1	5	2	0
Service Area Population	277,359	285,871	294,798	309,351	321,570	336,820

Trend:
- The number of fire related deaths per 100,000 residents varied widely over the six year period. FY 1999 had the highest rate of fire related deaths per 100,000 residents at 2.88. In FY 2004, the rate was the lowest of the six year period, at 0.0 fire-related deaths per 100,000 residents.
- The 2001-2005 Strategic Plan goal is to hold fire related deaths to less than 2 a year, which would equal less than 0.70 fire-related deaths per 100,000 residents.

Comments:
- Because the number of fire-related deaths each year is relatively small, a single incident can cause wide swings in this measure. Therefore it is appropriate to look at the trend, as opposed to a single year, in judging performance.
- The 1999 fiscal year is a good example where a catastrophic fire on Christmas Day 1998 resulted in 6 fire fatalities that significantly affected this performance measure.

State of Texas

INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION
(Continued)

Specialists prior to use of state appropriations and resources and federal Individuals with Disabilities Education Act (IDEA) Part C funds. The agency shall submit quarterly reports to the Legislative Budget Board, Governor and Health and Human Services Commission to include, but not limited to, the number of billings submitted for reimbursement by Medicaid for all early intervention services and in particular developmental services provided by Early Childhood Intervention Specialists, the number of bills approved for Medicaid reimbursement and the amounts received in Medicaid reimbursements by local contractors and any additional information as prescribed by the Legislative Budget Board. The Interagency Council on Early Childhood Intervention shall maintain procedures for reducing allocations to local providers based on projected Medicaid reimbursements of all ECI services that are Medicaid reimbursable including DRS.

To ensure that all DRS provided by local programs are approved for Medicaid reimbursement, the Interagency Council on Early Childhood shall maintain agency policy and procedures requiring that local program staff, including certified teachers, that deliver DRS are certified in the ECI competency demonstration system.

DEPARTMENT OF HEALTH*

	For the Years Ending	
	August 31, 2004	August 31, 2005

A. Goal: PUBLIC HEALTH PROMOTION
Ensure that prevention, promotion and education are integral parts of all public health services. Reduce health hazards, support resistance to health threats and promote disease control. Promote individual and community involvement in improving personal and environmental health.

Outcome (Results/Impact):

	August 31, 2004	August 31, 2005
Percentage of Inspected Entities in Compliance with Statutes and/or Rules	78.06%	78.1%
Percentage of Eligible WIC Population Served	75%	75%
Percent of AIDS Cases Diagnosed Two Years Ago and Living 24 Months or More	88.6%	89.1%
Vaccination Coverage Levels among Children Aged 19 to 35 Months	79%	82%

A.1.1. Strategy: BORDER HEALTH & COLONIAS — $ 1,276,346 $ 1,276,346
Develop and implement programs designed to assist in the reduction of consumer, environmental, occupational and community health hazards along the Texas/Mexico border and in the "colonias" in a binational effort that coordinates with local providers and community leaders.

A.1.2. Strategy: FOOD (MEAT) & DRUG SAFETY — $ 18,214,664 $ 18,214,664
Design and implement uniform and effective programs to ensure the safety of food, drugs, and medical devices.

Efficiencies:

	August 31, 2004	August 31, 2005
Average Cost Per Surveillance Activity	189.27	189.27

A.1.3. Strategy: ENVIRONMENTAL HEALTH — $ 6,623,069 $ 6,623,069
Develop and implement comprehensive, uniform and effective risk assessment and risk management programs in the areas of consumer products, occupational and environmental health, and community sanitation.

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Sections 11.28, 11.32, and 11.47. Article IX, Section 11.45 appropriates the Department of Health any additional revenues from fees collected for the purpose of obtaining criminal history record information.

Output (Volume):			
Number of Enforcement Actions Initiated	5,132		5,132
Efficiencies:			
Average Cost Per Surveillance Activity	156		156
A.1.4. Strategy: RADIATION CONTROL	$ 7,749,762	$	7,749,763
Develop and implement a comprehensive			
regulatory program for all sources of radiation			
using risk assessment and risk management			
techniques.			
Efficiencies:			
Average Cost Per Surveillance Activity	253.74		253.74
A.2.1. Strategy: WIC FOOD & NUTRITION SERVICES	$ 588,222,037	$	587,473,286
To provide nutrition services, including			
benefits, to eligible low income women, infants			
and children (WIC) clients, nutrition education			
and counseling.			
Output (Volume):			
Number of WIC Participants Provided Nutritious Food			
Supplements Per Month	837,828		858,774
Efficiencies:			
Average Food Costs Per Person Receiving Services	29.93		30.93
Explanatory:			
Incidence (Percent) of Low Birth Weight Babies Born to			
Women, Infants and Children (WIC) Nutrition Program			
Mothers	5.9%		5.9%
A.3.1. Strategy: HIV & STD EDUCATION & SERVICES	$ 139,626,285	$	131,326,285
Provide HIV and STD education to prevent the			
spread of infection, identify individuals			
infected with or exposed to HIV/STD, provide			
HIV/STD medications, and link infected and			
exposed individuals to health and social			
service providers for intervention.			
Output (Volume):			
Number of Persons Served by the HIV Medication Program	14,189		14,189
A.3.2. Strategy: IMMUNIZATIONS	$ 41,761,836	$	41,761,836
Implement programs to immunize Texas residents.			
Output (Volume):			
Number of Doses Administered	7,285,520		7,285,520
Explanatory:			
Dollar Value (in Millions) of Vaccine Provided by the			
Federal Government	90		90
A.3.3. Strategy: PREVENTABLE DISEASES	$ 46,563,667	$	46,063,667
Implement programs to reduce the incidence of			
preventable health conditions such as zoonotic			
diseases (including tuberculosis) and dental			
disease, and to improve epidemiological			
activities to track reductions.			
Output (Volume):			
Number of Diabetes-related Prevention Activities	200,000		200,000
A.3.4. Strategy: CHRONIC DISEASE SERVICES	$ 26,568,912	$	26,568,912
Provide prompt service and/or referral of all			
eligible applicants for chronic disease			
services.			
Output (Volume):			
Number of Kidney Health Clients Provided Services	25,666		28,232
A.3.5. Strategy: TOBACCO EDUCATION AND			
PREVENTION	$ 7,380,570	$	7,380,570
Develop and implement a statewide program to			
provide education, prevention and cessation in			
the use of cigarettes and tobacco products.			

A.3.6. Strategy: PUBLIC HEALTH PREPAREDNESS Plan and implement programs to ensure public health preparedness for bioterrorism, natural epidemics, and other public health threats and emergencies.	$	42,240,250	$ 42,240,250
Total, Goal A: PUBLIC HEALTH PROMOTION	$	926,227,398	$ 916,678,648

B. Goal: MEDICAID SERVICES
Develop a comprehensive approach to integrate certain Medicaid
services with other service delivery programs.

B.1.1. Strategy: MEDICAL TRANSPORTATION Provide non-ambulance transportation for eligible Medicaid recipients to and from providers of Medicaid services.	$	72,225,876	$ 83,814,437
Output (Volume):			
Recipient One-way Trips		3,418,628	3,608,819
B.1.2. Strategy: TEXAS HEALTH STEPS (EPSDT) MEDICAL Provide access to comprehensive diagnostic/treatment services for eligible clients by maximizing the use of primary prevention, early detection and management of health care in accordance with all federal mandates.	$	115,272,645	$ 119,649,674
Efficiencies:			
Average Cost Per THSteps (EPSDT) Client Receiving Medical Check-ups in Fee for Service Medicaid		100.28	97.68
B.1.3. Strategy: TEXAS HEALTH STEPS (EPSDT) DENTAL Provide dental care in accordance with all federal mandates.	$	249,750,042	$ 263,613,018
Efficiencies:			
Average Cost Per THSteps (EPSDT) Dental Client		220.71	212.76
Total, Goal B: MEDICAID SERVICES	$	437,248,563	$ 467,077,129

C. Goal: HEALTH CARE STANDARDS
Assure the highest quality services to all Texans across the care
continuum. Respond promptly to the public's needs and concerns
about health professionals and health facilities.

C.1.1. Strategy: HEALTH CARE STANDARDS Implement programs to ensure timely, accurate issuance of licenses, certifications, permits, documentations and placing on a registry for health care professionals and implement cost-effective, efficient, consistent plan to license/certify and provide technical assistance to health care facilities.	$	10,809,283	$ 10,809,283
Output (Volume):			
Number of Health Care Professionals Licensed, Permitted, Certified, Registered, or Documented		110,667	111,608
Number of Complaint Investigations Conducted		2,032	2,145
C.2.1. Strategy: LABORATORY Operate a state-of-the-art reference laboratory to provide essential support to disease prevention and other TDH associateship programs in the isolation, identification, detection and verification of living/nonliving agents which cause disease and disabilities.	$	20,840,258	$ 20,840,258

Output (Volume):

Work Time Units Produced		17,400,000	18,100,000
C.2.2. Strategy: LABORATORY-BOND DEBT SERVICE	$	3,140,680	$ 3,140,680
Reference laboratory - bond debt service.			

Total, Goal C: HEALTH CARE STANDARDS	$	34,790,221	$ 34,790,221

D. Goal: EQUITABLE ACCESS

Work to eliminate disparities in health status among all population groups. Reduce rates of diseases and conditions which disproportionately affect minority populations. Allocate public health resources in a rational and equitable manner. Promote equitable access to quality health care and public health education for all populations through private providers, public clinics, and/or private-public cooperative ventures.

Outcome (Results/Impact):

Number of Infant Deaths Per Thousand Live Births (Infant Mortality Rate)		5.5	5.5
Percentage of Low Birth Weight Births		7.2%	7.1%
Number of Pregnant Females Age 13-19 Per Thousand (Adolescent Pregnancy Rate)		63.5	62.4
D.1.1. Strategy: WOMEN AND CHILDREN'S HEALTH SRVS	$	47,350,491	$ 47,350,493

Provide easily accessible, quality and community-based maternal and child health services to low-income women, infants, children and adolescents.

Output (Volume):

Number of Infants <1 and Children Age 1-20 Years Provided Services by the Maternal and Child Health Program		45,366	45,366
Number of Women Provided Services by the Maternal and Child Health Program		69,538	69,538
D.1.2. Strategy: FAMILY PLANNING	$	78,565,466	$ 80,980,454

Increase family planning services throughout Texas for adolescents and women.

Output (Volume):

Number of Adults and Adolescents Receiving Family Planning Services		464,883	444,260

Efficiencies:

Average Annual Cost Per Family Planning Client		179.99	192.6
D.1.3. Strategy: SPECIAL NEEDS CHILDREN	$	37,522,763	$ 37,522,764

Administer the Children with Special Health Care Needs (CSHCN) Program.

Output (Volume):

Number of Children with Special Health Care Needs - CSHCN - Receiving Case Management Services		31,372	31,372

Explanatory:

Number of Clients Removed from Waiting List and Provided Services		250	250
D.1.4. Strategy: ABSTINENCE EDUCATION	$	5,309,110	$ 5,309,110

Increase abstinence education programs in Texas.

Output (Volume):

Number of Persons Served in Abstinence Education Programs		288,520	288,520
D.2.1. Strategy: COMMUNITY HEALTH SERVICES	$	18,483,168	$ 18,483,168

Develop systems of primary and preventive health care delivery to alleviate the lack of health care in underserved areas of Texas; and develop and implement program policies that are sensitive and responsive to minority populations.

Total, Goal D: EQUITABLE ACCESS	$	187,230,998	$ 189,645,989

E. Goal: COORDINATED HEALTH SYSTEM
Establish a coordinated and unified statewide system of public
health. Promote the development of competent and effective health
leadership throughout the state, focusing on local level
development. Coordinate public health policy and service delivery
with state agencies, local government, public and private sectors,
and the public.

Outcome (Results/Impact):

Percentage of Reported Cases of Tuberculosis that Are Treated Appropriately	100%	100%
E.1.1. Strategy: VITAL STATISTICS SYSTEM	$ 4,955,277	$ 4,955,277

Provide a cost-effective, timely and secure
system for recording, certifying, and
disseminating information relating to births,
deaths, fetal deaths, marriages, and divorces
occurring in this state.

Efficiencies:

Average Number of Days to Certify or Verify Records	15	15
E.1.2. Strategy: HEALTH DATA & POLICY	$ 2,028,219	$ 2,028,219

Collect, analyze and distribute data concerning
health trends, status, and systems as tools for
decision-making policy.

Output (Volume):

Number of Requests for Data and Information Completed	2,800	2,800
E.1.3. Strategy: HEALTH CARE & OUTCOMES	$ 1,001,803	$ 1,001,803

Collect, analyze and distribute health care
data concerning charges, utilization, provider
quality, and outcomes.

E.2.1. Strategy: SUPPORT OF INDIGENT HEALTH SERVICES	$ 5,600,000	$ 5,600,000

Provide support to local governments that
provide indigent health care services.

E.2.2. Strategy: EMERGENCY HEALTH CARE SYSTEM	$ 5,962,433	$ 5,962,433

Develop and enhance regionalized emergency
health care systems.

Output (Volume):

Number of Emergency Health Care Providers (EMS Firms, Hospitals, RACS) Assisted through EMS/Trauma System Funding Programs	725	725
E.2.3. Strategy: HEALTH CARE FACILITIES	$ 45,945,231	$ 18,070,522

Provide for more than one level of care for
tuberculosis, infectious diseases and chronic
respiratory disease patients, provided in
systematic coordination among the two
facilities and other health care providers.

Output (Volume):

Number of Inpatient Days, Texas Center for Infectious Disease	26,000	26,000
Number of Outpatient Visits, South Texas Health Care System	50,000	50,000
E.2.4. Strategy: PUBLIC HEALTH SERVICES	$ 10,264,190	$ 10,264,190

Coordinate essential public health services at
the local level through public health regions
and affiliated local health departments,
emphasizing community involvement.

E.2.5. Strategy: INDIGENT HEALTH REIMBURSEMENT	$ 10,000,000	$ 10,000,000

Reimburse the provision of indigent health
services through the deposit of funds in the
State-owned Multicategorical Teaching Hospital
Account.

Total, Goal E: COORDINATED HEALTH SYSTEM	$ 85,757,153	$ 57,882,444

DEPARTMENT OF HEALTH
(Continued)

F. Goal: INDIRECT ADMINISTRATION				
F.1.1. Strategy: CENTRAL ADMINISTRATION	$	14,995,999	$	14,995,998
F.1.2. Strategy: INFORMATION RESOURCES	$	4,710,424	$	4,710,422
F.1.3. Strategy: OTHER SUPPORT SERVICES	$	12,454,197	$	12,454,196
F.1.4. Strategy: REGIONAL ADMINISTRATION	$	8,659,539	$	8,659,538
Total, Goal F: INDIRECT ADMINISTRATION	$	40,820,159	$	40,820,154
Grand Total, DEPARTMENT OF HEALTH	$	1,712,074,492	$	1,706,894,585

Method of Financing:

General Revenue Fund

General Revenue Fund	$	188,322,626	$	180,022,621
Earned Federal Funds		4,718,555		4,718,553
GR for Maternal and Child Health Block Grant		40,208,727		40,208,728
GR for HIV Services		27,138,532		27,138,532
GR Match for Medicaid		179,191,062		186,639,644
Vendor Drug Rebates–Public Health		3,529,000		3,529,000
Subtotal, General Revenue Fund	$	443,108,502	$	442,257,078

General Revenue Fund - Dedicated

Health Department Laboratory Financing Fees (formerly 3595)		3,140,680	3,140,680
WIC Rebates (formerly 3597)		184,350,000	184,350,000
Permanent Fund Tobacco Education & Enforcement Account No. 5044		7,993,590	7,993,590
Permanent Fund Children & Public Health Account No. 5045		3,997,882	3,997,882
Permanent Fund for EMS & Trauma Care Account No. 5046		3,849,692	3,849,692
Community Hospital Capital Improvement Account No. 5048		1,000,361	1,000,361
State Owned Multicategorical Teaching Hospital Account No. 5049		10,000,000	10,000,000
Animal Friendly Account No. 5032		500,000	0
Advisory Commission on Emergency Communications Account No. 5007		2,001,200	2,001,200
Crippled Children Account No. 5009		130,176	130,176
Asbestos Removal Licensure Account No. 5017		2,142,346	2,142,346
Workplace Chemicals List Account No. 5020		659,463	659,463
Certificate of Mammography Systems Account No. 5021		369,163	369,164
Oyster Sales Account No. 5022		252,000	252,000
Food and Drug Registration Account No. 5024		3,787,700	3,787,700
Vital Statistics Account No. 019		2,760,905	2,760,905
Hospital Licensing Account No. 129		1,042,777	1,042,777
Food and Drug Fee Account No. 341		1,571,366	1,571,366
Bureau of Emergency Management Account No. 512		999,176	999,176
Department of Health Public Health Services Fee Account No. 524		9,078,447	9,078,447

Subtotal, General Revenue Fund - Dedicated	$	239,626,924	$ 239,126,925

Federal Funds	976,792,422	1,000,838,645

Other Funds

Interagency Contracts	10,360,610	10,360,610
Bond Proceeds - General Obligation Bonds	27,874,707	0
Appropriated Receipts	4,980,842	4,980,842

Follow-up Performance Audit Report

Managing for Results
Fiscal Year 2003 Performance Measures

Department of Business and Economic Development

October 2004
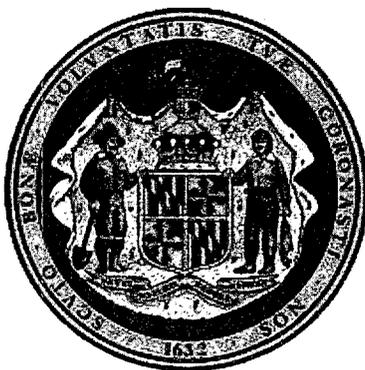
OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Certification Results Selected DBED Fiscal Year 2003 Performance Measures				
Program Name and Budget Reference[1]	**Performance Measure (See Exhibit 1 for Definitions)**	**Reported Results**	**Level of Certification (See Exhibit 2)**	**Comments / Causes**
Department-wide Part III Page 563	Estimated value of export sales by Maryland companies assisted by DBED	$24 million	Inaccurate	Almost $2 million of the export sales reported by Maryland companies, and included in the $24 million reported results, related to periods prior to fiscal year 2003.
	Number of new jobs projected to occur with the respective fiscal year's approvals	8,345	Inaccurate	Reported results were not always based on completed projects accepted by all parties, included significant double counting, and included numerous reporting errors and unsupported jobs claimed.

Because consistent documentation was not required to be used, jobs in preliminary offers were counted. In one case, 500 new jobs were counted even though the related company never accepted DBED's offer of financial assistance. Also, duplicate new and retained jobs included in the reported results totaled 839 and 1,259, respectively. |
| | Number of retained jobs projected in the fiscal year's approvals | 14,283 | Inaccurate | Finally, our tests of 29 projects from each measure disclosed 11 projects used to report new jobs and 18 projects for retained jobs that were not supported. For example, one project was used to add 170 retained jobs to the reported result, yet supporting documentation provided to us showed either 475 or 500 jobs. For many test items, we were not able to determine the correct total. |

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[1] Reference cited is the Maryland fiscal year 2005 operating budget request.

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		Certification Results		
		Selected DBED Fiscal Year 2003 Performance Measures		
Program Name and Budget Reference[1]	**Performance Measure (See Exhibit 1 for Definitions)**	**Reported Results**	**Level of Certification (See Exhibit 2)**	**Comments / Causes**
Department-wide Part III Page 563 (cont.)	Dollar amount of total project costs projected to occur due to projects approved	$497,038,000	Inaccurate	Our test of 29 projects, with $379 million in reported costs, disclosed that reported costs for 10 projects totaling $72 million (19 percent) were not reliable because they were overstated, understated, or unsupported. Also, in at least one case involving more than $4 million, the project costs were based on a pending, unaccepted, DBED offer of financial assistance.
Office of Tourism Development Part III Page 591	Total Travel Expenditures (calendar year basis)	$8.7 billion	Factors Prevented Certification	The reported result was not consistent with the measure's description because it was not disclosed that the result was an estimate based on calendar year 2002 data increased by trend projections in travel to Maryland by domestic travelers. Furthermore, DBED made a significant undisclosed change from the measure definition used in the prior year's budget request, thereby preventing a user from performing a meaningful comparison with the prior year's estimates and goals. In this regard, the measure in the prior year's operating budget request was based on travel by both domestic and international travelers to Maryland.
Maryland Film Office Part III Page 595	Direct Expenditures	$49.9 million	Factors Prevented Certification	The Department did not disclose that the reported results represented estimated expenditures reported by film companies rather than actual expenditures. We did, however, note that the Office took corrective action on a finding in the last audit by providing detail of all reported fiscal year 2003 activity tested.

[1] Reference cited is the Maryland fiscal year 2005 operating budget request.

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Austin City Council

Mayor
Will Wynn

Mayor Pro Tem
Jackie Goodman

Council Members
Daryl Slusher
Raul Alvarez
Betty Dunkerley
Brewster McCracken
Danny Thomas

City Auditor
Stephen L. Morgan

Deputy City Auditor
Colleen Waring

Audit Report

Law Department Service Delivery

January 2004

Office of the City Auditor
Austin, Texas

CHAPTER 2
CLIENT SATISFACTION AND DEPARTMENT PERFORMANCE

Where available, information indicates that the department as a whole is performing well in most areas with room for improvement in some. Comparison of Austin's Law Department to other cities indicates that the department's budget and expenditures are in line with other cities. In addition, most clients of the Law Department are satisfied with services received although we did note some opportunities for improvement. At the activity level, additional measurement is needed to gauge and manage performance:
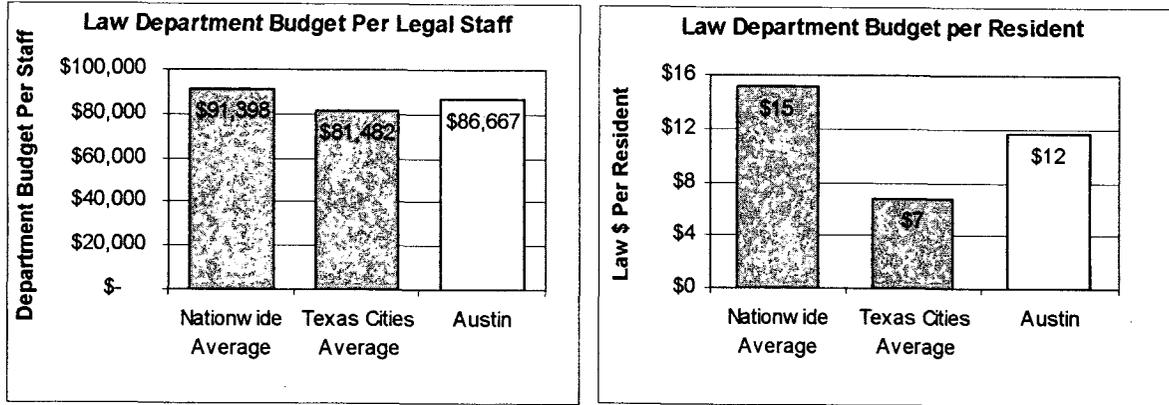
Although efficiency indicators are in line with other cities and most clients are satisfied, the department could do more to improve satisfaction in some areas.

At the department level, Austin's Law Department compares favorably to other cities in terms of operational efficiency. In addition, most department clients are satisfied with legal services received. However, results of our survey of department clients indicate that they are more satisfied with the quality than the timeliness of services, and some groups of clients are clearly less satisfied than others.

Austin's Law Department is comparable to other cities for department efficiency indicators. Austin's Law Department falls between the nationwide average and the average for Texas cities in terms of both department budget per legal staff or full-time equivalent (FTE) and Law Department budget per resident. This indicates that although Austin's Law Department spending is higher than other cities in Texas, the department spending is not out of line compared to cities' nationwide. Exhibit 4 shows these figures for cities nationwide, Texas cities, and Austin.

Variations in law department budgets among cities may be driven by many factors including differences in the form of government, the size of city governing bodies, differences in city programs and responsibilities, environmental externalities and geographic location, and legal relationships with other governmental and public entities. Consequently, while Exhibit 4 contains raw data comparisons, it does not reflect underlying root causes for budget level differences between Austin and other cities.

EXHIBIT 4
Comparison of Austin Law Department FY 02
Budget Per Legal Staff and Residents
To Other City Law Departments

Law Department Budget Per Legal Staff

Nationwide Average: $91,398
Texas Cities Average: $81,482
Austin: $86,667

Law Department Budget per Resident

Nationwide Average: $15
Texas Cities Average: $7
Austin: $12

SOURCE: OCA analysis of FY 02 budget data for Austin, OCA survey of the six largest Texas cities, and OCA survey of other cities nationwide.

The department uses key indicators comparing internal and external hourly rates to describe departmentwide performance. For FY03, the Law Department reported an average internal hourly rate of $86 per hour, and an average rate for outside counsel of $222. Both internal and external rates have remained fairly consistent over the past few years, as depicted in Exhibit 5. For Austin, the cost of handling matters with outside counsel is 2.6 times higher than the cost of handling matters internally.

EXHIBIT 5
Austin Law Department Hourly Rates for
Internal and Outside Counsel, FY 01 - FY 03

	FY01 Actual	FY02 Actual	FY03 Actual
Average cost per hour for outside counsel	$226	$217	$222
Average internal attorney hourly rate (including overhead)	$85	$86	$86

—△—Average internal attorney hourly rate (including overhead)
—■—Average cost per hour for outside counsel
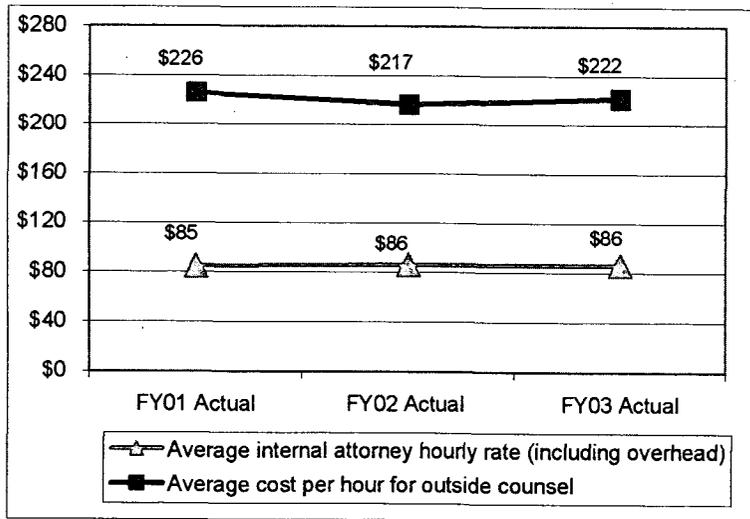
SOURCE: OCA analysis of Law Department performance measures.

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As shown in Exhibit 6 below, Austin's internal cost per hour is lower than some other cities we surveyed, and compares well with the average of all cities we surveyed that reported this measure. Austin's cost per hour for outside counsel is also in line with other cities.

EXHIBIT 6
Cost Per Hour of Internal and Outside Counsel for Austin and Other Cities, FY 02
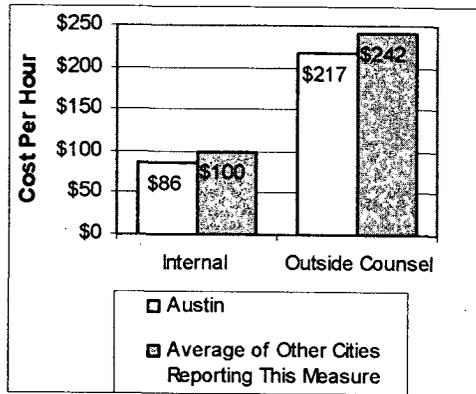
SOURCE: OCA analysis of FY 02 performance
results and OCA survey of other cities.

Relatively high ratings of satisfaction by users indicate that most clients are satisfied with services received. Literature describing best practices indicates that the Law Department should show a clear commitment to client satisfaction as the top service priority. As part of our review, we conducted a survey of all client departments in the City to collect information on their satisfaction with the quality and timeliness of Law Department services. This survey included 45 clients who responded to questions regarding ten service areas of the Law Department. As not all services were used by all clients, out of a total of 450 responses the survey received 329 responses. The number of responses for each Law Department service is shown in Exhibit 7.

Overall, 82 percent of client responses indicated satisfaction with the timeliness of services, while 88 percent indicated satisfaction that services were meeting legal needs. Some services, such as contract review and legal advice, received lower ratings in terms of meeting needs and not being done in a timely manner, while other services such as support for commissions and committees and policy drafting and review received higher ratings. Results of our survey by service area are shown in Exhibit 7.

EXHIBIT 7
Client Responses by Legal Service

SERVICE	# OF CLIENT RESPONSES	ARE SERVICES TIMELY?			DO SERVICES MEET NEEDS?		
		NO	SOMETIMES	YES	NO	SOMETIMES	YES
Contract preparation	30	7%	10%	83%	7%	7%	87%
Contract review	34	6%	15%	79%	12%	12%	76%
Legal advice	42	2%	20%	78%	5%	14%	81%
Legal opinions	39	15%	10%	74%	5%	3%	92%
Litigation	28	4%	0%	96%	7%	4%	89%
Ordinances	38	5%	24%	71%	3%	5%	92%
Personnel matters	10*	10%	0%	90%	0%	0%	100%
Policy drafting/review	28	11%	4%	85%	0%	7%	93%
Prosecution	16	13%	0%	87%	13%	0%	88%
Resolutions	39	5%	13%	82%	3%	5%	92%
Support for commissions/ committees	25	4%	0%	96%	4%	8%	88%
All Responses	**329**	**7%**	**11%**	**82%**	**5%**	**7%**	**88%**

SOURCE: OCA Survey of 45 COA Offices and Departments, Spring 2003

* "Personnel matters" was identified as a service by client departments and was not included in the service list used to administer surveys.

Client interviews also indicated that attorneys are familiar with business issues and able to handle legal matters in their practice area. Assignment of liaisons to individual departments gives attorneys the time to become familiar with the client's business and makes attorneys better able to meet client needs. For several high-volume clients, counsel has been physically located at the department, which gives clients immediate access to legal counsel. Of the 45 clients interviewed, 19 commented positively about their work with the Law Department. For example, one client stated that they "couldn't have asked for better service," and another said "the department is conscientious and responsive." One exception to overall satisfaction with legal services was the Office of Police Monitor, who reported dissatisfaction with several services due to a political conflict between the office and the Police Department, both of whom are represented by the Law Department.

As a means to improve customer service, the Law Department identifies and addresses concerns through an on-line annual survey of departmental clients. Our interviews with clients confirmed that the Law Department is asking department clients to complete a customer satisfaction survey, as well as soliciting feedback on a case-by-case basis. Information collected by the department in formal and informal surveys is used to improve delivery of services.

Our survey of department clients indicated that they are less satisfied with the timeliness of services than the quality of services, meaning the Law Department can do more to measure and improve timeliness. Research on best practices suggests that the Law Department should emphasize the timeliness of legal services and responsiveness of lawyers and support staff to clients. As indicated in Exhibit 6, clients are more satisfied overall with the quality of legal services than the timeliness of services. During our surveys with Law

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Department clients, 19 of 45 commented about the timeliness of the Law Department's services. These comments ranged from recognition that "timely responses are tied to workload" and the department "has too much to do" to comments that "some requests were never fulfilled or required excessive prompting to obtain."

The Law Department uses two performance measures related to timeliness of services. Both are measures for activities located in the Opinions and Advice Program:
1) The General Counsel activity measures percent of clients reporting that advice was clear, relevant, and timely, and
2) The Contract Development, Preparation and Review activity measures percent of clients reporting that documents received were timely and accomplished the client's objective.

Although these measures do address timeliness and responsiveness, department survey results as currently reported do not separate satisfaction with timeliness from other factors. In addition, survey results are not used to identify areas to monitor for improvement in timely service delivery.

The department does not currently record the time used in responding to requests and does not require attorneys to record when requests are received or when responses are provided. In late summer 2002, the Law Department implemented an automated work tracking system called Time Matters® that has the ability to track information relating to requests received. At the time of our review, only a few employees were using the Time Matters® system for logging and tracking client requests. Tracking all requests using Time Matters® would allow reminders to be set, tied to a department, and marked as completed. Because Law Department staff are not required to log requests in this way, managers can only monitor work timeliness and status for those transactions that are entered into the Time Matters® system.

Several clients attributed slowness of legal services to reductions in Law Department staffing. Over the past few years, the department has experienced staffing reductions and has not had enough legal support staff. At the same time, reductions in the City's workforce have increased the need for legal services related to employment. Department staffing is discussed in more detail in Chapter 4.

Delays in legal service provision have negative effects. Clients not receiving advice in a timely manner may make business decisions without full knowledge of the legal implications of those decisions. This heightens the City's risk of increased liability. Conversely, clients not receiving advice in a timely manner may choose to spend more money to mitigate risk than is actually necessary because legal advice is not available.

Recommendations

01. In order to present a more accurate picture of client satisfaction, the City Attorney should revise the measures reported to the Budget Office to disaggregate timeliness from other elements of satisfaction.

MANAGEMENT RESPONSE: CONCUR

The department will implement this recommendation. The proposed FY2005 business plan submitted in December 2003 separated timeliness from other elements of satisfaction.

02. In order to manage timeliness of legal services, the City Attorney should implement one or more mechanisms to capture the time it takes divisions in the Opinions and Advice Program to respond to requests.

MANAGEMENT RESPONSE: CONCUR

The department will implement this recommendation.

Several client departments indicated that attorneys often provide "no" as the answer to a legal question, without discussing alternative legal solutions or attempting to solve the problem at hand. Research on best practices suggests that Law Department management should be encouraging lawyers to identify creative solutions to client problems so that "'no' is the start of the legal process, not the end." During our survey of client departments, 15 of 45 clients made comments about the lack of proactive, problem-solving behavior on the part of City attorneys. For example, one client explained that City attorneys are "problem identifiers, not problem solvers." Another client said " it would be helpful to sometimes have advice on resolving problems by saying 'you can't do it that way but you could do it this way'."

Literature on government law offices indicates that this is often a problem and terms this phenomenon the "naysayer factor." Austin Law Department management has indicated that they are aware of this as a problem, but our review did not identify any strategies underway to improve attorneys' problem-solving approach. Because attorneys sometimes leave legal responses at "no" rather than pursuing legal alternatives, client departments may spend more time identifying ways to circumvent laws and regulations without having the legal expertise to identify appropriate solutions. In addition, this type of response may discourage client departments from seeking the advice of attorneys, which could increase the City's risk for legal liability.

Recommendation

03. In order to better meet the needs of clients, the City Attorney should ensure that all of the attorneys have access to training in business communication and problem solving.

MANAGEMENT RESPONSE: CONCUR

The department is exploring several mechanisms that will not adversely affect the department's budget to implement this recommendation, including internal training seminars.

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Client departments who use services less frequently and those who report to Council, rather than to the City Manager, are less satisfied with timeliness than other client departments. Exhibit 8 shows that responses from low and medium frequency clients represented 69 percent of survey responses. Although this group's responses indicate satisfaction with services meeting needs, their responses indicate slightly less satisfaction with the timeliness of responses. Eighty-two percent and 77 percent of responses for low and medium frequency users, respectively, indicated that services were timely, as compared to 87 percent of high frequency client responses.

EXHIBIT 8
Client Responses by Frequency of Use

FREQUENCY OF LEGAL SERVICE USE	ARE SERVICES TIMELY?			DO SERVICES MEET NEEDS?			% OF RESPONSES
	NO	SOMETIMES	YES	NO	SOMETIMES	YES	
Low	8%	10%	82%	6%	6%	88%	45%
Medium	5%	18%	77%	3%	8%	90%	24%
High	7%	6%	87%	6%	7%	87%	31%
All Responses	7%	11%	82%	5%	7%	88%	100%

SOURCE: OCA Survey of COA Offices and Departments, Spring 2003

Several reasons may explain why less frequent clients are not as satisfied with timeliness as other clients. Most apparent is that these clients may not receive services as quickly as more frequent clients. Reasons that these clients do not receive services as quickly may relate to the legal urgency of the matter or the client's expectation of how quickly legal service requests should be completed. In addition, lower frequency clients may not know the appropriate attorney to contact within the Law Department for different kinds of question. This is especially true if the lower frequency client is not assigned a liaison to contact with requests and has to identify the appropriate Law Department staff without assistance. Effects of dissatisfaction among lower frequency clients are the same as effects of slow responses by the department: clients may ultimately make decisions without legal input or may spend more to avoid taking risks.

Responses from clients reporting directly to Council rather than through the City Manager represented 16 percent of responses to our survey. Only 4 percent of responses from departments reporting to the City Manager indicated dissatisfaction with the timeliness of services, while 22 percent of responses from clients reporting to the City Council indicated dissatisfaction with timeliness. Likewise, only 4 percent of responses from City Manager reporting clients indicated dissatisfaction with services meeting needs, while 13 percent of responses from Council-reporting clients indicated dissatisfaction with services meeting needs. Client responses by reporting structure are shown in Exhibit 9.

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EXHIBIT 9
Client Responses by Reporting Structure

REPORTING TO	ARE SERVICES TIMELY?			DO SERVICES MEET NEEDS?			%/# OF RESPONSES
	NO	SOMETIMES	YES	NO	SOMETIMES	YES	
City Council*	22%	16%	62%	13%	13%	74%	16% / 55
City Manager	4%	10%	86%	4%	5%	91%	84% / 274
Overall	7%	11%	82%	5%	7%	88%	100% / 329

SOURCE: OCA Survey of COA Offices and Departments, Spring 2003.
* Includes City Council offices and Council Reporting departments. Does not include the City Manager.

There are ten Council offices and Council-reporting clients represented in our survey. Of these ten clients, six commented about the lack of timeliness of legal services and six commented about the lack of problem solving by attorneys. Other comments addressed inaccessibility of attorneys, inconsistency of service from the Law Department, and a need for independent advice when Council and City management have incongruent goals. The Office of Police Monitor also cited a need for independent advice.

Recommendations

04. In order to improve satisfaction of clients using services less frequently, the City Attorney should ensure that each is assigned a liaison.

MANAGEMENT RESPONSE: CONCUR

Liaisons are assigned to areas of responsibility with the City Attorney, Division Chiefs and the City Attorney's Legal Secretary coordinating the assignment of specific attorneys to specific issues.

05. In order to address concerns of less satisfied clients, the City Attorney should meet with Council offices, Council-reporting offices, and the Office of Police Monitor and develop a plan to address concerns of those who are less satisfied.

MANAGEMENT RESPONSE: CONCUR

The City Attorney will continue to work with these offices to address concerns the offices may have.

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At the activity level, the department is not using relevant performance information to monitor and evaluate operations.

Although the activities in Austin's Law Department appear to be performing well, the department is not using, and in some cases, not collecting, relevant information with which to gauge performance and allocate resources.

Performance of the Law Department is captured at the activity level. As indicated in Chapter 1, the Law Department is divided into two direct services programs with the following activities:
1) Opinions and Advice Program
   - Contract Development, Preparation, and Review activity
   - General Counsel activity
2) Advocacy and Dispute Resolution Program
   - Civil Litigation activity
   - Criminal Prosecution activity

For activities in the Opinions and Advice program, the department has little information on performance, and information that is available is not used. The Opinions and Advice program and its activities encompass three of the Law Department's organizational divisions: The Construction Land and Water, General Counsel and Employment, and Research and Opinions divisions which encompass two business plan activities, General Counsel and Contract Development, Preparation, and Review.

The current measure of output for general counsel and contract matters does not provide sufficient information about staff work. This output measure requires attorneys to log, through tick marks, the number of things they do by client department in the categories general counsel, contracts, events, and people. Tick marks represent work ranging from phone calls and attendance at meetings to preparation and review of lengthy contracts. Because a tick mark can represent such a wide variation in actual work done, the data collected are not particularly useful. They do not allow for comparison among divisions or to other similar organizations or provide information to improve resource allocation. In addition, data that is collected on outputs is not reviewed or analyzed by the department.

The Law Department recently implemented a case management system to track and manage the department's work. This system could be used to better track demand for services and program outputs. However, at this time, not all staff are proficient in using the software.

Measures of input for the Opinions and Advice program are also weak. Activity cost for the program, which is based on allocations to the program in the financial system, is used as the only input measure. Although this measure gives some idea of the cost of the program and cost per output over time, using only cost as a measure limits the department's ability to gauge relationships between inputs and outputs and improve efficiency by addressing inputs. A stronger and more direct measure of attorney productivity would be a measure of attorney time spent on matters within each activity. At this time, the Law Department does not use time accounting.

Without valid input measurement such as time records, the program cannot measure efficiency of legal services or productivity of legal staff, nor can it effectively plan for resource allocation

and future work. Measuring time spent on discrete matters or services has several benefits. Data on time spent gives more accurate information on the time necessary to initiate and close matters and identifies matters that are more labor intensive or demanding. Time accounting information also gives the department more information to assess workload, identify and plan for high-need departments, and assign client liaisons.

The Law Department collects information on satisfaction with the Opinions and Advice program through its annual survey of clients, but the design and administration of this survey can be improved to better measure program success. For the last two years, the response rate for Law Department client surveys has been low, with a 41 percent response rate in FY 02 and a 30 percent response rate in FY 01. Moreover, Council offices were not surveyed in either year. The department is not, therefore, getting a full picture of its client satisfaction through these surveys.

Recommendations

06. In order to measure efficiency and productivity in the Opinions and Advice Program, the City Attorney should institute a mechanism to capture meaningful outputs and a mechanism to capture program staff time by legal matter.

MANAGEMENT RESPONSE: CONCUR

The department will implement a time keeping program. The department has explored the development of a mechanism to capture meaningful outputs for several years and has found that the development of such a measure is extremely difficult because of the nature of the services rendered by the department. The quantitative measurement of whether legal advice is competent or adequate to a particular issue is an illusive goal at best. However, the department will continue to explore all suggestions and possibilities. The ultimate goal of the department is to maintain a high level of client satisfaction by providing the best legal advice for any given situation in a timely manner.

07. To secure a higher rate of return on the annual client satisfaction survey, the City Attorney should explore ways to obtain assistance from independent parties to administer the survey in person.

MANAGEMENT RESPONSE: CONCUR

The proposed FY2005 business plan "Action Plan" includes "Explore ways to obtain assistance from independent parties to administer the survey in person".

08. In order to increase the validity of the survey results, the City Attorney should include Council offices in the department's annual client survey.

MANAGEMENT RESPONSE: CONCUR

The department will include Council offices in the department's annual client survey.

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Our assessment of performance indicates that the Opinions and Advice program is performing well as compared to other cities. Because current measures of output are not adequate to analyze program workload, during this audit, department attorneys and paralegals in the three Opinions and Advice divisions collected data on time spent and outputs achieved for a two-week period. Data was collected by 26 attorneys and two paralegals.

During this two-week period, program staff spent the most time, 27 percent of total hours, providing legal advice, followed by document (e.g. contract) preparation and review, 23 percent, and addressing ordinance and agenda matters, 18 percent. The distribution of hours by service is shown in Exhibit 10. The "other" category, which represents 10 percent of time spent by program staff, includes time spent on requests that did not fall into a listed category.

EXHIBIT 10
Opinions and Advice Program Hours by Legal Service
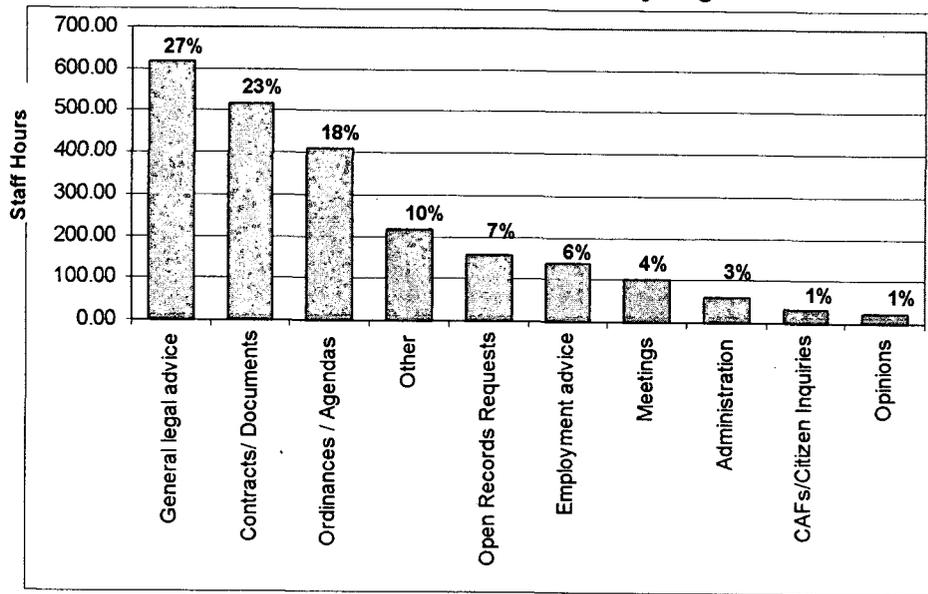
SOURCE: OCA analysis of time collected for the two-week period October 27th - November 7th, 2003

Some activities that attorneys are spending considerable time on, such as handling of open records requests and review of contracts, could be handled by paralegals rather than attorneys if paralegals were available in the department. More discussion of the department's staffing follows in Chapter 4.

Although results from only two weeks are not representative of an entire year, Austin's outputs can be roughly compared to weekly averages for the other Texas cities that track similar outputs annually, Houston, San Antonio, and Fort Worth. As shown in Exhibit 11, our analysis indicates that Austin is handling similar amounts of contracts and opinions as these cities. Comparison of the number of FTEs in Austin to FTEs in these cities indicates that Austin may be doing as much work in these areas with fewer resources.

EXHIBIT 11
Comparison of General Counsel Outputs in Texas Cities

	AUSTIN	HOUSTON	SAN ANTONIO	FORT WORTH
Department Budget (FY03)	$6.9 M	$10.8 M	$5.7 M	$3.6 M
Department FTEs (FY03)	79.5	160.5	101.0	42.0
Number of opinions - annual	--	550	487	--
Number of opinions - average per week	9	11	9	--
Number of contracts - annual	--	1300	--	929
Number of contracts - average per week	28	25	--	18

SOURCE: OCA analysis of two weeks of data collected by the Law Department, OCA analysis of FY 02 performance reported by Houston, San Antonio, and Fort Worth, and FY 03 budget documents for all four cities.

-- Not collected or not calculated.

The distribution of Opinions and Advice staff hours by City client is shown on Exhibit 12. Most client departments with heavy workloads have attorneys dedicated exclusively to them. For example, the Austin Police Department and the Neighborhood Housing and Community Development Department both have two dedicated attorneys to meet their legal needs. Likewise, Watershed Protection and Development Review and Public Works are both heavy workload departments and are served by attorneys in the Construction, Land and Water division. Some areas that do not have dedicated attorneys may warrant them, but data would need to be collected on an ongoing basis for a longer period of time to determine this need.

EXHIBIT 12
Opinions and Advice Hours by City Client*
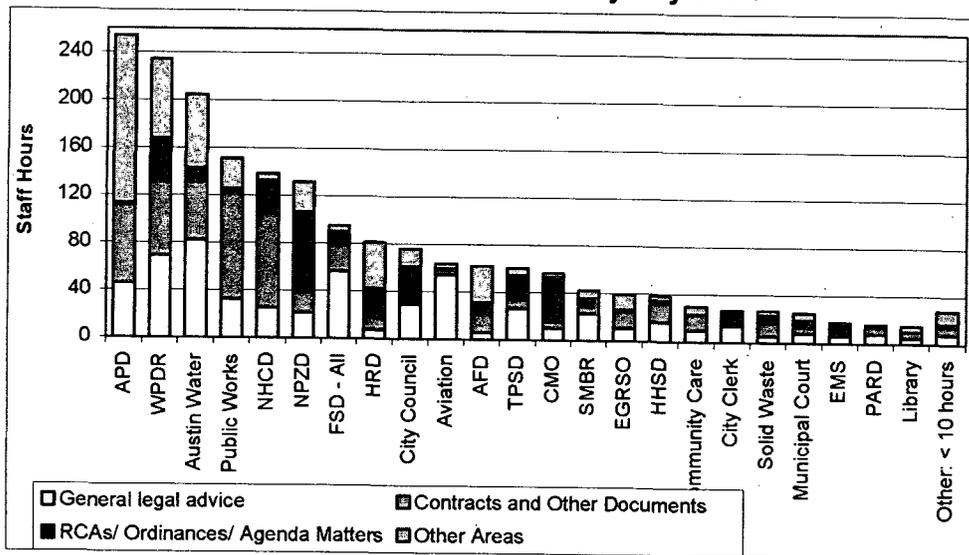
Legend: General legal advice | Contracts and Other Documents | RCAs/ Ordinances/ Agenda Matters | Other Areas

SOURCE: OCA analysis of time collected for the two-week period October 27th - November 7th, 2003.

* Austin Energy attorney time is not included in this analysis.

Within the Advocacy and Dispute Resolution program, the Litigation division is performing well and collecting relevant information about its work, but this information is not used to assess performance. The litigation division is responsible for defending the City against lawsuits and filing lawsuits on the City's behalf. The litigation division also includes two claims investigators, who work to resolve claims against the City prior to litigation. When a claim against the City is filed, the claims investigators examine the claim and then either settle or deny it. If the claim is denied, the claimant may file a lawsuit. In litigation, cases are filed either by or against the City and resolved in civil court by the City's litigators or outside counsel for litigation. The division collects data on its activities through several internal systems. This data provides useful information about the division's performance and further analysis of this data could support more meaningful performance measures.

OCA's analysis of data available shows that the litigation division is performing well as compared to their own performance targets and to similar measures in other cities. The litigation division currently reports several performance measures regarding its activities. These measures along with their targets and actuals for FY 02 are shown in Exhibit 13.

EXHIBIT 13
Litigation Division FY 02 Performance Measures

MEASURE TITLE	TARGET	ACTUAL
Number of lawsuits and employee cases received	90	117
Number of lawsuits/appeals resolved	80	72
Number of claims received	1,100	1,142
Number of claims resolved	1,050	1,169
Percent of cases resolved in favor of the City or within settlement range	65%	100%

SOURCE: OCA analysis of litigation division performance.

Our review of measures used by other cities' litigation divisions revealed that some also use a result measure similar to Austin's: percent of cases resolved in favor of the City or within an established settlement range. This measure is based on the number of cases that are either won or resolved within a settlement range estimated by the litigation division as the case proceeds through court. As shown in Exhibit 14, Austin's FY 02 results for this measure are similar to the results of these other cities for measures using the same methodology.

EXHIBIT 14
Litigation Division Results Measure Compared to Other Cities for FY 02

CITY	MEASURE TITLE	ACTUAL
Austin	Percent of cases resolved in favor of the City or within settlement range	100%
San Antonio	Percent of lawsuits tried with favorable disposition	86%
Tucson	Percent of cases with favorable outcomes	95%*
San Jose	Percent of cases with results within staff analyses	90%

SOURCE: OCA analysis of litigation division data and OCA data collected from other cities.
  * Year-end estimate.

Although Austin is similar to other cities reporting this measure, the measure does not provide clear information on the litigation division's results. The percent of cases resolved in favor of the City or within an established settlement range reflects the ability of the division to project settlement ranges, rather than its' ability to settle or win cases.

The division could use other more meaningful measures to report performance externally and monitor performance internally. Measures such as cost per case closed and cases per litigator would be useful for monitoring internal workload over time. Likewise, an additional results measure such as percent of cases resolved without payment would provide a better picture of the division's performance than the current results measure.

Because claims activities are designed to reduce litigation, results measures for the claims activity would do well to include a measure of percent of claims in litigation. Other useful results measures are the settlement amount per claim and the percent of claims resolved. These measures allow comparison of claims activities to other cities and to Austin over time.

Exhibit 15 shows our calculation of Austin's performance as compared to other cities reporting similar measures. This analysis indicates that Austin's claims and litigation activities are performing well in comparison to other cities.

EXHIBIT 15
Litigation Division Performance Measures Compared to Other Cities for FY 02

CITY	MEASURE TITLE	ACTUAL
Austin	**Percent of cases resolved without payment**	**79%**
Philadelphia	Percent of cases closed without payment by City	56%
Oakland	Percent of lawsuits resolved without payment	54%*
Sacramento	Percent of litigation cases closed without payout	57%
Austin	**Settlement amount per claim**	**$1804**
Nashville	Settlement amount per claim	$498
San Francisco	Average settlement per claim	$2,620
Austin	**Percent of claims settled**	**47%**
San Francisco	Percent of claims settled	48%
Austin	**Percent of claims in litigation**	**Unknown**
Oakland	Percent of claims in litigation	12%*

SOURCE: OCA analysis of litigation division data and OCA data collected on other cities. Selection of other cities was based on their having similar measures to those reported by Austin.
   * FY 01 results, FY 02 unavailable for this city.

Although much data is available to analyze litigation and claims work, this data would be more meaningful if attorneys tracked time by matter. This tracking could be accomplished using the case management system and would yield more accurate information on the actual cost of individual cases rather than the current average cost per case. Tracking in this way would also

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allow the department to compare the actual cost per case internally to the cost per case handled by outside counsel, which is discussed in more detail in Chapter 3.

Recommendation

09. In order to present a more accurate picture of the Litigation division's activities, the City Attorney should:
    - Adopt a comprehensive family of valid performance measures.
    - Direct the department's administrative and financial manager to incorporate collection of data and reporting of new measures into the department's performance measurement tracking system.

MANAGEMENT RESPONSE: CONCUR

The following new operational measures are included in the proposed FY2005 business plan:
Percent of lawsuits resolved without payment
Percent of claims resolved without payment
Percent of claims settled
Percent of claims that lead to litigation
Turnaround time for processing claims

While some additional measures of demand and results might be useful for managing the Criminal Prosecution division, the division has a balanced set of performance measures based on existing data, and performance compares well with other cities. Austin's Municipal Court prosecutors are responsible for prosecuting all Class C misdemeanors, City ordinance violations, and traffic cases that are not handled through administrative processes. Prosecutors negotiate and/or communicate penalties when "guilty" or "no contest" pleas are entered, and prosecute on the City's behalf at court trials when "not guilty" pleas are entered. The prosecution division collects data on its activities through the Municipal Court database, which provides a record of the prosecutors' performance.

The prosecution division is performing well compared to targets and similar measures in other cities. The division's current measures along with their targets and actuals for FY 02 are shown in Exhibit 16.

EXHIBIT 16
Prosecution Division FY 02 Performance Measures

MEASURE TITLE	TARGET	ACTUAL
Number of cases resolved after prosecutor action	37,000	31,156
Percentage of cases resolved after prosecutor action	Not Reported	40%
Number of cases received	Not Reported	78,421
Cost per case resolved	$17.75	$27.76

SOURCE: OCA analysis of prosecution division performance data.

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In addition to existing measures, the division could use measures such as "cases per prosecutor" and "percent of convictions from tried cases" for monitoring internal workload and reporting more meaningful results. The division already has the data necessary to monitor these indicators. Our computation of results for these measures for Austin indicate that Austin's prosecutors are doing as well as or better than those in other cities, as shown in Exhibit 17.

EXHIBIT 17
Prosecution Division Performance Measures Compared to Other Cities for FY 02

CITY	MEASURE TITLE	ACTUAL
Austin	Cases per prosecutor	4,450
Colorado Springs	Cases per prosecutor	5,812
Austin	Percent of convictions for all tried cases	98%
San Antonio	Percent of convictions for all cases tried at Municipal Court	92%*
Tucson	Percent of actions won through prosecution	86%*

SOURCE: OCA analysis of litigation division data and OCA data collected on other cities. Selection of other cities was based on their having similar measures to those reported by Austin.

* Actual not available, FY 02 estimate used.

Recommendation

10. To enhance reporting on prosecution division performance, the City Attorney should discuss with the Chief Prosecutor the desirability of using data already available to construct additional measures.

MANAGEMENT RESPONSE: CONCUR

Will discuss with the Chief Prosecutor the desirability of using data already available to construct additional measures.
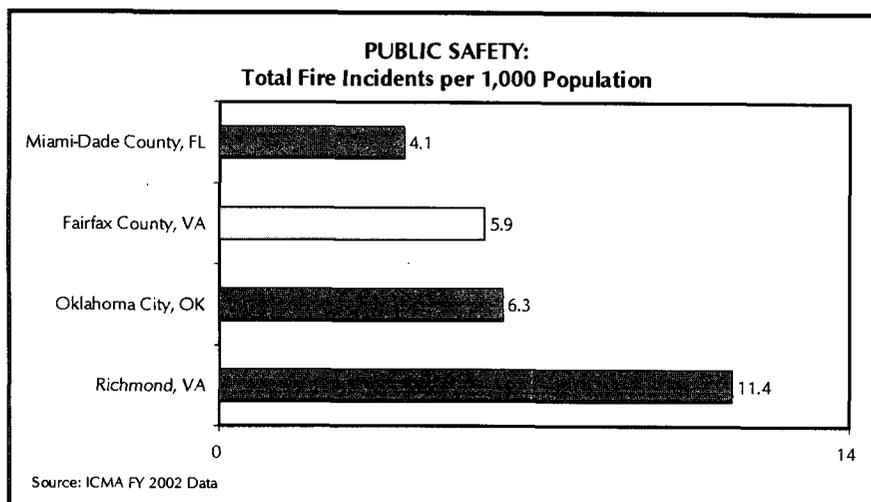

Public Safety Program Area Summary
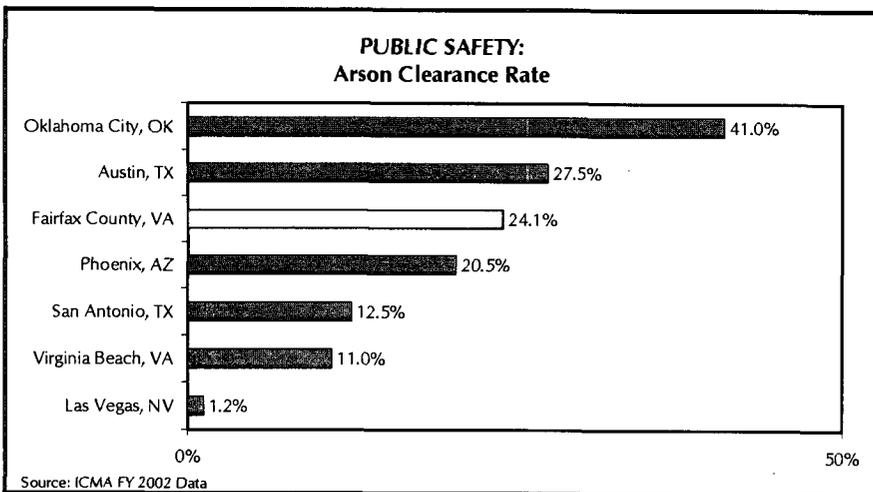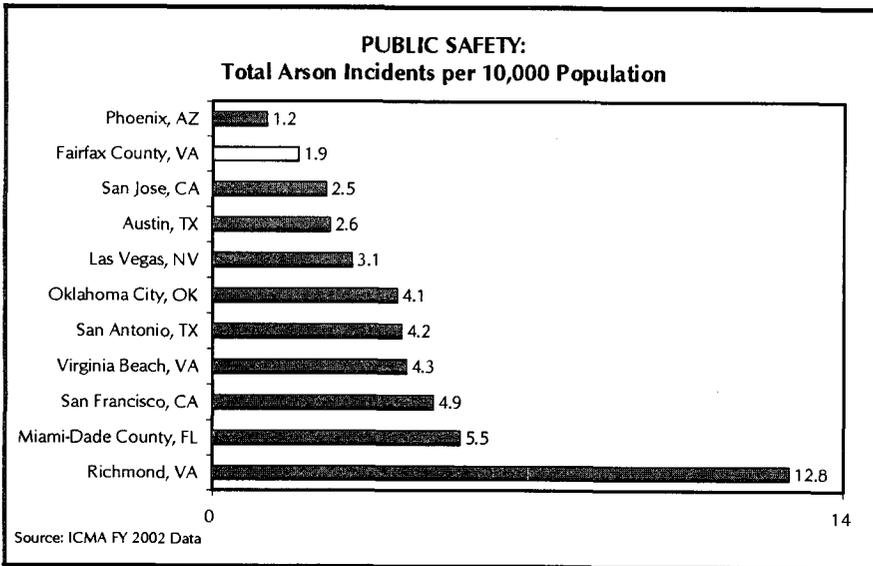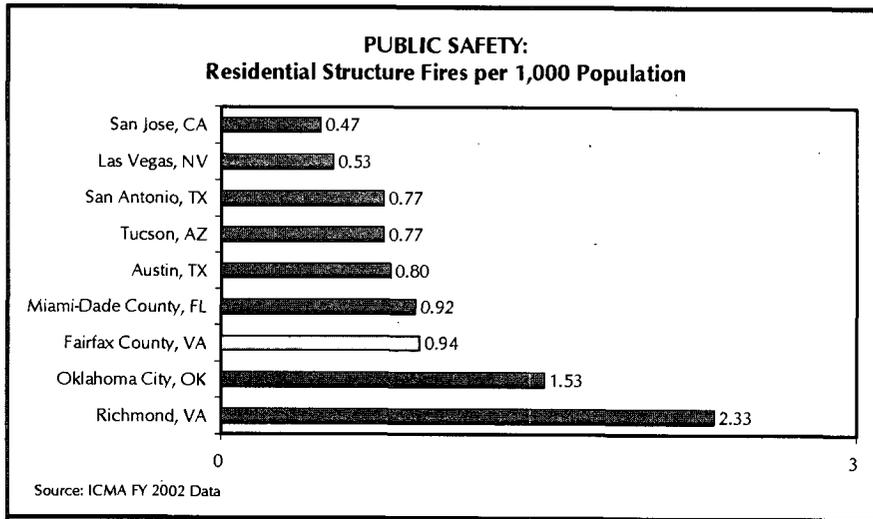
Benchmarking

Fairfax County has participated in the International City/County Management Association's (ICMA) benchmarking effort since 2000. Over 130 cities and counties provide comparable data annually in a number of service areas. Not all jurisdictions provide data for every service area, however. Police and Fire/EMS are two of the benchmarked service areas for which Fairfax County provides data. Participating local governments (cities, counties and towns) provide data on standard templates provided by ICMA in order to ensure consistency. ICMA then performs extensive data cleaning to ensure the greatest accuracy and comparability of data. As a result of the time for data collection and ICMA's rigorous data cleaning processes, information is always available with a one-year delay. FY 2002 data represent the latest available information. The jurisdictions presented in the graphs below generally show how Fairfax County compares to other large jurisdictions (population over 500,000). In cases where other Virginia localities provided data, they are shown as well.

An important point to note in an effort such as this is that since participation is voluntary, the jurisdictions that provide data have shown they are committed to becoming/remaining high performance organizations. Therefore, comparisons made through this program should be considered in the context that the participants have self-selected and are inclined to be among the higher performers than a random sample among local governments nationwide. It is also important to note that not all jurisdictions respond to all questions. In some cases, the question or process is not applicable to a particular locality or data are not available. For those reasons, the universe of jurisdictions with which Fairfax County is compared is not always the same for each benchmark.

As can be seen from the following, Fairfax County ranks favorably compared to other large jurisdictions and other Virginia localities with regard to public safety. Especially noteworthy is the Fire and Rescue Department's Fire Personnel Injuries with Time Lost per 1,000 Incidents. Due to extensive training and stringent operating procedures, the County has a significantly lower rate of injuries than other large jurisdictions reporting this data. With regard to the crime rate, Fairfax County enjoys an extremely low rate of Violent Crimes per 1,000 Population, further validating the County's reputation as a safe place to live and work.

PUBLIC SAFETY: Total Fire Incidents per 1,000 Population

- Miami-Dade County, FL: 4.1
- Fairfax County, VA: 5.9
- Oklahoma City, OK: 6.3
- Richmond, VA: 11.4

Source: ICMA FY 2002 Data

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Public Safety Program Area Summary

PUBLIC SAFETY:
Residential Structure Fires per 1,000 Population

City	Value
San Jose, CA	0.47
Las Vegas, NV	0.53
San Antonio, TX	0.77
Tucson, AZ	0.77
Austin, TX	0.80
Miami-Dade County, FL	0.92
Fairfax County, VA	0.94
Oklahoma City, OK	1.53
Richmond, VA	2.33

Scale: 0 to 3

Source: ICMA FY 2002 Data

PUBLIC SAFETY:
Total Arson Incidents per 10,000 Population

City	Value
Phoenix, AZ	1.2
Fairfax County, VA	1.9
San Jose, CA	2.5
Austin, TX	2.6
Las Vegas, NV	3.1
Oklahoma City, OK	4.1
San Antonio, TX	4.2
Virginia Beach, VA	4.3
San Francisco, CA	4.9
Miami-Dade County, FL	5.5
Richmond, VA	12.8

Scale: 0 to 14

Source: ICMA FY 2002 Data

PUBLIC SAFETY:
Arson Clearance Rate

City	Value
Oklahoma City, OK	41.0%
Austin, TX	27.5%
Fairfax County, VA	24.1%
Phoenix, AZ	20.5%
San Antonio, TX	12.5%
Virginia Beach, VA	11.0%
Las Vegas, NV	1.2%

Scale: 0% to 50%

Source: ICMA FY 2002 Data

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Public Safety Program Area Summary

PUBLIC SAFETY:
Total Non-Fire Incidents per 1,000 Population

- Virginia Beach, VA — 42.8
- San Antonio, TX — 44.4
- Fairfax County, VA — 56.0
- San Jose, CA — 61.8
- Austin, TX — 64.3
- Miami-Dade, County, FL — 95.4

0 — 110

Source: ICMA FY 2002 Data

PUBLIC SAFETY:
Fire Personnel Injuries with Time Lost per 1,000 Incidents

- Fairfax County, VA — 0.42
- San Antonio, TX — 0.53
- Richmond, VA — 1.68
- Oklahoma City, OK — 1.96
- Austin, TX — 2.60

0 — 3

Source: ICMA FY 2002 Data

PUBLIC SAFETY:
UCR Part I Violent Crimes Reported per 1,000 Population

- Fairfax County, VA — 1.01
- Virginia Beach, VA — 2.04
- Austin, TX — 4.94
- San Jose, CA — 5.29
- Norfolk, VA — 7.30
- San Francisco, CA — 7.69
- Phoenix, AZ — 7.73
- San Antonio, TX — 8.00
- Oklahoma City, OK — 8.07
- Portland, OR — 8.51
- Miami-Dade County, FL — 10.19
- Richmond, VA — 13.91

0 — 16

Source: ICMA FY 2002 Data

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Public Safety Program Area Summary

PUBLIC SAFETY:
Percentage of UCR Part I Violent Crimes Cleared

Location	Percentage
Virginia Beach, VA	60.8%
Miami-Dade County, FL	51.9%
Norfolk, VA	45.5%
Fairfax County, VA	44.0%
Austin, TX	42.6%
Richmond, VA	28.8%
San Antonio, TX	17.9%

0% — 70%

Source: ICMA FY 2002 Data

PUBLIC SAFETY:
Total Arrests per 1,000 Population

Location	Arrests
Fairfax County, VA	33.5
San Jose, CA	34.7
Oklahoma City, OK	47.4
Phoenix, AZ	47.5
Richmond, VA	49.8
Austin, TX	63.1
Portland, OR	68.1
Miami-Dade County, FL	71.0
Virginia Beach, VA	77.1
Norfolk, VA	119.5

0 — 150

Source: ICMA FY 2002 Data

PUBLIC SAFETY:
Total Arrests for UCR Part II
Drug Offenses per 1,000 Population

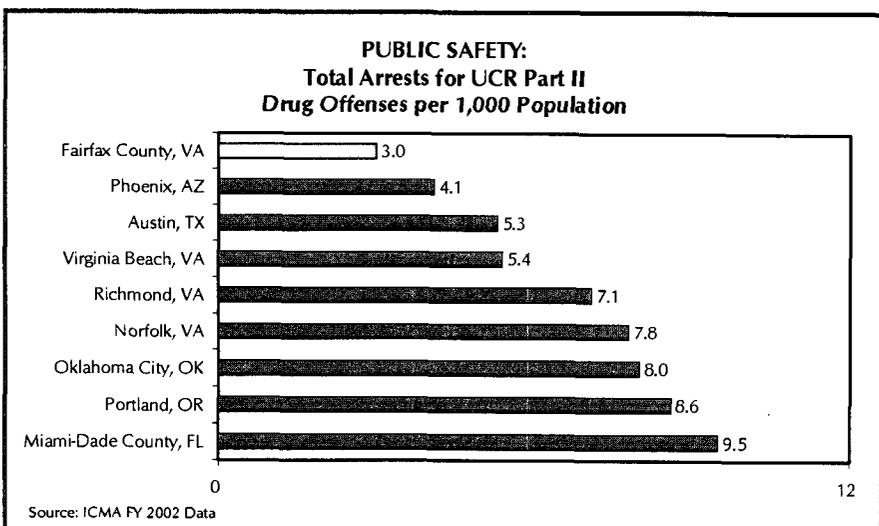| Location	Arrests
Fairfax County, VA	3.0
Phoenix, AZ	4.1
Austin, TX	5.3
Virginia Beach, VA	5.4
Richmond, VA	7.1
Norfolk, VA	7.8
Oklahoma City, OK	8.0
Portland, OR	8.6
Miami-Dade County, FL	9.5

0 — 12

Source: ICMA FY 2002 Data

50

Public Safety Program Area Summary

PUBLIC SAFETY:
Juvenile Arrests for Part II Drug Offenses as a Percent of Total Arrests for UCR Part II Drug Offenses

City	Percent
Virginia Beach, VA	14.0%
San Jose, CA	12.7%
Fairfax County, VA	12.1%
Phoenix, AZ	11.2%
Oklahoma City, OK	10.0%
Portland, OR	6.1%
Norfolk, VA	5.7%
Miami-Dade County, FL	4.7%

0% — 16%

Source: ICMA FY 2002 Data

PUBLIC SAFETY:
DUI Arrests per 1,000 Population

City	Value
Richmond, VA	1.04
Norfolk, VA	1.63
Miami-Dade County, FL	1.92
San Jose, CA	2.37
Fairfax County, VA	3.26
Portland, OR	3.79
San Antonio, TX	4.85
Virginia Beach, VA	5.75
Phoenix, AZ	6.25
Oklahoma City, OK	6.27
Austin, TX	6.38

0 — 8

Source: ICMA FY 2002 Data

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A REPORT
TO THE
ARIZONA LEGISLATURE

Performance Audit Division

Performance Audit

Department of Environmental Quality—

Sunset Factors

SEPTEMBER • 2004
REPORT NO. 04 – 08

OFFICE OF THE
AUDITOR GENERAL

STATE OF ARIZONA

Debra K. Davenport
Auditor General

SUNSET FACTORS

In accordance with A.R.S. §41-2954, the Legislature should consider the following 12 factors in determining whether the Department should be continued or terminated. The three performance audits identified areas that the Department has operated efficiently and effectively, as well as opportunities for the Department to improve operations. The evidence assembled under these 12 factors indicates the continued need for the Department.

1. **The objective and purpose in establishing the agency.**

   The Arizona Environmental Quality Act of 1986 created the Department to protect human health and the environment. That act created a new agency from several programs and offices that had previously operated within the Department of Health Services.

   The Department defines its mission as follows:

   "To protect and enhance public health and the environment in Arizona."

   In support of this mission, three of the Department's divisions—Water Quality, Waste Programs, and Air Quality—perform four central functions:[1]

   - **Monitoring and Assessment**—The Department collects air, water, and soil samples for laboratory analysis to monitor for the presence of contaminants. Department staff interpret data from field monitoring to draw conclusions about environmental indicators and trends to form the basis for future planning and policy decisions.

   - **Pollution Control**—The Department issues permits, approvals, and certifications to ensure that facilities are legally constructed and operated and that any discharges to the air, water, and soil are within health standards established by law. Department planning specialists also develop management practices and control strategies in areas where standards are not being met.

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1   Effective August 2, 2004, the Department added the Tank Programs Division, which handles underground storage tank programs and the State Assurance Fund.

- **Compliance Management**—The Department offers guidance, assistance, and incentives to encourage the public to reduce waste and resulting pollution. As part of this effort, the agency conducts inspections of various regulated facilities on a regular basis and in response to citizen complaints. The Department also pursues both informal and formal enforcement actions against regulated facilities to ensure compliance with environmental laws.

- **Cleanups**—The Department investigates and oversees the removal and cleanup of contaminated soil and water to protect public health and the environment. The Department's emergency responders also provide technical assistance to local fire and police officials, as well as tribal governments upon request, to contain and clean up hazardous chemical releases.

2. **The effectiveness with which the agency has met its objective and purpose and the efficiency with which it has operated.**

The Department is generally effective in meeting its overall objective and purpose. For example, it has programs to monitor the quality of drinking water in the State, it monitors the storage and disposal of hazardous wastes, it cleans up sites contaminated by hazardous substances, and it regulates the release of pollutants into the air, land, and water. In addition, the Department generally has operated efficiently. For example, the Department has substantially eliminated backlogged claims for financial assistance to clean up leaking underground storage tanks. The audits of the Water Quality Division and the Air Quality Division highlighted two other ways that the Department has operated efficiently. Specifically:

- The Water Quality Division audit (see Auditor General Report 04-05, Finding 3) found that the Division has made significant progress in issuing Aquifer Protection Permits (APP), including successfully processing all but one of its nonmining applications, such as those from industrial sites and wastewater facilities.

- The Air Quality Division audit (see Auditor General Report 04-07, Finding 2) found that facilities that are the largest potential sources of air pollution are generally complying with air pollution standards, and when they are not, the Division generally takes timely enforcement action that soon corrects the problem.

However, the three audit reports also identified several ways the Department could improve its effectiveness and efficiency. For example:

- The Water Quality Division audit (see Auditor General Report 04-05, Finding 1) found that the Division could improve its oversight of drinking water quality monitoring. All public drinking water systems monitor their water quality and report specified contaminant levels to the Division at specific intervals, often monthly. However, division staff cannot address all facilities with drinking water violations at any one time. As a result, the Division is unable to immediately investigate every drinking water quality violation and, in turn, take enforcement action against violating facilities. This inability to take enforcement action against noncompliant drinking water systems potentially exposes people to contaminated water.

The Division has been working to address this problem by looking for new ways to encourage drinking water facilities to correct their violations with minimal enforcement staff involvement. The Division reports that it has begun to use automatically generated letters to notify facilities of any failure to meet monitoring and reporting requirements, which require a response within 10 days. If the facility fails to respond in a timely manner, the Division reports that it issues a series of escalating violations and orders, potentially including the imposition of fines. The report also found that the Division could potentially improve its oversight of drinking water quality monitoring by researching the costs and benefits of expanding its Monitoring Assistance Program (MAP) to include testing of contaminants such as lead, copper, and nitrates. The MAP program is a required water testing assistance for small drinking water facilities, which compose the majority of the Division's monitoring workload. After the Division decides whether to expand the MAP program, it should review its enforcement workload and staff levels to determine if additional staff are needed.

Additionally, the audit found that the Water Quality Division could benefit by charging fees for performing drinking water plan reviews and by recalculating the fees charged to process APP applications. Statute requires the Division to establish and charge fees to recover the costs of the drinking water plan reviews, which are for the planning and construction of facilities ranging from wells and water treatment plants to public swimming pools. However, the Division does not charge any such fees. Charging these fees would free up some General Fund monies and potentially free up some federal grant monies for other uses. Additionally, the Department should recalculate the fees it charges for processing APPs. Rather than setting fees based on the actual direct costs to perform the reviews, the Division has set them to recover only those costs not covered by General Fund monies. Recalculating the fees could ensure a more fair and accurate fee level. After it has adjusted its fees to recover its direct costs, the Division should ensure that its future General Fund appropriation requests to the Legislature reflect its full indirect costs.

Finally, the audit found that the Water Quality Division still had a significant number of APPs for mining facilities that had yet to be issued. Specifically, as of December 2003, at least 34 mining APPs have not yet been issued. Before the 2006 statutory deadline for processing these permits, the Division will need to complete processing applications that it receives and refer those facilities that fail to submit the required APP applications to its compliance unit for appropriate enforcement action. The Division has developed a strategy to assist in resolving the remaining applications by the 2006 statutory deadline. For example, the Division has created a schedule to monitor each application's status through the permitting phases, including the percentage of work completed within each phase.

- The audit of the Waste Programs Division (see Auditor General Report 04-06, Finding 1) found that the Department could take steps to lower the amount it pays for the remediation of leaking underground storage tanks, and the Division could improve the degree of compliance with UST financial assurance requirements. The steps the Department should take include evaluating whether private contractors who bill the State Assurance Fund (Fund) for the costs of cleaning up leaking USTs are charging the maximum allowable costs, known as cost ceilings. If so, the Division should consider revising its cost ceilings, which could reduce costs to the Fund. Additionally, if the Department performs a new cost survey, which should help establish new cost ceilings, it should change the methods it uses to perform the survey. Further, the Department should explore the idea of using competitive bidding between contractors for cleanup work as a way to keep costs lower. The Department also needs to do a better job of ensuring that UST owners comply with state and federal insurance requirements. Federal and state regulations require that UST owners acquire at least $500,000, and up to $1 million, of financial assurance to cover costs associated with a UST leak. However, as of January 2004, only 62 percent of Arizona's UST owners met these requirements.

  The audit also found that the Division's Hazardous Waste Section needs to improve the timeliness of issuing, escalating, and resolving enforcement actions (see Auditor General Report No. 04-06, Finding 2). The Hazardous Waste Section regulates hazardous waste facilities, including those that generate, store, or dispose of these types of materials. The Division regulates these facilities by issuing permits, conducting inspections, and taking enforcement action when a violation is identified. However, the Division sometimes takes several months to issue an enforcement action when it finds a violation and does not always escalate enforcement actions to the next level when facilities do not correct their violations and return to compliance. For example, of the three administrative orders reviewed by auditors (all issued in fiscal year 2003), the Division did not escalate one of them, as directed by policy. Instead, the Division continued to negotiate with the responsible parties to bring them into compliance.

3. **The extent to which the agency had operated within the public interest.**

The Department has operated in the public interest by administering a wide variety of regulatory programs that protect human health and the environment from excessive and harmful pollutants. For example, the Department has made substantial progress toward cleaner air in Arizona. Since the passage of the Clean Air Act in 1970, the EPA has designated 20 areas in Arizona as nonattainment areas, as air in these areas does not meet national air quality standards. However, the Department has instituted several programs to combat poor air quality. For example, the Cleaner Burning Gasoline Program was designed to reduce the quantities of several pollutants in vehicle emissions, and the Vehicle Emissions and Inspection Program was designed to reduce on-road vehicle emissions. Between 1999 and 2004, the EPA has redesignated 5 of the 20 nonattainment areas to attainment status. Further, 10 other areas are eligible for attainment status and are awaiting either the EPA or the Division to complete the redesignation process (see Auditor General Report No. 04-07, Finding 1).

The Department has also protected the public interest by taking emergency response actions to reduce the potential for exposure to hazardous substances. The Department reports that in February 2003, it used its administrative authority to order the suspension and revocation of the hazardous waste permit issued to a regulated facility for major violations of hazardous waste laws at the company's facility in Phoenix. Additionally, because the condition of several containers of waste had seriously degraded, the Department subsequently declared the site an imminent and substantial endangerment to the community in March, and the Department's Emergency Response Unit began an emergency removal action at the facility.

However, the Department should improve the timeliness of issuing enforcement actions to noncompliant hazardous waste facilities (Auditor General Report No. 04-06, Finding 2). The audit found that the Waste Programs Division failed to issue some enforcement actions within the time frames specified in policy. Finally, the Water Quality Division does not assign enforcement staff to every facility with drinking water violations, and as a result, violations can continue for a considerable amount of time (Auditor General Report No. 04-05, Finding 1). For example, some violations not yet assigned to enforcement staff had been considered significantly noncompliant by the EPA for approximately 3 years, with one system considered significantly noncompliant for almost 8 years.

The Department also reports that it works beyond the normal regulatory functions to help protect public health and the environment. For example, the agency reports that it has also worked to enhance children's health through its involvement in the Children's Environmental Health Project, which works on environmental issues affecting children's health. In November 2003, the Department joined the U.S. Environmental Protection Agency (EPA) and the

University of Arizona to launch a pilot integrated pest management project to reduce children's exposure to pesticides in schools.

The Department has also emphasized public participation and public information. It has encouraged public participation through community outreach and education as part of its compliance and enforcement efforts. For example, underground storage tank (UST) inspectors work with UST owners and operators during inspections to explain regulations and how to comply with them. The Department also has an ombudsman who works to obtain solutions to the public's problems. Further, the Department has improved public information through its Web site and through information provided to the public and the media regarding air quality. For example, according to the Department, in January 2004, it launched its redesigned Web site to improve public access to information about the agency and its programs, statutes, rules, and functions. The improved Web site provides the public with a user-friendly means of accessing various information, including a calendar of events and several e-mail notification lists. Additionally, the Department issues air quality forecasts for areas within and bordering Maricopa County and wind forecasts for Yuma County and the areas surrounding it.

4. **The extent to which rules adopted by the agency are consistent with legislative mandate.**

According to the staff of the Governor's Regulatory Review Council (GRRC) and Office of the Auditor General legal counsel, the Department has promulgated some, but not all, of the rules mandated by statute. According to the Department, it initiates an average of 11 rulemaking procedures each year.

Although GRRC reports that the Department has promulgated some rules required by legislative mandate, there are some areas where rules are required but have not yet been implemented. For example, the Department has not adopted rules to address priorities for using Water Quality Assurance Revolving Fund (WQARF) monies. WQARF is a fund created under the State's Environmental Quality Act of 1986 to support cleanup efforts at sites that have soil or water contaminated with hazardous substances. The Department reports that it has sought assistance from the WQARF Advisory Board to develop criteria for this rule. Additionally, according to GRRC, the Department lacks rules related to providing a simplified administrative procedure for approving modifications for small public water systems. According to the Department, it plans to initiate rulemaking in this topic in 2004.

There are also several statutes relating to the Waste Programs Division that lack rules. Most of these statutes involve the Solid Waste Section. For example, the Department has not adopted rules regarding the implementation of the Arizona Recycling Program and has not adopted rules to determine if a site is a recycling

facility. Additionally, in the area of hazardous waste, the Department has not adopted rules regarding the time and manner of annual registration for hazardous waste treatment, storage and disposal facilities, hazardous waste transporters, hazardous waste generators, and hazardous waste resource recovery facilities. According to the Department, it has begun the rulemaking process for some but not all of the areas lacking rules.

The Department has adopted most of the required rules related to air quality. However, according to GRRC, the Department has not adopted rules regarding the emission of hazardous air pollutants (HAPs). According to the Department, it has begun the process of gaining stakeholder input relating to potential HAPs rules, and will begin the rulemaking process in September 2004.

5. **The extent to which the agency has encouraged input from the public before adopting its rules and the extent to which it has informed the public as to its actions and their expected impact on the public.**

    The Department reports that it solicits and considers comments that it receives during the rules promulgation process. The Department's environmental program divisions each maintain a database of stakeholders who are notified of proposed rule changes. Among those included in the database are environmental and community advocates, tribal officials, legislators, federal and state agencies, municipal governments, attorneys, lobbyists, and industry representatives. Proposed rules also are published in the Arizona Administrative Register and posted on the Department's Web site. According to the Department, when a proposed rule could potentially impact many stakeholders or the public at large, it also conducts informal state-wide meetings to inform citizens about the proposal and to solicit their comments. An example of this process is the Water Quality Division's APP rule revision, which has been sent to the public for two informal review and comment periods in 2004. The Department reports that this rule revision will undergo a formal review and comment period before it is sent to GRRC for final review and approval.

6. **The extent to which the agency has been able to investigate and resolve complaints that are within its jurisdiction.**

    ADEQ's waste, water, and air divisions all have inspection units that conduct inspections of regulated facilities in response to the public's complaints. Regarding the Air Quality Division, the Department generally addresses in a timely manner violations involving facilities that emit pollutants into the air (see Auditor General Report No. 04-07, Finding 2). Specifically, the Air Quality Division generally issues enforcement actions to facilities that may emit the

largest level of air pollutants within the time frames specified by its policies. The Department's strategic plan calls for the Air Quality Division to respond to complaints within 5 days. The Department reports that it has also imposed a 5-day time frame for complaint response in the Water Quality Division, and in the Hazardous Waste and Solid Waste Sections of the Waste Programs Division.

Additionally, according to the Department, it reestablished an ombudsman position within its director's office in 2003 to oversee and track the agency's response to complaints. The Department also reports that it is in the process of developing an automated complaint-tracking system within its Web site to ensure that complaints are resolved in a timely manner. Further, the Department has completed installation of a citizen complaint feature on its Web site, which it reports will allow citizen complaints to reach the appropriate division for investigation.

7. **The extent to which the Attorney General or any other applicable agency of state government has authority to prosecute actions under the enabling statutes.**

According to statute, the Attorney General is the Department's legal adviser and prosecutes certain enforcement actions for the Department. While the Department handles internally the informal enforcement actions taken against facilities that commit minor violations and formal enforcement actions that result in an administrative order, the Attorney General's Office handles the formal enforcement actions resulting in a civil or criminal referral. For example, in fiscal year 2003, the Department reports having assessed, with the Attorney General's assistance, $253,580 in civil penalties in nine separate cases.

8. **The extent to which the agency has addressed the deficiencies in its enabling statutes that prevent it from fulfilling its statutory mandate.**

The Department has been involved in recommending legislative changes where they are appropriate and reports working with diverse stakeholders to develop recommendations for new legislation. Several pieces of legislation affecting the Department's programs were enacted in the 2004 regular legislative session:

- **Laws 2004, Chapter 146**—Made changes to the WQARF program by giving the Department's director authority to suspend a preliminary investigation at a possible WQARF site and then reopen the investigation if necessary. Additionally, this legislation gives the director authority to remove a site from the WQARF registry if necessary, as well as the authority to restore a site that has been removed from the registry (see Auditor General Report No. 04-06, Other Pertinent Information).

- **Laws 2004, Chapter 247**—Increases the cap on APP application processing fees from $75,000 to $100,000 (see Auditor General Report No.

04-06, Finding 4). This legislation also increased the annual APP fees for facilities whose daily discharge under the permit is at least 1 million gallons.

- **Laws 2004, Chapter 273**—Set June 30, 2006, as the final date that UST owners can report leaks to the Department and still be eligible for cleanup coverage from the State Assurance Fund. The legislation also created a Regulated Substance Fund, which is intended to succeed the State Assurance Fund and provide funding for cleaning up leaking USTs whose owners cannot be located or who are not financially viable. Finally, the legislation allows owners or operators of leaking USTs to file a claim under $500,000 per occurrence with the State Assurance Fund before accessing their UST insurance (see Auditor General Report No. 04-06, Finding 1).

- **Laws 2004, Chapter 303**—Changes how the solid waste disposal fee is distributed among the Solid Waste Fee Fund and the Recycling Fund. From June 30, 2004 to June 30, 2005, half of the disposal fees collected at landfills will be deposited in the Solid Waste Fee Fund, and the other half will be deposited into the Recycling Fund. On and after June 30, 2005, all the disposal fees will once again go into the Recycling Fund.

9. **The extent to which changes are necessary in the laws of the agency to adequately comply with the factors in the Sunset Laws.**

Audit work identified two areas where changes may be needed to department statutes, as follows:

- First, the Department may not receive any funding to clean up orphan tanks, whose owners cannot be located when the Regulated Substance Fund begins operation, and may need legislation to ensure that the funding exists. Laws 2004, Chapter 273 requires the department director to transfer funds from the State Assurance Fund to the Regulated Substance Fund on July 1, 2011, but only if all eligible claims to the State Assurance Fund have been paid. If additional time is needed to pay these claims, the State Assurance Fund will continue to receive monies from the $0.01 per gallon excise tax on USTs until all of its claims are paid. As a result, this would limit the amount of excise tax revenues the Regulated Substance Fund would receive, and could potentially result in the Regulated Substance Fund receiving no funding at all for the cleanup of sites whose owners cannot be located or are not financially viable. However, the Department has an opportunity to report on the liabilities of the State Assurance Fund in September 2009 and can advise the Senate President and House Speaker regarding the need for additional funding. If this report finds that the liabilities to the Fund will likely prevent the director from transferring monies to the Regulated Substance Fund in July 2011, the Legislature could

consider making a statutory change to extend the excise tax beyond December 31, 2013, so that the Regulated Substance Fund revenues could reach $60 million for orphan tank cleanup (see Auditor General Report No. 04-06, Finding 1).

- Second, audit work indicated that the Department could potentially benefit from legislation to grant it administrative penalty authority with respect to air pollution control. This authority would allow the Department to unilaterally issue administrative penalties to noncompliant facilities. Administrative penalty authority is already possessed by the EPA, the air quality programs in at least 26 other jurisdictions, and the Department's Drinking Water and Hazardous Waste programs. According to a department representative, without administrative penalty authority, the Department must complete a lengthy legal process, requiring the involvement of the Arizona Attorney General's Office, to issue even a minor financial penalty for air quality violations. However, the limitations on the availability of the Attorney General's resources, and the additional time required to pursue an action in court, restrict the number of cases that can be filed. Consequently, administrative penalty authority could benefit the Department by allowing it to pursue enforcement actions more quickly.

10. **The extent to which the termination of the agency would significantly harm the public's health, safety, or welfare.**

Terminating the Department would significantly harm the public's health, safety, and welfare, since it is the Department's responsibility to protect human health and the environment. If the Department were terminated, federal environmental standards, such as those set out under the Clean Water Act and the Clean Air Act, would still remain, and authority for enforcing these standards would revert to the federal government. Additionally, terminating the Department could result in shifting responsibility for state environmental programs to local governments, creating the possibility of a patchwork of regulatory approaches by numerous local governments.

The Department oversees monitoring of the State's drinking water systems, takes enforcement action when drinking water regulations are violated, and supports the cleanup of water contamination when it occurs. If drinking water contamination occurs at high levels, short-term health risks and even death may occur. Similarly, the Department protects human health, safety, and welfare by regulating hazardous waste treatment, storage, and disposal. The Department oversees the cleanup of leaking USTs and state Superfund sites, at which soil or water may be contaminated. Additionally, the Department regulates disposals of

waste products at landfills. Finally, the Department regulates all sources of air pollution in most parts of the State. In the State's three most populous counties—Maricopa, Pima, and Pinal—the Department shares air pollution regulation with county authorities, but retains authority to regulate large facilities, such as copper smelters and cement plants. Further, the Department administers several programs, such as the vehicle emissions inspection and maintenance program, which are designed to reduce the level of air pollution.

11. **The extent to which the level of regulation exercised by the agency is appropriate and whether less or more stringent levels of regulation would be appropriate.**
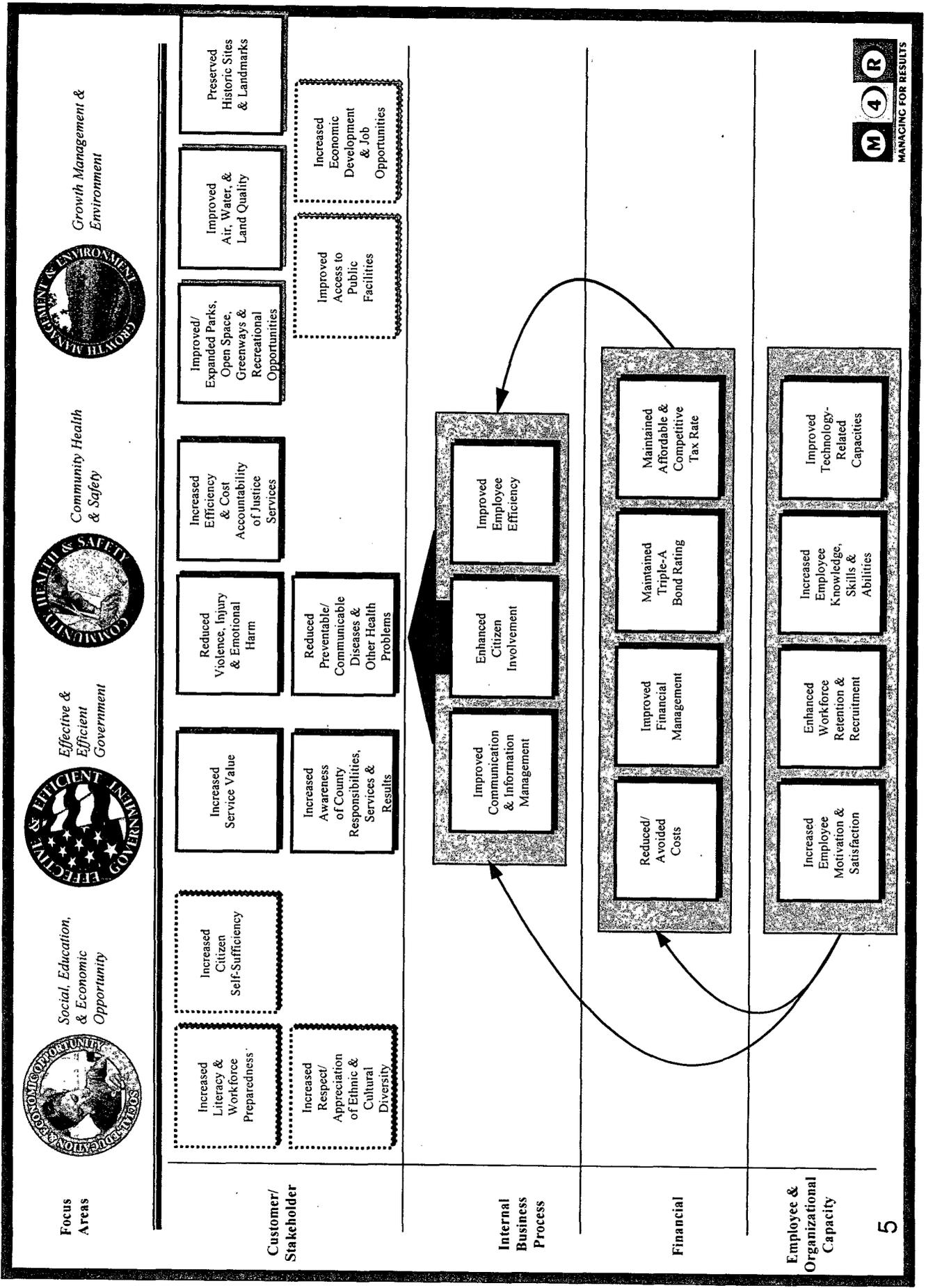
The Department's statutes and rules allow it an appropriate amount of regulatory authority over facilities that emit or potentially emit waste, water, and air pollutants into the environment.

The Department exercises significant regulatory power over the disposal of waste and the release of pollutants into the air, water, and soil. The Department's regulation in these areas seems mostly appropriate. However, the Department could do more when it identifies those violating environmental laws. Specifically, the Department often takes longer than its own guidelines recommend to bring those facilities back into compliance. For example, the Hazardous Waste Program sometimes takes several months to issue an enforcement action when it finds a violation (see Auditor General Report No. 04-06, Finding 2). In addition, Water Quality Division staff cannot address every drinking water violation occurring at any one time, and therefore they prioritize the violations. However, some violations continue for a considerable amount of time, with some facilities remaining out of compliance for years at a time (see Auditor General Report No. 04-05, Finding 1).

12. **The extent to which the agency has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.**

The Department uses private contractors to accomplish some of its duties, and the audits did not identify any additional opportunities for the Department to use them. For example, the Water Quality Division's Monitoring Assistance Program hires a private contractor to conduct some water quality tests and report the results to the Division. In addition, the Department's state-lead program uses contractors to clean up leaking USTs whose owners either cannot be located or are not financially viable. Finally, the Department uses a contractor to administer its vehicle emissions inspection and maintenance program in Maricopa and Pima Counties. The contractor performs the general public's emissions testing, and department staff oversee the contractor and inspect all public and private fleet inspection sites.

Mecklenburg County

MANAGING FOR RESULTS

Focus Areas: Social, Education, & Economic Opportunity | Effective & Efficient Government | Community Health & Safety | Growth Management & Environment

Customer/Stakeholder:
- Increased Literacy & Workforce Preparedness
- Increased Citizen Self-Sufficiency
- Increased Respect/ Appreciation of Ethnic & Cultural Diversity
- Increased Service Value
- Increased Awareness of County Responsibilities, Services & Results
- Reduced Violence, Injury & Emotional Harm
- Reduced Preventable/ Communicable Diseases & Other Health Problems
- Increased Efficiency & Cost Accountability of Justice Services
- Improved/ Expanded Parks, Open Space, Greenways & Recreational Opportunities
- Improved Access to Public Facilities
- Improved Air, Water, & Land Quality
- Increased Economic Development & Job Opportunities
- Preserved Historic Sites & Landmarks

Internal Business Process:
- Improved Communication & Information Management
- Enhanced Citizen Involvement
- Improved Employee Efficiency

Financial:
- Reduced/ Avoided Costs
- Improved Financial Management
- Maintained Triple-A Bond Rating
- Maintained Affordable & Competitive Tax Rate

Employee & Organizational Capacity:
- Increased Employee Motivation & Satisfaction
- Enhanced Workforce Retention & Recruitment
- Increased Employee Knowledge, Skills & Abilities
- Improved Technology-Related Capacities

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Example

Focus Area: COMMUNITY HEALTH & SAFETY

Focus Area Goal: *Make our community healthier and safer*

Desired Result: Reduce Violence, Injury & Emotional Harm

Strategy: Protect (prevent) the public from physical and emotional harm

Measures: M1: Abused Children Rate
M2: Violent Crime Rate

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Example

COMMUNITY HEALTH & SAFETY

Make our community healthier and safer

Reduce Violence, Injury & Emotional Harm

Program Category: **Child Abuse/Neglect Prevention & Protection**

Business Strategy: Provide a full range of services, including investigations, intervention, foster care and adoption, in accordance with state regulations, designed to protect children from physical and emotional harm and to keep children in stable and loving families

Desired Result:

Services:

- **Adoption Assistance (DSS)**
- **Child Protective Services (DSS)**
- **Youth & Family Services Grants (DSS)**

M 4 R
MANAGING FOR RESULTS

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Example

Service: Child Protective Services

Purpose: Provide a full continuum of child welfare services to protect children whose health, welfare and safety are at risk due to their circumstances or behavior which necessitates public intervention

County Cost	Total Cost	FT	PT	TP
$16,273763	$34,624,751	354.95	0.50	9.00

Example

Service: Child Protective Service

Performance Measures:

County Cost	Measure	Target
Outputs	Number of Children Served	-
Outcomes	% Children w/ Reduced Risk	95%
Efficiency	% Investigations Completed w/in Timeframe	60%
Customer Service	Customer Satisfaction Rating	90%

COMMUNITY HEALTH & SAFETY

M 4 R
MANAGING FOR RESULTS

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State of Washington

RCW 43.88.090

Development of budget -- Detailed estimates -- Mission statement, measurable goals, quality and productivity objectives -- Integration of strategic plans and performance assessment procedures -- Reviews by office of financial management -- Governor-elect input.

(1) For purposes of developing budget proposals to the legislature, the governor shall have the power, and it shall be the governor's duty, to require from proper agency officials such detailed estimates and other information in such form and at such times as the governor shall direct. The governor shall communicate statewide priorities to agencies for use in developing biennial budget recommendations for their agency and shall seek public involvement and input on these priorities. The estimates for the legislature and the judiciary shall be transmitted to the governor and shall be included in the budget without revision. The estimates for state pension contributions shall be based on the rates provided in chapter 41.45 RCW. Copies of all such estimates shall be transmitted to the standing committees on ways and means of the house and senate at the same time as they are filed with the governor and the office of financial management.

The estimates shall include statements or tables which indicate, by agency, the state funds which are required for the receipt of federal matching revenues. The estimates shall be revised as necessary to reflect legislative enactments and adopted appropriations and shall be included with the initial biennial allotment submitted under RCW 43.88.110. The estimates must reflect that the agency considered any alternatives to reduce costs or improve service delivery identified in the findings of a performance audit of the agency by the joint legislative audit and review committee. Nothing in this subsection requires performance audit findings to be published as part of the budget.

(2) Each state agency shall define its mission and establish measurable goals for achieving desirable results for those who receive its services and the taxpayers who pay for those services. Each agency shall also develop clear strategies and timelines to achieve its goals. This section does not require an agency to develop a new mission or goals in place of identifiable missions or goals that meet the intent of this section. The mission and goals of each agency must conform to statutory direction and limitations.

(3) For the purpose of assessing activity performance, each state agency shall establish quality and productivity objectives for each major activity in its budget. The objectives must be consistent with the missions and goals developed under this section. The objectives must be expressed to the extent practicable in outcome-based, objective, and measurable form unless an exception to adopt a different standard is granted by the office of financial management and approved by the legislative committee on performance review. Objectives must specifically address the statutory purpose or intent of the program or activity and focus on data that measure whether the agency is achieving or making progress toward the purpose of the activity and toward statewide priorities. The office of financial management shall provide necessary professional and technical assistance to assist state agencies in the development of strategic plans that include the mission of the agency and its programs, measurable goals, strategies, and performance measurement systems.

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(4) Each state agency shall adopt procedures for and perform continuous self-assessment of each activity, using the mission, goals, objectives, and measurements required under subsections (2) and (3) of this section. The assessment of the activity must also include an evaluation of major information technology systems or projects that may assist the agency in achieving or making progress toward the activity purpose and statewide priorities. The evaluation of proposed major information technology systems or projects shall be in accordance with the standards and policies established by the information services board. Agencies' progress toward the mission, goals, objectives, and measurements required by subsections (2) and (3) of this section is subject to review as set forth in this subsection.

(a) The office of financial management shall regularly conduct reviews of selected activities to analyze whether the objectives and measurements submitted by agencies demonstrate progress toward statewide results.

(b) The office of financial management shall consult with the higher education coordinating board and the state board for community and technical colleges in those reviews that involve institutions of higher education.

(c) The goal is for all major activities to receive at least one review each year.

(d) The office of financial management shall consult with the information services board when conducting reviews of major information technology systems in use by state agencies. The goal is that reviews of these information technology systems occur periodically.

(5) It is the policy of the legislature that each agency's budget recommendations must be directly linked to the agency's stated mission and program, quality, and productivity goals and objectives. Consistent with this policy, agency budget proposals must include integration of performance measures that allow objective determination of an activity's success in achieving its goals. When a review under subsection (4) of this section or other analysis determines that the agency's objectives demonstrate that the agency is making insufficient progress toward the goals of any particular program or is otherwise underachieving or inefficient, the agency's budget request shall contain proposals to remedy or improve the selected programs. The office of financial management shall develop a plan to merge the budget development process with agency performance assessment procedures. The plan must include a schedule to integrate agency strategic plans and performance measures into agency budget requests and the governor's budget proposal over three fiscal biennia. The plan must identify those agencies that will implement the revised budget process in the 1997-1999 biennium, the 1999-2001 biennium, and the 2001-2003 biennium. In consultation with the legislative fiscal committees, the office of financial management shall recommend statutory and procedural modifications to the state's budget, accounting, and reporting systems to facilitate the performance assessment procedures and the merger of those procedures with the state budget process. The plan and recommended statutory and procedural modifications must be submitted to the legislative fiscal committees by September 30, 1996.

(6) In reviewing agency budget requests in order to prepare the governor's biennial budget request, the office of financial management shall consider the extent to which the agency's activities demonstrate progress toward the statewide budgeting priorities, along with any specific review conducted under subsection (4) of this section.

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(7) In the year of the gubernatorial election, the governor shall invite the governor-elect or the governor-elect's designee to attend all hearings provided in RCW 43.88.100; and the governor shall furnish the governor-elect or the governor-elect's designee with such information as will enable the governor-elect or the governor-elect's designee to gain an understanding of the state's budget requirements. The governor-elect or the governor-elect's designee may ask such questions during the hearings and require such information as the governor-elect or the governor-elect's designee deems necessary and may make recommendations in connection with any item of the budget which, with the governor-elect's reasons therefor, shall be presented to the legislature in writing with the budget document. Copies of all such estimates and other required information shall also be submitted to the standing committees on ways and means of the house and senate.

[2005 c 386 § 2; 1997 c 372 § 1; 1996 c 317 § 10; 1994 c 184 § 10; 1993 c 406 § 3; 1989 c 273 § 26; 1987 c 505 § 35; 1984 c 247 § 3; 1981 c 270 § 4; 1979 c 151 § 137; 1975 1st ex.s. c 293 § 5; 1973 1st ex.s. c 100 § 6; 1965 c 8 § 43.88.090. Prior: 1959 c 328 § 9.]

NOTES:

Short title -- 1993 c 406: See note following RCW 43.88.020.

Severability -- 1989 c 273: See RCW 41.45.900.

Effective date -- Severability -- 1981 c 270: See notes following RCW 43.88.010.

CITY OF FORT WAYNE 6σ

REDUCING THE NUMBER OF MISSED TRASH PICKUPS

Six Sigma Project Overview

PROBLEM

Missed garbage pickups result in increased costs and dissatisfied customers. The goal is to reduce missed garbage pickups by 50%.

SOLUTION

Measurement and analysis uncovered several reasons for missed garbage pickups. The City's garbage contractor, National Serv-all, took proactive steps to reduce problems including reducing the size of some routes. The City and National Serv-all created a partnership manual and the City now inspects routes each day.

SAVINGS

A savings of $195,000 a year has occurred as a result of the 50% reduction in missed garbage pickups. Other benefits include an improved partnership between the City and National Serv-all. Customer service has improved and the City had a day with zero missed pickups.

Savings
+ $195,000 a year
+ $977,000 over a five-contract with National Serv-all

Factoid
The City of Fort Wayne uses Six Sigma to improve customer service and increase the effectiveness of city government. Data based decision-making and empowerment of employees are key components to the success of the program.

Six Sigma Team
Dawn Ritchie, Project Leader/Black Belt
Ted Rhinehart, Champion
Matt Gratz, City Solid Waste
Angela Lewis, National Serv-all
Bob Young, National Serv-all
Mike Welch, National Serv-all