

**GOVERNING FOR
RESULTS IN
WASHINGTON: A CASE
STUDY OF ECONOMIC
VITALITY EFFORTS**

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REPORT DIGEST

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Overview

Legislators and the state's citizens want to know that state government is achieving its goals. This JLARC review looks at how the executive and legislative branches can use performance measures to assess whether agencies are **achieving results** and how policymakers can use this information in budget and policy decisions. We also look at how agencies work together to achieve common results. This review includes three recommendations.

Economic Vitality

To learn more about the state's governing for results efforts, JLARC looked at selected activities in nine state agencies responsible for improving the state's **economic vitality**:

- Department of Agriculture
- Department of Community, Trade and Economic Development
- Department of Labor and Industries
- Employment Security Department
- Higher Education Coordinating Board
- Spokane Intercollegiate Research and Technology Institute
- State Board for Community and Technical Colleges
- Washington State Convention and Trade Center
- Workforce Training and Education Coordinating Board

Study Background

JLARC is assessing the state's fiscal reporting, accountability, and performance tracking systems in the 2003-2005 Biennium. After reviewing the performance measurement systems used *within* four state agencies, JLARC decided to look at efforts to measure performance *across* agencies.

What is Governing for Results?

"Governing for results" generally refers to using output and outcome-related program information as a basis for decision-making and management. Agencies typically provide this information in the form of balanced scorecards, annual reports, or other regular reports on performance.

What is the “Priorities of Government” Initiative?

The Office of Financial Management (OFM) developed “**Priorities of Government**” as a budget building tool. This framework lists broad expected results of government activities and then links agency activities to each statewide result. OFM’s plans for the 2005-07 budget development process appear to be a move to enable policymakers to use performance measures in budget decisions.

Agencies will submit both performance measures and budget requests for individual activities so the links between expected performance and budgets will be clearer. For policymakers to be able to use the performance measures in budget decisions, the measures need to demonstrate the **results** of an activity, rather than measuring processes or outputs. Our review of the activity performance measures submitted to OFM show that only half of the performance measures are actually necessary for understanding the results of an activity. This review recommends three process improvements for OFM to consider as they continue to develop the Priorities of Government.

How do agencies work together to achieve common goals?

Agencies are working together to improve the state’s economic vitality within various groups such as the Workforce Training and Education Coordinating Board, the Joint Economic Vitality Cabinet, and the Economic Development Commission. One cross-agency strategy is to strengthen “industry clusters.” A cluster refers to a geographic concentration of an industry and its supporting institutions and suppliers. Agencies still have considerable work to improve cross-agency efforts and to measure and show results. This review recommends OFM and agencies develop collective performance measures.

What is happening outside of Washington?

Washington is not alone in its efforts towards governing for results. Many research groups, other states, and federal offices are also thinking about how to make management and budget decisions more performance-based. Current governing for results efforts have these common themes: a link between planning and budgeting efforts, legislative involvement in identifying priorities and creating performance measures, and a link between individual agency activities and statewide goals.

What are possible next steps for the Legislature?

The Legislature can play an **important role** in the governing for results effort in Washington. A concerted and collective effort will be necessary to achieve a true governing for results system in Washington. This effort can help legislators understand state government activities, communicate results to constituents and other stakeholders, and consider budget and policy decisions.

JLARC recommends the Legislature consider taking the **next steps** to increase its involvement in the state’s governing for results movement:

- **Determine statewide priorities** and report on how the state achieves them;
- **Use performance-based information** as one tool for decision-making;
- **Create performance-based incentives** for agencies; and
- **Hold cross-committee hearings** on issues that span committees.