

State of Washington
Joint Legislative Audit and Review Committee (JLARC)



Governing for Results in Washington

A Case Study of Economic Vitality Efforts

Report 04-10

June 16, 2004

*Upon request, this document is available
in alternative formats for persons with disabilities.*

JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE

506 16th Avenue SE

PO Box 40910

Olympia, WA 98501-2323

(360) 786-5171

(360) 786-5180 Fax

<http://jlarc.leg.wa.gov>

Committee Members

SENATORS

Darlene Fairley

Jim Horn, Chair

Jeanne Kohl-Welles

Bob Oke

Debbie Regala, Secretary

Val Stevens

Pat Thibaudeau

Joseph Zarelli

REPRESENTATIVES

Gary Alexander, Asst. Secretary

Brad Benson

Kathy Haigh

Ross Hunter

Fred Jarrett

Tom Mielke

Phil Rockefeller, Vice Chair

Deb Wallace

LEGISLATIVE AUDITOR

Cindi Yates

The Joint Legislative Audit and Review Committee (JLARC) carries out oversight, review, and evaluation of state-funded programs and activities on behalf of the Legislature and the citizens of Washington State. This joint, bipartisan committee consists of eight senators and eight representatives, equally divided between the two major political parties. Its statutory authority is established in RCW 44.28.

JLARC staff, under the direction of the Committee and the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other policy and fiscal studies. These studies assess the efficiency and effectiveness of agency operations, impacts and outcomes of state programs, and levels of compliance with legislative direction and intent. The Committee makes recommendations to improve state government performance and to correct problems it identifies. The Committee also follows up on these recommendations to determine how they have been implemented. JLARC has, in recent years, received national recognition for a number of its major studies.

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

REPORT 04-10



REPORT DIGEST

JUNE 16, 2004

STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

STUDY TEAM

Heather Moss
Lisa Jeremiah

LEGISLATIVE AUDITOR

CINDI YATES

Copies of Final reports and Digests
are available on the JLARC website at:

<http://jlarc.leg.wa.gov>

or contact

Joint Legislative Audit & Review
Committee
506 16th Avenue SE
Olympia, WA 98501-2323
(360) 786-5171
(360) 786-5180 FAX

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.

TABLE OF CONTENTS

CHAPTER ONE – WHAT IS GOVERNING FOR RESULTS?	1
BACKGROUND.....	1
NEXT STEP IN LEGISLATIVE REVIEW – A BROADER PERSPECTIVE.....	2
A NOTE ON TERMINOLOGY.....	3
REPORT ORGANIZATION.....	3
CHAPTER TWO – WHAT IS THE “PRIORITIES OF GOVERNMENT” INITIATIVE?....	5
BACKGROUND.....	5
2005-07 BUDGET DEVELOPMENT.....	7
REVIEW OF PERFORMANCE MEASURES.....	8
CONCLUSION.....	10
CHAPTER THREE – HOW DO AGENCIES WORK TOGETHER TO ACHIEVE COMMON GOALS?	13
AGENCY COORDINATION.....	13
PERFORMANCE MEASUREMENT OF CROSS-AGENCY EFFORTS.....	16
CONCLUSION.....	16
CHAPTER FOUR – WHAT IS HAPPENING OUTSIDE OF WASHINGTON?.....	19
EFFORTS IN OTHER STATES.....	19
EFFORTS AT THE FEDERAL LEVEL.....	21
CONCLUSION.....	21
CHAPTER FIVE – WHAT NEXT STEPS CAN THE LEGISLATURE TAKE?	23
A NOTE ON TIME AND EFFORT.....	23
LEGISLATIVE INVOLVEMENT.....	23
CONCLUSION.....	25
CHAPTER SIX – RECOMMENDATIONS.....	27
AGENCY RESPONSES.....	28
ACKNOWLEDGEMENTS.....	28
APPENDIX 1 – SCOPE AND OBJECTIVES.....	29
APPENDIX 2 – AGENCY RESPONSES.....	31
APPENDIX 3 – AGENCIES AND ACTIVITIES REVIEWED.....	55
APPENDIX 4 – SUGGESTED ADDITIONAL READING.....	57
PERFORMANCE-BASED MANAGEMENT AND BUDGETING.....	57
WHAT OTHERS ARE DOING.....	57
ECONOMIC VITALITY.....	58

CHAPTER ONE – WHAT IS GOVERNING FOR RESULTS?

In Washington and across the country, public policymakers are considering and implementing “governing for results” approaches. Governing for results goes by many names (see “A Note on Terminology” later in this chapter), but it generally refers to using output and outcome-related program information as a basis for decision-making and management. This latest approach to performance-based government offers both the executive and legislative branches an opportunity to increase their understanding of state activities, communicate the results of those activities to the citizens of Washington, and use performance data in budget and policy decisions. The Joint Legislative Audit and Review Committee (JLARC) conducted this study in response to legislative interest in performance-based government.

Legislators and their constituents want to know that state government is achieving its goals. This review looks at how the executive and legislative branches can use performance measures to budget and to assess whether agencies are achieving results. We also look at how agencies work together to achieve similar results.

This review is not intended to be exhaustive on the governing for results movement, but it does raise general issues and makes three recommendations for initial steps. One caution to keep in mind is that creating and sustaining a governing for results effort will be a time-consuming and challenging goal to achieve.

BACKGROUND

In its 2003-05 work plan, JLARC included a series of “performance and outcome measure reviews” to examine issues pertaining to the state’s fiscal reporting, accountability, and performance tracking systems. As part of this effort, JLARC conducted performance and outcome measure reviews of four separate state agencies:

- All ten major environmental programs in the **Department of Ecology**;
- The performance contracting at the **Department of Labor and Industries’** vocational rehabilitation services;
- The economic development and international trade activities of the **Department of Community, Trade and Economic Development**; and
- The return-to-work initiatives for unemployment insurance claimants in the **Employment Security Department**.

For each review, we made general conclusions about how agencies develop and use performance measures,¹ and we created a feedback process for agencies to update JLARC on their progress towards implementing the report recommendations. We will present a summarized update on all

¹ See JLARC reports 03-9, 03-11, 04-2, and 04-3.

four agencies' progress in Fall of 2004. At the conclusion of the four reviews, staff summarized three general themes that came out of the reviews:

- **Good practices exist within individual agencies and should be shared.** Examples of good practices include: measures reflect key activities, efficiency measures are developed and tracked, targets are based on benchmarks and best practices, measures reflect an agency's scope of control, and various levels of detail are available.
- **Effective performance measurement systems include common elements,** such as clearly defined roles, links between measures and strategic planning, and input from external stakeholders in developing measures.
- **Leadership is critical in the effective use of performance measures.** Leadership is important for using measures as a management tool, establishing performance measurement as an agency priority, continuously improving the system, and communicating performance information internally and to external stakeholders.

NEXT STEP IN LEGISLATIVE REVIEW – A BROADER PERSPECTIVE

At the conclusion of the four agency reviews, JLARC decided to take this type of review in a new direction. JLARC members wanted to move from measuring performance **within** one agency to measuring performance **across** agencies. Specifically, legislators were interested in understanding the following questions:

1. What are “**Priorities of Government,**” and can these help legislators move toward funding results of state government?
2. How do agencies **work together** to set and achieve common goals, and are their efforts visible in existing performance indicators?
3. What similar efforts are being made **outside of Washington,** and what can we learn from them?
4. What **next steps** can the Legislature take to build on current governing for results efforts?

Economic Vitality as a Case Study

In an attempt to provide specific details of governing for results efforts in Washington, we chose a single case-study topic. In this review, we are using economic vitality as a lens through which we can see where governing for results works and where it needs further attention. We defined “**economic vitality**” efforts as various state agency activities that fund traditional economic development efforts, such as infrastructure development or tourism, and state agency activities that strengthen our state's workforce, such as training activities.

We used the Office of Financial Management's “agency activity inventory” to identify all of the state activities that relate to economic vitality. The agency activity inventory describes the individual activities of each state agency and also lists activity funding amounts. The inventory is a tool for identifying and understanding state activities.

Within our definition of “economic vitality” efforts, about 30 distinct state activities account for approximately \$1 billion in the 2003-05 state operating budget. Details on these activities and

their costs are located in **Appendix 3**. Nine agencies conduct these activities:

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

A NOTE ON TERMINOLOGY

As with many reform efforts, governing for results is replete with unique and sometimes confusing terminology. There are many names by which similar efforts are known: performance-based governing, governing for results, results-based government, zero-based budgeting, management by objectives. We refer to all of these efforts by the common name, “governing for results” and use the following suggested definition:²

“Governing for results” refers to the system a government—both the legislative and executive branches—uses to focus its decisions and activities on the results, as well as costs and physical outputs, of government activities and actions. This allows the government to maximize the quality of services and programs to its citizens and develop proper ways to measure outcomes of those services and programs.

Here in Washington, governing for results also is associated with many specific terms: "high-level indicators," "statewide results areas," "priorities of government," and "performance measures" are just a few. This study defines these terms as they arise and places them within the larger context of performance measurement. The terms refer to tools for measuring what and how well the government is performing.

REPORT ORGANIZATION

Chapter One provides the background and overview of this review. The rest of the report is structured around the four questions posed on the previous page.

Chapter Two describes the “**Priorities of Government**” initiative and comments on the usefulness of OFM's agency activity inventory for funding results.

Chapter Three focuses on the issue of **how agencies work together** to achieve common statewide results.

Chapter Four outlines similar efforts going on **outside of Washington**, both in other states and at the federal level.

² Liner, Blaine, et al. *Making Results-Based State Government Work*, The Urban Institute, Washington, D.C., 2001a, p. 1.

Chapter Five suggests **next steps** so policymakers can build on current governing for results efforts.

Chapter Six reiterates the three recommendations based on the findings of this review.

Finally, this document includes a bibliography in **Appendix 4** that offers **suggestions for further reading**.

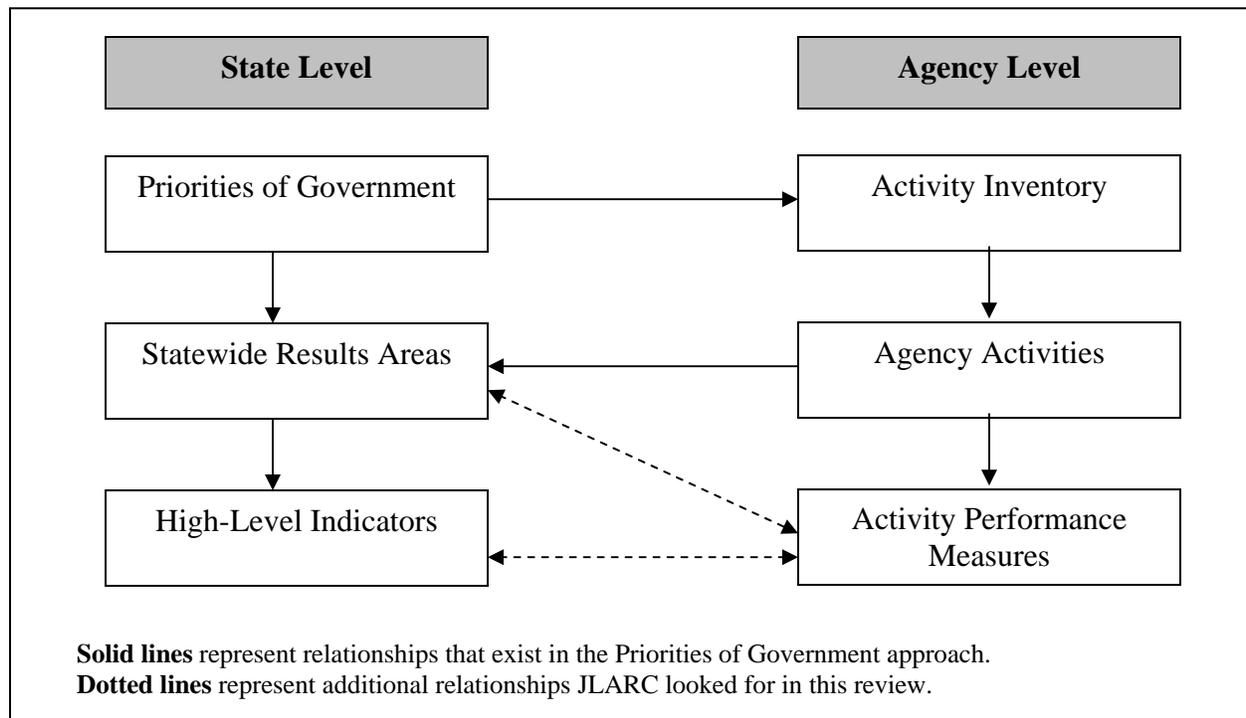
CHAPTER TWO – WHAT IS THE “PRIORITIES OF GOVERNMENT” INITIATIVE?

BACKGROUND

The Office of Financial Management’s (OFM) “**Priorities of Government**” initiative is a budget approach that OFM first used to develop the Governor’s 2003-05 budget. This framework lists statewide results areas and the agency activities that contribute to these results. This chapter will describe two of the tools the Priorities of Government approach uses to organize state activities: statewide results areas and agency activity inventories.

Many terms are defined and used in this chapter to describe different aspects of the Priorities of Government approach. **Exhibit 1** provides an overview of how each of these pieces fit together.

Exhibit 1. Overview of Priorities of Government Initiative



Source: JLARC analysis of OFM material.

Statewide Results Areas

The Priorities of Government process identified 11 statewide results areas and then categorized all state activities by their intended results. Although these results areas are often referred to as priorities, none of the results areas is explicitly prioritized as more important than the others. Instead, every state activity fits into one or more of the 11 results areas and prioritization occurs as budget writers make decisions about what activities should be funded within each results area.

OFM is using the Priorities of Government approach again to develop the Governor’s 2005-07 budget. The 11 results areas are:

1. Improve student achievement in elementary, middle, and high schools
2. Improve the quality and productivity of Washington’s workforce
3. Improve the value of a state college or university education
4. Improve the health of Washington citizens
5. Improve the security of Washington’s vulnerable children and adults
6. Improve the economic vitality of Washington’s businesses and individuals
7. Improve statewide mobility of people, goods, information, and energy
8. Improve the safety of people and property
9. Improve the quality of Washington’s natural resources
10. Improve cultural and recreational opportunities throughout the state
11. Improve the ability of state government to achieve its results efficiently and effectively

Each statewide results area has a few **high-level indicators** that measure the overall *condition* of the state in that given area. These indicators are not intended to measure the performance of state agencies. For example, one of the indicators for improving the economic vitality of businesses and individuals is the percent of the prime working-age population employed. This measure is at a higher level than the types of performance measures agencies use, such as number of jobs created and retained as a result of a state agency’s activity.

Agency performance measures focus on what the agencies believe they can control or influence through their activities. Statewide indicators measure the overall health and condition of the state. The challenge to both OFM and state agencies is to establish a connection between the high-level indicators, over which the state has limited influence, and the individual agency activities, over which the state has total influence. The outcome measures used to identify results of activities should identify their contribution towards achieving the high-level indicators.

Exhibit 2 lists the current high-level indicators for the three statewide results areas that we focused on in this review.

Exhibit 2. Statewide Results Areas and High-level Indicators

Statewide Results Area	High-level Indicators
2. Improve the quality and productivity of Washington’s workforce	<ul style="list-style-type: none"> • Percent of employer demand met for jobs below B.A. level of education • Percent of businesses reporting difficulty in hiring workers with specific skills • Percent of prime working-age population employed • Percent of state labor force employed • Average wage of Washington state workers

<p>3. Improve the value of a state college or university education</p>	<ul style="list-style-type: none"> • Percent of adults completing post-secondary certificates or degrees • Gap between projected job demand and supply of workers in “high-demand” fields
<p>6. Improve the economic vitality of Washington’s businesses and individuals</p>	<ul style="list-style-type: none"> • Percent of prime working-age population employed • Median household income • Percentage point change in poverty rate • Index measure of the cost of doing business in Washington

Source: OFM, *Budget Instructions 2005-07 – Part 1*, October 2003.

2005-07 BUDGET DEVELOPMENT

OFM changed the 2005-07 budget development process in various ways that will help policymakers consider budget decisions. First, OFM is requiring agencies to submit their budget requests and performance measures by activity. Second, agency strategic plans should show the connection between the agency goals and the statewide results areas.

The new requirement that agencies submit **budget requests by activity** distinguishes the current budget development process from previous efforts. OFM defines activities as the “discrete things an agency does: what they do, for whom, why, and what they expect to accomplish.” OFM suggests that agencies define their activities by thinking about how agency employees describe to their friends and families what they do. OFM provides an example from Ecology’s Air Program. Within this program are eight to ten activities, including “reduce health and environmental threats from smoke and dust in eastern Washington.” The activity is a more concrete description of what Ecology does than the broader “Air Program.”

Agencies will also be required to **identify performance measures and provide a narrative description of the expected results for each of their activities**. In the past, agencies submitted performance measures that linked to broader agency-wide goals. Now, however, the focus is on performance measures that indicate how activities contribute to achieving statewide results. Because agencies will submit both performance measures and budget requests at the activity level, policymakers will be better able to use information on the anticipated performance of an activity in their budget decisions.

Another change is related to the strategic plans that agencies submit as part of the budget development process. Now **agency strategic plans must show the connection between achieving agency goals and the statewide results areas**. Agencies submitted their strategic plans to OFM by May 1, 2004. Some strategic plans made this connection, including the Department of Labor and Industries, which lists several goals and the various statewide results areas to which each goal contributes. Other strategic plans did not mention the statewide results areas.

REVIEW OF PERFORMANCE MEASURES

JLARC staff reviewed state activities related to the three statewide results areas. To do this, staff used OFM’s **activity inventory**. The activity inventory lists all state activities and their statewide results area, agency, and funding amount. The inventory also provides a brief description of each activity and its expected results.

We selected a subset of 31 economic vitality activities for further review. We limited our review to activities that are specifically intended to improve the state’s economic vitality and that appear to have a direct link to the three statewide results areas included in this review. **Appendix 3** lists all 31 activities. Generally, the activities fall into the following categories:

- Workforce training and education;
- Grants and loans for communities;
- Technical support for businesses; and
- Tourism development for the state.

We found significant variation in the scale agencies use to define activities. Some activities are broadly defined, such as Workforce Education within the State Board for Community and Technical Colleges, which includes several workforce training efforts. Conversely, CTED’s International Trade Division categorized its activities by individual target market. Using this approach, CTED identified Industrial Machinery and Manufacturing Services as an activity. OFM continues to work with agencies to determine the appropriate “level” for defining activities.

Usefulness of Performance Measures in Budget Decisions

Beyond identifying the activities agencies conduct to improve the state’s economic vitality, we also reviewed how state agencies measure the performance of their various activities by looking at OFM’s activity inventory. Agencies will review and revise their performance measures or narrative descriptions of expected results when they submit their budget requests by September 2004.

Each of the 31 activities in this review has between one and eight performance measures. We reviewed a total of 106 performance measures. We evaluated whether performance measures were useful for making potential budget decisions. **Exhibit 3** summarizes our results and a longer description of our findings follows the table.

Exhibit 3. Overview of Findings

Criteria for evaluating whether measures are useful in budget decision-making	Percent of the 106 measures meeting criteria
1. Necessary for understanding the results of the activity	55%
2. Used by multiple activities	70%
3. Clear link to statewide results area	40%
4. Clear contribution to high-level indicators	26%
5. Regularly reported	8%

Source: JLARC analysis.

- 1. Are the measures necessary for understanding the intended results of the activity?** Of the measures included in this review, 55 percent are necessary for understanding the results of an activity. Most of the measures that are necessary are outcome measures that describe the impact of an activity.

Example: The Washington State Convention and Trade Center assesses the effect of convention and trade shows by measuring the amount of dollars out-of-state delegates spend. This measure includes spending on hotels, restaurants, shopping, entertainment, and transportation.

Many of the activity performance measures are **not** useful for making budget decisions because they are output or process measures that do not reflect the results of an activity. Although these measures may be valuable for internal management within the agencies, they need not be included in the agency activity inventory submitted for budget development.

- 2. Are the same measures used for different activities?** While the wording and definition of measures may vary slightly, 70 percent of measures are the same as or similar to measures used by other activities. This is helpful in determining individual agency achievement of common goals. It also makes it easier to understand the combined performance of all state agencies working toward a similar goal.

Example: Both CTED's tourism development activities and the Washington State Convention and Trade Center measure visitor spending in the state.

- 3. Do performance measures clearly link to their respective statewide results area?** Forty percent of measures connect to their statewide results area. When a measure does not clearly link to its results area, this may mean that the activity does not belong in its results area. It could also mean that the activity belongs, but the measure still does not connect to the results.

Example: CTED's International Trade Division and Agriculture's International Marketing Program measure annual sales as a result of their international trade activities. This clearly connects to improved economic vitality of businesses and individuals. On the other hand, CTED's International Trade Division also measures the number of assists, such as seminars and one-on-one counseling, the division provides to businesses. This measure does **not** clearly connect to the statewide result of economic vitality, but the activity does still belong in this results area.

- 4. Are the performance measures similar to, or do they clearly contribute to, the high-level indicators for their statewide results area?** Only 26 percent of activity performance measures contribute to one of the high-level indicators for their results areas. If the measure reflects the activity, and the activity contributes to the indicator, then the measure should contribute to the indicator.

Example: The Workforce Training and Education Coordinating Board measures the employment rate of former training program participants. This clearly contributes to state indicators of the percent of the state labor force employed. The Workforce Board's measure of former participants' satisfaction with the training program does not clearly contribute to any of the high-level indicators.

OFM is still refining the high-level indicators, but currently these indicators do not reflect many of the major, common outcomes of individual agency activities. OFM needs to establish a connection between agency-level activities and these high-level indicators in

order to explain to the Legislature and citizens how state government activities are influencing statewide results.

For example, three of the four indicators for the economic vitality results area focus on employment and earnings rates. The only indicator related to businesses is the cost of doing business. Many activities included in this results area focus on helping businesses start or expand, but the current high-level indicators do **not** measure new business activity or other measures of business performance.

- 5. Are the measures regularly reported?** Only 8 percent of measures are reported more frequently than annually to an audience other than the Governor’s office or OFM. An additional 58 percent are reported annually. One of the goals of the governing for results movement is improved communication between decision-makers and state citizens. This low level of agency reporting makes it difficult for decision-makers and citizens to understand state activities.

Example: Performance data on Employment Security’s Job Seeker Services is on the agency’s website.

CONCLUSION

OFM’s plans for the 2005-07 budget development process will make it easier for policymakers to use performance measures in budget decisions. Agencies will submit both performance measures and budget requests at the activity level so the link 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 describe the results of an activity. Our review of the performance measures submitted to OFM shows that only half of the performance measures are actually necessary for understanding the results of an activity. We also found that many agency performance measures do not clearly link to the statewide results areas or contribute to the high-level indicators.

Recommendation 1

As OFM continues to use and develop the Priorities of Government budgeting process in 2005-07 and beyond, OFM should consider the following process improvements:

- a. OFM should continue to work with agencies to define the appropriate level of each activity defined in the activity inventory.*

Explanation/Rationale: Some of the activities in the inventory are narrowly-focused activities that meet OFM’s requirements. These activities are easy to understand after reading the activity name and a brief description of the activity. Other “activities” are overly broad and include descriptions that are not easily understood. Also, when agencies use broad descriptions that combine multiple activities, they will need to use more performance measures to convey the results of the program.

- b. Agencies should only submit a few performance measures that are useful for understanding the results of each activity.*

Explanation/Rationale: The performance measures they submit should provide valuable information about understanding the results of the activity. Eliminating unnecessary

measures will make it easier for policymakers to quickly find the information they need without having to sort through extra data.

A report on results-based state government has found that one of the common problems in implementing governing for results approaches is that agencies provide too many performance measures to the Governor and Legislature with little thought about which measures would be useful for decision-making.³ Many performance measures are valuable for internal management tools or reporting to stakeholders, but are not necessary for budget or policy development purposes. These should not be included with budget submittals. Agencies should submit only a limited number of performance measures for each activity.

- c. *Activities and their performance measures should clearly contribute to statewide results areas and the associated high-level indicators. OFM needs to establish a connection between what the state does (agency activities) and what policymakers and citizens want (statewide results).*

Explanation/Rationale: OFM's requirement that agency strategic plans connect agency goals to statewide results areas is a step in this direction. Yet, OFM and state agencies can make the link between the overall results the state wants to achieve and the results achieved by state activities even more explicit. This could be achieved by making changes in the activity performance measures agencies submit, establishing intermediate outcome measures that make the connection between individual activity outcomes and statewide results, or refining the high-level indicators to reflect the major outcomes for each results area.

³ Ibid., p. 57.

CHAPTER THREE – HOW DO AGENCIES WORK TOGETHER TO ACHIEVE COMMON GOALS?

AGENCY COORDINATION

By grouping together agencies that work toward similar goals, the Office of Financial Management's (OFM) new budget process encourages agencies to work together more. Additionally, in the 2003-05 budget, the Legislature directed OFM to include proposed cross-agency activities and performance measures for each priority of government.⁴ Current efforts to work together occur both through organizations formed specifically to encourage coordination and through agencies working directly with each other to coordinate strategies or services.

Coordinating Organizations

Several organizations in Washington work specifically to coordinate programs or create a strategy for the state's economic development.

- **The Workforce Training and Education Coordinating Board** coordinates 18 of the state's workforce programs across six state agencies. The Workforce Board surveys the workforce needs of employers, evaluates the 18 workforce development programs, and creates a statewide strategic plan for workforce development.
- Governor Locke created the **Joint Economic Vitality Cabinet** in 1999. The directors of 15 agencies are members of the Joint Economic Vitality Cabinet. The Cabinet's purpose is to integrate economic development policies and strategies by creating a forum where agencies may coordinate efforts and communicate with each other.

Other organizations involved in coordinating economic vitality strategies involve private sector representatives:

- In 2001, and again in 2003, Governor Locke convened the **Washington Competitiveness Council**. The Council proposed policies to improve the state's business climate. Council members include business and labor leaders, local government, and state legislators. Several of the agencies included in this study regularly attend Council meetings to stay current on its activities and priorities.
- **Economic Development Commission** members are business and labor representatives. The Commission was created by Executive Order 02-04 in 2002. According to RCW 43.162.020, the Commission must provide strategic and policy direction to the Department of Community, Trade and Economic Development (CTED) and develop and update the state's economic development strategy and performance measures.

⁴ ESSB 5404, Section 128(2).

Multi-Agency Strategies

Because coordinating organizations do not focus on only one state agency, their strategies for improving the state's economic vitality often involve the efforts of multiple agencies. Two examples of multi-agency strategies are statewide strategic planning and strengthening industry clusters.

CTED developed the **Statewide Strategic Plan for Economic Vitality** in 2001 with input from the agencies on the Joint Economic Vitality Cabinet. The Economic Development Commission is now working to update this strategic plan. The 2001 plan describes guiding principles for the state's economic vitality and lists strategies and performance measures for individual state agencies. However, there is no accountability mechanism for tracking whether results are achieved.

Industry clusters are geographic concentrations of an industry and its supporting institutions, such as suppliers to the industry. The Joint Economic Vitality Cabinet has begun a pilot effort involving three industry clusters and has formed teams to suggest ways to strengthen these clusters:

- **Biotech in Puget Sound and eastern Washington** includes commercial and research biotechnology firms and supporting institutions, such as research universities and venture capitalists;
- **Marine services on the Olympic Peninsula** includes the fishing industry, fisheries, boat builders, and many other marine service industries; and
- **Value-added agriculture and food processing in central Washington** involves both farmers and the producers of food and beverage products, such as wine, apple juice, french fries, and dairy products.

Several state agencies are involved in efforts to support the state's industry clusters, including CTED. The Department of Agriculture participates in the agriculture industry clusters. Employment Security, the State Board for Community and Technical Colleges, and the Workforce Training and Education Coordinating Board are involved in efforts to train and retain workers needed for each cluster. Employment Security staff who specialize in labor market information are developing an analytical tool for identifying clusters.

Other Coordination Efforts

In addition to collaborating on statewide strategies, state agencies also work together on specific projects. For example, the international trade programs in Agriculture and CTED have worked together on the Governor's trade missions and hosting foreign government delegations. Agriculture and CTED also partner on their domestic marketing strategies. Agriculture's Small Farm and Direct Marketing Program works with CTED's Business and Tourism Development unit to promote agri-tourism in the state.

Agencies also work together to deliver services. Employment Security representatives emphasized that coordination is a part of the daily business of the local WorkSource offices that provide employment services to job seekers and employers wanting to hire. WorkSource staff and managers coordinate with many local Workforce Development Councils, community colleges, and non-profit organizations. WorkSource staff inform job seekers about training programs in other state agencies.

Finally, coordination and inter-agency communication is sometimes mandated in statute. Statute directs the Spokane Intercollegiate Research and Technology Institute (SIRTI) to work with CTED to develop a biennial work plan and a five-year strategic plan.⁵ SIRTI submitted a five-year strategic plan to CTED in 1999. Since 2001, SIRTI has not submitted a biennial work plan to CTED because the Legislature now appropriates funding directly to SIRTI rather than through CTED. Although SIRTI no longer reports to CTED, the two agencies have worked together on projects.

Also, statute requires that some activities have governing boards or advisory boards. The statute for these boards often requires that other agencies working toward similar goals be involved with the board. For example, the Workforce Board includes representatives from Employment Security, the Department of Social and Health Services, the Office of Superintendent of Public Instruction, and the State Board for Community and Technical Colleges.⁶ Cross-agency board participation provides an opportunity for agencies to have input into each other's programs.

Opportunities for More Coordination and Communication

Although state agencies are collaborating in many ways, several of the agencies we contacted mentioned that the state would benefit from increased coordination. For example, the State Convention and Trade Center has little involvement with or knowledge of the efforts in other state agencies. Convention and Trade Center representatives believed that more collaboration could be beneficial. As one representative said, "We can't piggy-back on other efforts if we don't know what they are."

Convention and Trade Center representatives were especially interested in increased coordination around international trade. The international trade activities within CTED and the Department of Agriculture could possibly take advantage of the many delegates from other countries that come to convention and trade shows.

We also found that the coordination efforts were limited to either just workforce development agencies or economic development agencies. During our interviews, workforce agency representatives emphasized their coordination with other workforce agencies. Likewise, economic development agencies focused on their coordination with other economic development agencies. **We heard fewer examples of workforce and economic development agencies coordinating with each other.**

Efforts for workforce and economic development agencies to coordinate often focused on specific projects, such as supporting industry clusters. A representative from one agency said that there is more opportunity for coordination between workforce and economic development. Yet, another agency's representative said that the distinction between workforce and economic development is artificial since having a trained workforce is essential to economic development.

⁵ RCW 28B.38.010.

⁶ RCW 28C.18.020.

PERFORMANCE MEASUREMENT OF CROSS-AGENCY EFFORTS

Measuring the results of a single agency's efforts is difficult. Performance measurement becomes even more complex when it involves the efforts of multiple agencies.

The Workforce Board measures the overall effectiveness of state agencies in reaching a common goal, in this case, of workforce development. The Workforce Board measures the success for each of the 18 agencies in the workforce system, but also examines the overall workforce needs of the state.

The Board publishes an annual report, "Measuring Our Progress: Washington State's Workforce Development System." It reports on key indicators that reflect the overall condition of the state's workforce, such as the mean hourly wage of *all* Washington workers. The Workforce Board also has measures for the state's workforce system, such as median hourly wage of *former participants* of workforce programs. This report bridges the gap that often exists between individual agency measures and statewide high-level indicators by providing data on the combined impact of all 18 workforce development agencies.

The Workforce Board assesses the workforce needs of the state through a biennial survey of the state's employers. They also do an annual assessment of the relationship between the number of recently-trained workers and the number of job openings that require the level of training received by the workers. Through these tools, the Workforce Board is able to assess whether the state's workforce needs are being addressed through the workforce programs of multiple state agencies. This ability to link statewide results to individual agency activities is less evident in the more traditional economic development area.

Other coordination efforts are still in the planning stage of developing measures for cross-agency efforts. The Joint Economic Vitality Cabinet plans to assess the effectiveness of their industry clusters pilot project by developing cross-agency outcome measures on which they will regularly report.

CONCLUSION

Agencies are working together to improve the state's economic vitality. Several recent strategies, including statewide strategic planning and strengthening industry clusters, involve the efforts of multiple agencies. However, there is more opportunity for agencies to communicate and coordinate with each other. In particular, some of the smaller agencies that have specific focus, such as SIRTI and the State Convention and Trade Center, should be included in coordination efforts. Additionally, workforce and economic development agencies should look for more opportunities to work together and support each other's efforts. Agencies still have much work to do to measure the effectiveness of cross-agency efforts.

Recommendation 2

Together with OFM, the nine state agencies included in this review should develop and report on collective performance measures that reflect both individual and cross-agency results contributing to the state's economic vitality for the 2005-07 budget development process and beyond.

Explanation/Rationale: This recommendation builds on the findings in this JLARC report and the Legislature's 2003-05 budget proviso to OFM to submit a "proposed set of cross-agency activities with definitions and outcome measures." The broad performance measures developed under this recommendation should provide the missing link between the high-level indicators established by OFM and the activity performance measures established by individual agencies. To implement this recommendation, agencies can take advantage of two efforts already underway: the Workforce Training and Education Coordinating Board's "Measuring Our Progress" annual report, and the Economic Development Commission's current effort to update the statewide strategic plan for economic vitality.

CHAPTER FOUR – WHAT IS HAPPENING OUTSIDE OF WASHINGTON?

Washington is not alone in its attempts to use governing for results to improve government management and decision-making. Many other states can offer insight, and even the federal government is moving this process along.

EFFORTS IN OTHER STATES

Washington can learn from the good practices established and the lessons learned from other states working towards performance-based management and budgeting efforts. Most states have adopted some form of “broad governing for results” legislation, according to a study sponsored by The Pew Charitable Trust.⁷

Several independent research groups, such as the Urban Institute and the National Conference of State Legislatures, have also identified best practices and the “state of the art” of performance-based governing. Common best practices include:

1. Linking strategic plans to the budget process;
2. Tying improved performance results to potential funding increases;
3. Linking individual agency efforts to larger statewide outcomes; and
4. Developing “performance partnerships” between state agencies charged with reaching similar or overlapping goals.

Washington’s efforts reflect some of these key principles, such as linking strategic plans with some parts of the executive branch’s budget process (best practice 1) and linking some agency-level efforts to statewide outcomes (best practice 3). And for the next round of budget building, OFM is asking agencies to tie increased funding requests to higher performance targets (best practice 2). While “performance partnerships” are not currently a formal process in Washington (best practice 4), Chapter 3 highlights how agencies are working together to achieve common goals.

We reviewed efforts in two states in particular: Iowa and Oregon. Iowa provides an interesting comparison because, similar to Washington, the Governor and the executive branch drove its reform. Additionally, The Public Strategies Group, a consulting firm that assisted in the development of Washington’s “Priorities of Government,” recently assisted Iowa with a website that provides citizens with easy-to-understand performance data. Oregon is included in this review not only because it is our neighbor and often-used comparison, but also because their **Legislature initiated** their managing for results effort.

⁷ Moynihan, Donald P. *The State of the States in MFR*. The Government Performance Project. June 2001, p. 1.

Results Iowa

Iowa's Governor initiated his state's performance-based budgeting effort. The Governor and Lieutenant Governor have developed a statewide strategic plan and outlined five key goals for the state. One of the strengths of Iowa's system is that performance data for the statewide goals and for every state agency are available on the Internet.⁸ The state accountability website displays data in charts with brief explanations about why the measure is important and what the state is doing to improve performance. Although external benchmarks are not shown, this year's results are compared to the previous year's results. The Governor is committed to governing for results and reviews performance data for the state goals with all department directors quarterly.

Since the 1970s, the Iowa Legislature has required performance measures from state agencies and has used this information to varying degrees. The Legislature has not, however, bought into the Governor's initiative. The Iowa Department of Management is releasing a new budget system this summer that will be able to generate performance data, but legislative staff are uncertain about how useful this tool would be. As one Iowa legislative fiscal staff said, "*sometimes* performance measures are used in *some* committees." Legislators want to *see* performance data, but do not always use it because some policy decisions are based on other considerations. Also, state agencies do not always provide performance measures that can be easily used for budgeting and policy-making purposes.

Oregon Progress Board

The Oregon Legislature created the Oregon Progress Board in 1989 as an independent state planning agency. The Board is the steward of the state's 20-year strategic plan, *Oregon Shines*. The Board uses 90 benchmarks to track overall state performance in achieving three key goals: 1) quality jobs for all Oregonians; 2) safe, caring, and engaged communities; and 3) healthy, sustainable surroundings. The Board publishes a report on the status of the 90 benchmarks every other year.

In 2001, the Legislature passed a bill making key changes to the state's governing for results efforts: it added two legislators to the Board, focused the direction of the Board on helping state agencies **link their performance measures to the statewide benchmarks**, and required agencies to seek legislative approval for their performance measures. Like Washington's agency activity inventory, Oregon's "Blue Book" links individual agency activities to performance indicators in the state plan. Unlike Washington, however, agencies must go before the Legislature's fiscal committee to present and seek approval for their performance measures.

There are several examples of how Oregon's statewide benchmarking exercise has shaped public policy. For example, in 1993, then Governor Roberts used benchmarks in a budget-cutting exercise to make fewer cuts to programs demonstrating a direct link to statewide results. Other significant ways in which the benchmarking process aids state government are by establishing high-level outcomes that everyone agrees upon and requiring legislative approval of agency-level measures.

⁸ www.resultsiowa.org.

EFFORTS AT THE FEDERAL LEVEL

The federal government is also making efforts to implement governing for results. Enacted by Congress in 1993, the Government Performance and Results Act (GPRA) holds federal agencies accountable for program performance by requiring them to complete strategic plans and annual performance plans, establish performance goals, and report on their efforts toward meeting those goals. Congress is currently considering legislation to modify some of the reporting requirements.

JLARC's counterpart at the federal level, the General Accounting Office (GAO), has focused several recent reviews on GPRA and related efforts to coordinate the work of federal agencies, manage for results, and establish nationwide results areas or "indicators." In its reviews, GAO made the following recommendations that could inform Washington's efforts.

1. **Develop a government-wide strategic plan.**⁹ In order to facilitate an understanding of its priorities and concerns, the legislative branch should formally communicate its priorities and the related performance goals and measures.
2. **Increase legislative and stakeholder involvement.**¹⁰ The legislative branch should help shape initial goals and should increase its effort to use performance information when making decisions. Agencies should also involve community stakeholders in setting performance goals. Policymakers are unlikely to base decisions on performance information unless they are confident that the goals reflect a broad community of interests.

CONCLUSION

So what can we learn from these comparative perspectives? First, 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 include performance-based information into their management and budget decisions. Second, Washington can tailor its own approach using practices from various models – no single model works best. And third, despite where or at what level they are occurring, current governing for results efforts have some common themes:

- Strategic planning and budget formulation should be linked together via performance measures.
- Legislative use of results information is dependent upon legislative involvement in identifying statewide priorities and creating agency performance measures.
- Individual agency activities and performance measures should be linked to statewide goals and outcomes.

⁹ GAO-04-174, *Performance Budgeting*, p. 36.

¹⁰ GAO-04-174, *Performance Budgeting*, p. 32.

CHAPTER FIVE – WHAT NEXT STEPS CAN THE LEGISLATURE TAKE?

The Legislature can play an important role in the governing for results effort in Washington. While it will take significant time and effort, this endeavor can help legislators understand state government activities, communicate results to constituents and other stakeholders, and consider budget and policy decisions.

A NOTE ON TIME AND EFFORT

In its review of the tenth anniversary of the Government Performance and Results Act, GAO notes that GPRA has “**begun** to address [its] purpose” of improving congressional decision-making by providing more objective information on achieving results.¹¹ The federal government is in its tenth year of implementing a widely recognized program that has full support of the two branches of government. It is only now “beginning” to make a difference – after ten years.

In contrast, Washington is in the beginning stages of creating a governing for results movement. An ongoing, concerted, and collective effort will be necessary to achieve a true “governing for results” system in Washington.

LEGISLATIVE INVOLVEMENT

In order to be successful, government reform must include the executive branch, which defines strategies and approaches, and the legislative branch, which determines spending priorities. The Governor’s “Priorities of Government” could be a stronger tool with the input and support of the Legislature. Indeed, the Governor’s efforts must not supplant the Legislature’s responsibility to set state government priorities.

This chapter suggests next steps the Legislature could take to build on current governing for results efforts. These suggested steps fall into four distinct categories: setting statewide priorities, using performance-based information internally, shaping executive branch efforts, and aligning with current state efforts.

Setting Statewide Priorities

Goal: It is important to **set overall statewide priorities** and targets in order to paint a picture of how the state is doing and to demonstrate the interconnectedness of various government activities, such as between economic development and environmental protection.

Possible Approach: Develop and publish an **annual “state-of-the-state” report** that focuses on the **statewide** priorities and outcomes similar to the more narrowly-focused “Washington State Economic Climate Study” published by the Economic and Revenue Forecast Council.

Challenge: It is difficult to tie goals from agency strategic plans to statewide strategies and goals. According to the *State of the States* survey, only six states have managed to accomplish

¹¹ GAO report 04-38, p. 6.

this.^{12,13} Identifying and maintaining the links between general government priorities and on-the-ground state services is a difficult but critical step in articulating realistic, yet challenging, statewide priorities.

Using Performance-Based Information Internally

Goal: Set the tone for the rest of state government, because “accountability starts at the top.”¹⁴ The Legislature should routinely **ask for and use performance information** in policy and budget decisions.

Possible Approach: Require agencies to provide outcome information and appropriate context to legislative committees¹⁵ and **educate members and staff** in how to interpret and use performance data.

Challenge: Recognize that performance data cannot be the only tool, but rather is one of many tools that policymakers use to reach decisions in a budget debate.

Shaping Executive Branch Efforts

Goal: Create a more directive, **defined role for the Legislature** in shaping the decision-making process.

Possible Approach: Develop and use **incentives** to encourage agencies to create, use, and report on performance measures and other governing for results tools. Incentives could include tying some portion of funding to increased results, allowing greater flexibility in program management, and providing formal recognition. Other “incentives” could be to require outcome indicators of all new programs and to require agency staff to regularly report results directly to legislative committees.

Challenge: The Legislature amended the state’s Budgeting and Accounting Act in 1996 to require all state agencies to engage in strategic planning and related performance assessment activities.¹⁶ However, agencies are rarely required to present and defend performance information to the Legislature. It will be important to ensure that agencies adhere to legislative directives. Pairing incentives with directives could make agencies more willing to comply.

Aligning With Current State Efforts

Goal: “Alignment of performance categories or groupings of services in the performance budgets with legislative committee structures is imperative.”¹⁷ The North Carolina Legislature saw the misalignment of ten results areas and six policy committees as an impediment to their interest in gaining greater accountability and is now trying to crosswalk between the two conflicting structures.

Possible Approach: One way to ensure that the executive and legislative branches are both talking about the same results is to **align the legislative committee structure** with generally-

¹² The six individual states are not identified in the report.

¹³ Moynihan (2001), p. 22.

¹⁴ Serpas, p. 21.

¹⁵ Liner (2001a), p. 13.

¹⁶ Chapter 37, Laws of 1996.

¹⁷ Liner (2001b), p. 47.

accepted statewide priorities. An interim approach could be to **coordinate more cross-committee work sessions** to underscore the cross-agency nature of many policy issues, such as workforce development.

Challenge: The possibility of aligning policy committees with results areas raises questions about the appropriate division of responsibilities among policy and budget committees. Additionally, the state's accounting structure and the organization of agency responsibilities also contribute to the challenges of governing for results and multiple agencies working together to achieve common goals.

CONCLUSION

At the outset of this study, JLARC members and other legislators asked us to provide them with practical next steps they could take to further the Legislature's efforts in governing for results. Based on the findings from this report and the options discussed above, the following recommendation lists possible actions the Legislature could take.

Recommendation 3

The Legislature should consider taking the following next steps to enhance the governing for results effort in Washington:

- a. *Consider developing and publishing a “state-of-the-state” report that identifies legislative priorities and reports on performance. This report could initially be produced using the 11 results areas and high-level indicators developed in the “Priorities of Government” process.*
- b. *Work with OFM and the Governor's office to develop a Priorities of Government workshop to educate legislative members and staff.*
- c. ***Request and review performance data as individual agencies testify before legislative committees.***
- d. *Consider ways to create incentives for agencies to use measures and report performance.*
- e. ***Hold cross-committee hearings when issues span the traditional committee structure.***

CHAPTER SIX – RECOMMENDATIONS

Based on the findings of this review, JLARC makes the following three recommendations:

Recommendation 1

As OFM continues to use and develop the Priorities of Government budgeting process in 2005-07 and beyond, OFM should consider the following process improvements:

- a. *OFM should continue to work with agencies to define the appropriate level of each activity defined in the activity inventory.*
- b. *Agencies should only submit a few performance measures that are useful for understanding the results of each activity.*
- c. *Activities and their performance measures should clearly contribute to statewide results areas and the associated high-level indicators. OFM needs to establish a connection between what the state **does** (agency activities) and what policymakers and citizens **want** (statewide results).*

Legislation Required: None
Fiscal Impact: Minimal
Reporting Date: January 3, 2005

Recommendation 2

Together with OFM, the nine state agencies included in this review should develop and report on collective performance measures that reflect both individual and cross-agency results contributing to the state’s economic vitality for the 2005-07 budget development process and beyond.

Legislation Required: None
Fiscal Impact: Minimal
Reporting Date: January 3, 2005

Recommendation 3

The Legislature should consider taking the following next steps to enhance the governing for results effort in Washington:

- a. *Consider developing and publishing a “state-of-the-state” report that identifies legislative priorities and reports on performance. This report could initially be produced using the 11 results areas and high-level indicators developed in the “Priorities of Government” process.*

- b. Work with OFM and the Governor's office to develop a Priorities of Government workshop to educate legislative members and staff.*
- c. Request and review performance data as individual agencies testify before legislative committees.*
- d. Consider ways to create incentives for agencies to use measures and report performance.*
- e. Hold cross-committee hearings when issues span the traditional committee structure.*

Legislation Required: None
Fiscal Impact: Minimal
Reporting Date: None

AGENCY RESPONSES

Agency responses are included in Appendix 2.

ACKNOWLEDGEMENTS

We appreciate the assistance provided by staff at the nine economic vitality agencies included in this review and at the Office of Financial Management.

Cindi Yates
Legislative Auditor

On June 16, 2004, this report was approved for distribution by the Joint Legislative Audit and Review Committee.

Senator Jim Horn
Chair

APPENDIX 1 – SCOPE AND OBJECTIVES

Governing for Results in Washington: A Case Study of Economic Vitality Efforts

SCOPE AND OBJECTIVES

JANUARY 2004



STATE OF WASHINGTON

JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE

STUDY TEAM

Heather Moss
Lisa Jeremiah

LEGISLATIVE AUDITOR

TOM SYKES

Joint Legislative Audit & Review Committee

506 16th Avenue SE
Olympia, WA 98501-2323
(360) 786-5171
(360) 786-5180 Fax
Website: <http://jlarc.leg.wa.gov>
e-mail: neff_ba@leg.wa.gov

BACKGROUND

JLARC is assessing the state's fiscal reporting, accountability, and performance tracking systems in the 2003-2005 Biennium. To date we have completed four performance and outcome measure reviews:

- **Ecology's** ten major environmental programs (September 2003);
- **Labor and Industries'** performance contracting for vocational rehabilitation services (September 2003);
- **Community, Trade and Economic Development's** economic development and international trade activities (January 2004); and
- **Employment Security's** return-to-work initiatives for unemployment insurance claimants (January 2004).

JLARC's next step will assess how **economic and workforce development activities** of different state agencies are connected and work together. We will use the statewide results that the Office of Financial Management has outlined for improving Washington's overall economic performance as a reference point. In particular, JLARC will examine how agencies collaborate and work together to achieve these statewide economic goals.

STUDY SCOPE

JLARC will look at selected activities of nine state agencies responsible for improving the state's economic vitality. These agencies are anticipated to spend slightly over \$1 billion in 2003-05 on such activities.

- 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 OBJECTIVES

JLARC will first examine **performance measures for individual activities** associated with the three statewide priorities related to economic vitality: (1) improve the quality and productivity of the workforce; (2) improve the value of a state college or university education; and (3) improve the economic vitality of business and individuals. Specifically, this study will

- Assess the connection between the measures for each activity and the high-level indicators for the statewide result areas; and
- Look for similarities in how different state agencies undertake related activities and use performance measures.

The focus of this review is on the body of measures – not the specific measures for any one agency or activity.

The second piece of this study examines **the ways agencies collaborate** to achieve statewide results and measure performance. JLARC will ask the following questions to determine the level of coordination that is occurring or that should occur among agencies and programs:

1. How do state agencies communicate and share their performance data with each other?
2. How do state agencies work with each other to achieve statewide results and improve high-level indicators?
3. How are the results of this collaboration measured?
4. How do agencies collaborate on measuring the results of their shared outcomes?
5. How do these agencies collaborate in the development of their strategic plans to improve Washington's overall economic vitality?

Finally, JLARC will review how other states have adopted and used similar processes. Staff will look at other states with performance-based governing strategies, especially to learn how those strategies have been connected to their legislative processes.

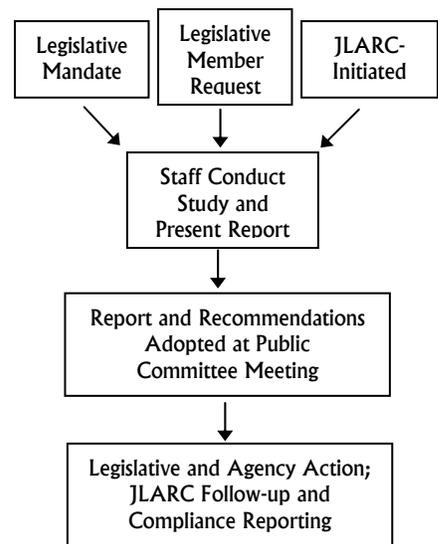
Timeframe for the Study

Staff will present a preliminary report at the JLARC meeting in April 2004.

JLARC Staff Contact for the Study

Heather Moss	(360) 786-5174	moss_he@leg.wa.gov
Lisa Jeremiah	(360) 786-5293	jeremiah_li@leg.wa.gov

JLARC Study Process



Criteria for Establishing JLARC Work Program Priorities

- Is study consistent with JLARC mission? Is it mandated?
- Is this an area of significant fiscal or program impact, a major policy issue facing the state, or otherwise of compelling public interest?
- Will there likely be substantive findings and recommendations?
- Is this the best use of JLARC resources: For example:
- Is the JLARC the most appropriate agency to perform the work?
- Would the study be nonduplicating?
- Would this study be cost-effective compared to other projects (e.g., larger, more substantive studies take longer and cost more, but might also yield more useful results)?
- Is funding available to carry out the project?

APPENDIX 2 – AGENCY RESPONSES

- Office of Financial Management
- 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



RECEIVED
MAY 11 2004
JLARC

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 · Olympia, Washington 98504-3113 · (360) 902-0555

May 7, 2004

Mr. Thomas M. Sykes
Joint Legislative Audit and Review Committee
506 - 16th Avenue SE
Olympia, WA 98501-2323

Dear Mr. Sykes:

Thank you for the opportunity to comment on the preliminary report for "Governing for Results in Washington: A Case Study of Economic Vitality Efforts." Our responses to the OFM-related recommendations are as follows:

RECOMMENDATION	AGENCY POSITION	COMMENTS
1a	Concur	There are more than 1,200 individual activities, and it is difficult to achieve absolute consensus on the appropriate level for each. OFM will continue to work with agencies and legislative staff to try to achieve the detail most relevant to budget decisions.
1b	Partially Concur	We agree agencies should focus on outcome measures that can be connected to results. However, in some cases, there are benefits to seeing output or efficiency measures that contribute to our understanding of how the program works. We do not want to preclude the collection of these measures when they are useful to the budget discussion.
1c	Concur	The requirement for a clear relationship between activity measures and statewide results is addressed in OFM's 2005-07 Budget Instructions published in April 2004. OFM is sponsoring a workshop in May to help agencies develop measures that make this connection.
2	Concur	



Mr. Thomas M. Sykes
May 7, 2004
Page 2

Here is some additional information on the work OFM has been doing to integrate performance measure data with the Priorities of Government (POG) budget approach. As we prepare for agencies' 2005-07 budget submittals, there has been a determined effort to ensure that the data and tools available to budget decision-makers support the statewide results concept of POG. These efforts include:

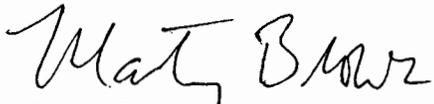
- Adding an activity component to both agency and OFM budget development systems to create a crosswalk between activity and incremental budget data;
- Requiring agencies to submit performance measures or statements of outcomes for each activity as part of their budget submittals; and
- Developing categories of activities that make it easier to link individual agency activities to the statewide results and strategies they support.

We appreciate the work JLARC has done on this project and we will continue to improve our budget development processes. From a personal perspective, I believe the Legislature could add significant value to these efforts by reviewing the high-level, statewide results, in addition to the performance measures. Are we trying to achieve the right results? Do statutory goals conflict with or compliment the achievement of those results? Do legislative decisions and directives help or hinder agencies in their quest to achieve common statewide results? As we all work to make Washington state government more accountable, accessible and affordable, we must be aware of all the factors involved in agency performance.

JLARC's assessment in the "Governing for Results in Washington" report captures a point in time before the release of budget instructions for the new biennium and before implementation of the second iteration of the POG approach. We believe our progress toward a results-based budget will be more evident as we get further into 2005-07 budget development.

If you have any questions, please contact Lynne McGuire at (360) 902-0581. Lynne will be available at the meeting on June 16 to respond to any questions.

Sincerely,


Marty Brown
Director

cc: Lynne McGuire, OFM
Candace Espeseth, OFM



RECEIVED
MAY 12 2004
JLARC

STATE OF WASHINGTON
DEPARTMENT OF AGRICULTURE
P.O. Box 42560 • Olympia, Washington 98504-2560 • (360) 902-1800

May 7, 2004

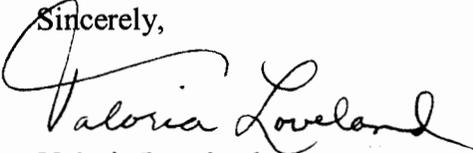
Thomas Sykes, Legislative Auditor
Joint Legislative Audit and Review Committee
506 16th Avenue SE
Olympia, WA 98501-2323

Dear Mr. Sykes,

Thank you for the opportunity to comment on the preliminary report for *Governing for Results in Washington – A Case Study of Economic Vitality Efforts*. Our responses to the recommendations are as follows:

RECOMMENDATION	AGENCY POSITION	COMMENTS
Rec. 1	Concur	
Rec. 2	Concur	
Rec. 3	Concur	

If you have any questions, please contact Mark Johnson at 902-1986.

Sincerely,

Valoria Loveland
Director

cc: Marty Brown





RECEIVED

MAY 10 2004

JLARC

STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT
128 - 10th Avenue SE • PO Box 42525 • Olympia, Washington 98504 • (360) 725-4000

May 7, 2004

Tom Sykes
Legislative Auditor
Joint Legislative Audit & Review Committee
PO Box 40910
Olympia WA 98501-2323

Subject: Governing for Results in Washington: A Case Study of Economic Vitality Efforts

Dear Tom:

This letter is in response to your letter dated April 22, 2004 about the Joint Legislative Audit and Review Committee's (JLARC) work entitled Governing for Results in Washington: A Case Study of Economic Vitality Efforts. We appreciate the committee's thoughtful analysis and additional perspective on our programs and the way we collaborate with other state agencies. In response to JLARC's request for comments related to its three recommendations, I ask that you refer to OFM's formal response under separate cover as well as CTED's specific responses appearing below.

Again, thank you for choosing to review CTED's programs. We welcome the feedback and look forward to collaborating with other agencies and the legislature to address JLARC's recommendations.

Sincerely,

Juli Wilkerson

cc Marty Brown



RECOMMENDATION	AGENCY POSITION	COMMENTS
Recommendation 1a	Concur	CTED agrees that we should continue to work with OFM to review, define and clarify the appropriate level of each activity defined in the activity inventory. CTED has approximately 116 individual activities and has recently completed our integrated agency strategic plan. As part of our plan development, we decided to cluster our activities under CTED's four agency goals and related objectives. In doing so, we hope to more clearly identify and communicate how each CTED activity contributes to our goals and objectives, as well as the Statewide Results established through the POG process.
Recommendation 1b	Concur	CTED agrees that if possible we should focus on creating a limited number of outcome measures connecting our results to our activities. We do not wish to preclude adoption of any useful measure that might be identified, but recognize fewer measures make the monitoring responsibility and performance accountability easier and more useful.
Recommendation 1c	Concur	OFM has addressed this issue in its 2005-07 Budget Instructions published in April 2004. In addition, OFM is sponsoring a workshop in May to help agencies develop measures that make this connection. CTED is already attempting to address this issue as outlined in its comment in response to Recommendation 1a and will attend the OFM workshop to learn how it can better respond to JLARC's recommendation.
Recommendation 2	Concur	CTED agrees that our economic vitality performance measures can be enhanced through greater collaboration among state agencies. CTED will work with OFM to review and identify how individual agency performance measures can be monitored and shared by multiple state agencies.
Recommendation 3	Concur	CTED agrees that the legislature may wish to consider taking additional steps to relate legislative priorities to outcome measures. CTED would be pleased to work with the legislature to develop such enhancements should legislative representatives act on JLARC's recommendation.



STATE OF WASHINGTON
DEPARTMENT OF LABOR AND INDUSTRIES
PO Box 44000 • Olympia, Washington 98504-4000

May 20, 2004

RECEIVED
MAY 25 2004
JLARC

TO: Thomas M. Sykes, Legislative Auditor
FROM: Paul Trause, Director 
SUBJECT: Governing for Results in Washington: A Case Study of Economic Vitality Efforts – Preliminary Report

Attached is our agency's response to the recommendations included in the preliminary report on statewide economic vitality efforts. As you will note from the matrix, we are in concurrence with the recommendations, and appreciate the opportunity to participate in this analysis.

Labor & Industries, and particularly the Apprenticeship Program, looks forward to further cooperative efforts aimed at enhancing the State's economic vitality during the 2005 – 07 biennium and beyond.

Attachment

cc: Judy Schurke, Deputy Director for Operations, L&I
Melanie Roberts, Assistant Director for Administrative Services, L&I
Patrick Woods, Assistant Director for Specialty Compliance, L&I
Nancy Mason, Apprenticeship Program Manager, L&I
Jean Vanek, Planning & Research Services Program Manager, L&I
Heather Moss, JLARC Staff
Lisa Jeremiah, JLARC Staff



Joint Legislative Audit and Review Committee (JLARC)

***Governing for Results in Washington:
A Case Study of Economic Vitality Efforts***

**Response to the Preliminary Report of April 21, 2002
Department of Labor & Industries**

RECOMMENDATION	AGENCY POSITION	COMMENTS
<p>#1</p> <p>a. OFM should continue to work with agencies to define the appropriate level of each activity defined in the activity inventory.</p> <p>b. Agencies should only submit a few performance measures that are useful for understanding the results of each activity.</p> <p>c. Activities and their performance measures should clearly contribute to statewide results areas and the associated high-level indicators. This may require changes in the activity performance measures agencies submit, and it may require agencies and OFM to establish intermediate outcome measures that make the connection between individual activity outcomes and statewide results.</p>	<p>Concur</p>	
<p>#2</p> <p>Together with OFM, the nine state agencies included in this review should develop and report on collective performance measures that reflect both individual and cross-agency results contributing to the state's economic vitality for the 2005-07 budget development process and beyond.</p>	<p>Concur</p>	
<p>#3</p> <p>The Legislature should consider taking the following next steps to enhance the governing for results effort in Washington:</p> <p>a. Consider developing and publishing a "state-of-the-state" report that identifies legislative priorities and reports on performance. This report could initially be produced using the 11 results areas and high-level indicators developed in the Priorities of Government process.</p> <p>b. Work with OFM and the Governor's Office to develop a Priorities of Government workshop to educate legislative members and staff.</p> <p>c. Request and review performance data as individual agencies testify before legislative committees.</p> <p>d. Consider ways to create incentives for agencies to use measures and report performance.</p> <p>e. Hold cross-committee hearings when issues span the traditional committee structure.</p>	<p>Concur</p>	



STATE OF WASHINGTON
EMPLOYMENT SECURITY DEPARTMENT

PO Box 9046 • Olympia, WA 98507-9046

May 3, 2004

RECEIVED

MAY 06 2004

JLARC

Thomas M. Sykes, Legislative Auditor
Joint Legislative Audit and Review Committee
P.O. Box 40910
Olympia, WA 98501-2323

Dear Mr. Sykes,

Please accept the Employment Security Department's formal response to the recommendations in the Joint Legislative Audit and Review Committee's preliminary report titled, "Governing for Results in Washington: A Case Study of Economic Vitality Efforts." Our responses are as follows:

RECOMMENDATION	AGENCY POSITION	COMMENTS
Recommendation 1a	Concur	Not Applicable
Recommendation 1b	Concur	Not Applicable
Recommendation 1c	Concur	Not Applicable
Recommendation 2	Concur	Not Applicable
Recommendation 3	Not Applicable	Not Applicable

We look forward to addressing any questions you or members of the Committee may have when we appear before you on June 16. If committee staff have any questions or need additional information in advance of the June 16 hearing, please have them contact Gary Kamimura (902-9314) or Steve Hodes (902-0915) in the agency's Office of Policy and Research.

Sincerely,

[Handwritten signature]
for DR. SYLVIA P. MUNDY
Commissioner

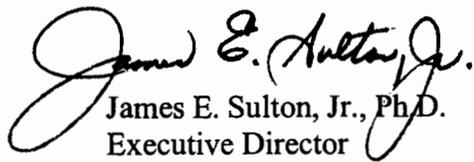
SPM:gkk



3.c. The legislature should request and review performance data as individual agencies testify before legislative committees.	Concur	We are willing to provide performance data at hearings as requested by the legislature and as hearing schedules permit.
---	--------	---

If you have any questions about the HECB's performance measure efforts, please contact Joann Wiszmann at (360) 753-7831.

Sincerely,


James E. Sulton, Jr., Ph.D.
Executive Director



665 NORTH RIVERPOINT BOULEVARD
SPOKANE, WASHINGTON 99202-1665
TELEPHONE: (509) 358-2000
FAX: (509) 358-2092

5/8/04

Mr. Thomas M. Sykes
Legislative Auditor
Joint Legislative Audit & Review Committee
506 16th Avenue SE
Olympia, WA 98501

Mr. Sykes:

Thank you for allowing us a formal response to the preliminary report: *Governing for Results in Washington, A Case Study of Economic Vitality Efforts*, dated April 21, 2004. The conversations we have had with your staff over this effort have helped SIRTI's staff better understand relevant statute and state performance metrics. Since we are deeply engaged in economic development for the state, especially its eastern part, we also appreciate the emphasis on the pressing challenges of state assistance to economic development.

Our response is to Recommendation 2: *Together with OFM, the nine state agencies included in this review should develop and report on collective performance measures that reflect both individual and cross-agency results contributing to the state's economic vitality for the 2005-07 budget development process and beyond.* It is: we partially concur.

We would fully concur, if this recommendation recognized that not all eight other state agencies covered by this review have direct, common interests to exploit. The most obvious partner for SIRTI, and one with whom we have worked extensively, is the Office of Community Trade and Economic Development. As the agency that is on point for technology transfer, at least for Eastern Washington, some coordination with the HEC Board is also welcome. We do, however, collaborate directly with the state's universities. A final agency where some common interests lie is with the Department of Agriculture. Increasingly, SIRTI seeks to commercialize agricultural technologies, given agriculture's key role in Eastern Washington and its strong place in the patent portfolio of Washington State University.

Thank you for this opportunity to provide comment.

Sincerely,

D. Patrick Jones, Ph.D.
Director of External Affairs

Cc: Marc Webster, OFM



WASHINGTON STATE BOARD FOR
COMMUNITY & TECHNICAL
COLLEGES

RECEIVED
MAY 14 2004
JLARC

May 11, 2004

Thomas M. Sykes
Legislator Auditor
Joint Legislative Audit and Review Committee
506 16th Avenue SE
Olympia, WA 98501-2323

Dear Thomas,

Enclosed is the State Board for Community and Technical Colleges' response to the Joint Legislative Audit and Review Committee's (JLARC) preliminary report, **Governing for Results in Washington: A Case Study of Economic Vitality Efforts**. We in the community college system have long embraced accountability and evaluation of program outcomes as a centerpiece of all that we do. We welcome the statewide approach of simplicity and unanimity of purpose among the many facets of government and look forward to working with you in the furtherance of these common goals.

I understand that the State Board's response will be included in the proposed final report, scheduled for presentation to JLARC on June 16, 2004. Please contact me at (360) 704-4333 or jcrabbe@sbctc.ctc.edu if you have any questions regarding our response.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Crabbe', written over a horizontal line.

Jim Crabbe, Director
Workforce Education

JC/dlk
Enclosure

cc: Earl Hale, SBCTC
Jan Yoshiwara, SBCTC

Joint Legislative Audit and Review Committee
Governing for Results in Washington: A Case Study of Economic Vitality Efforts
 State Board for Community and Technical Colleges
 Preliminary Report Response
 May 11, 2004

Recommendation	Agency Position	Comments
Rec. 1a	concur	
Rec. 1b	concur	
Rec. 1c	concur	
Rec. 2	concur	It may be difficult to align cross agency performance measures among all nine agencies, given their varying focus and mission activities.
Rec. 3a	concur	A "State of the state" report may include portions of the State Board for Community and Technical Colleges annual and fall reports.
Rec. 3b	concur	
Rec. 3c	concur	
Rec. 3d	concur	
Rec. 3e	concur	

Additional Comments:



Washington State Convention
& Trade Center

MEMORANDUM

To: Thomas Sykes
Legislative Auditor

From: John Christison 
Washington State Convention & Trade Center

Date: May 7, 2004

Re: Response to the Recommendations Contained in the JLARC Preliminary Report
"Governing for Results in Washington: A Case Study of Economic Vitality
Efforts."

As directed here are the responses requested related to the above listed Report:

RECOMMENDATION	AGENCY RESPONSE	COMMENTS
<p><u>Recommendation 1</u> As OFM continues to use and develop the Priorities of Government budgeting process in 2005-07 and beyond, OFM should consider the following process improvements:</p> <ul style="list-style-type: none">a. OFM should continue to work with agencies to define the appropriate level of each activity defined in the activity inventory.b. Agencies should only submit a few performance measures that are useful for understanding the results of each activity.c. Activities and their performance measures should clearly contribute to statewide results areas and the associated high-level indicators. This may require changes in the activity performance measures agencies submit, and it may require agencies and OFM to establish intermediate outcome measures that make the connection between individual activity outcomes and statewide	Concur	

<p>results.</p>		
<p><u>Recommendation 2</u> <i>Together with OFM, the nine state agencies included in this review should develop and report on collective performance measures that reflect both individual and cross-agency results contributing to the state's economic vitality for the 2005-07 budget development process and beyond.</i></p>	<p>Partially Concur</p>	<p>While the Convention Center finds no disagreement with the concept of collective performance measures, we feel that such a step is very premature given the existing history of State agencies working together to achieve specific goals. We believe that substantial foundation work is required to build on this concept prior to a requirement for collective reporting.</p>
<p><u>Recommendation 3</u> <i>The Legislative should consider taking the following next steps to enhance the governing for results effort in Washington:</i></p> <ul style="list-style-type: none"> <i>a. Consider developing and publishing a "state-of-the state" report that identifies legislative priorities and reports on performance. This report could initially be produced using the 11 results areas and high-level indicators developed in the "Priorities of Government" process.</i> <i>b. Work with OFM and the Governor's office to develop a Priorities of Government workshop to educate legislative members and staff.</i> <i>c. Request and review performance data as individual agencies testify before legislative committees.</i> <i>d. Consider ways to create incentives for agencies to use measures and report performance.</i> <i>e. Hold cross-committee hearings when issues span the traditional committee structure.</i> 	<p>Concur</p>	



STATE OF WASHINGTON

Workforce Training and Education Coordinating Board

128 - 10th Avenue, S.W. • P.O. Box 43105 • Olympia, WA 98504-3105

Phone: (360) 753-5662 • Fax: (360) 586-5862 • Web: www.wtb.wa.gov • Email: wtecb@wtb.wa.gov

May 18, 2004

Mr. Thomas M. Sykes, Legislative Auditor
Joint Legislative Audit and Review Committee
506 - 16th Avenue SE
Olympia, WA 98501-2323

Dear Mr. Sykes.

Thank you for the opportunity to comment on the preliminary report for "Governing for Results in Washington: A Case Study of Economic Vitality Efforts." On behalf of the Workforce Training and Education Coordinating Board, please find the enclosed comments.

Bryan Wilson of our staff will be available at the meeting on June 16, 2004, to respond to questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ellen O'Brien Saunders".

Ellen O'Brien Saunders
Executive Director

Enclosure



Workforce Training and Education Coordinating Board

RECOMMENDATION	AGENCY POSITION	COMMENTS
1a. OFM should continue to work with agencies to define the appropriate level of each activity defined in the activity inventory.	Concur	
1b. Agencies should only submit a few performance measures that are useful for understanding the results of each activity.	Concur	
1c. Activities and their performance measures should clearly contribute to statewide results areas and the associated high-level indicators.	Partially Concur	There should be a clear contribution to the statewide result, however, there need not always be a direct link to the high level indicators. For example, it is useful to measure customer satisfaction even though it is only partially linked to the three high level indicators for the workforce result.
2a. Together with OFM, the nine state agencies included in this review should develop and report on collective performance measures that reflect both individual and cross-agency results contributing to the state's economic vitality for the 2005-07 budget development process and beyond.	Partially Concur	The Workforce Board is very supportive of cross-agency measures and reporting of results. The performance measures included in our biennial budget submittal include cross-agency measures and results for the workforce result area. The agencies in the workforce development system that contribute to this result, however, only partially overlap with the nine agencies included in the JLARC report.
3a. The Legislature should consider developing and publishing a "state-of-the-state" report that identifies	Concur	

legislative priorities and reports on performance.		
3b. The Legislature should work with OFM and the Governor's office to develop a Priorities of Government workshop to educate legislative members and staff.	Concur	
3c. The Legislature should request and review performance data as individual agencies testify before legislative committees.	Concur	
3d. The legislature should consider ways to create incentives for agencies to use measures and report performance.	Concur	
3e. The Legislature should hold cross-committee hearings when issues span the traditional committee structure.	Concur	This is a perennial issue in the workforce results area. Workforce activities span across 4 policy committees in each house. This has made it difficult to convey to legislators what is going on and the outcomes in the workforce area as a whole.

APPENDIX 3 – AGENCIES AND ACTIVITIES REVIEWED

Agency	Activity	2003-05 Funding
Department of Agriculture	International Marketing	\$2,855,000 ¹⁸
	Small Farm and Direct Marketing	148,500
Department of Community, Trade and Economic Development	Associate Development Organization pass-through grants	3,022,090
	Brownfields Cleanup	2,130,280
	Business Development	2,218,472
	Business Finance Packaging	882,967
	Business Portfolio Management	657,950
	Community Economic Revitalization Board and Program	711,563
	Downtown Revitalization Program	362,786
	Education and Training	1,080,328
	Film and Video Office	934,974
	Hanford Area Economic Investment Fund	504,000
	Project Development Services	1,117,202
	Rural Opportunity Fund	863,150
	Tourism Development	7,333,551
	International Trade Market Development ¹⁹	1,867,685
Overseas Office Contract Activities	2,317,559	
Department of Labor and Industries	Apprenticeship	3,678,764
Employment Security Department	Business (Employer) Services	2,884,734
	Employment and Training Services to Targeted Populations	301,898,575
	Job Seeker Services	26,567,000
	Labor Market and Economic Analysis	8,807,826
	Re-Employment of Unemployment Insurance Claimants	16,293,289
Higher Education Coordinating Board	Employment/Education Assistance to Displaced Homemakers ²⁰	1,075,321
	High Demand Enrollments	8,275,000
Spokane Intercollegiate Research and Technology Institute	Commercializing Technology	3,070,754
State Board for Community and Technical Colleges (SBCTC)	Workforce Education (State Supported)	488,001,577
Washington State Convention and Trade Center	Convention and Trade Center Shows	40,715,000
Workforce Training and Education Coordinating Board	Assess workforce needs of employers and workers	635,000
	Skills training at community/technical colleges	30,914,000
	Skills training at secondary schools and skills centers	22,180,000
TOTAL		\$984,004,897

Source: OFM, Agency Activity Inventory System, November 2003.

¹⁸ Actual biennial budget is \$1,815,000 due to unrealized local match contribution. Agency will adjust budget submittal accordingly.

¹⁹ This combines the following market development activities that have the same measures: Aerospace and Marine Industries; Building Materials and Wood Products; China and Taiwan; Electronics and Scientific Instrumentation and NAFTA; Industrial Machinery and Manufacturing Services; Information and Communications Technology; and Medical Equipment and Devices.

²⁰ The Displaced Homemaker Program will move to the SBCTC in July 2005 (SHB 3103).

APPENDIX 4 – SUGGESTED ADDITIONAL READING

PERFORMANCE-BASED MANAGEMENT AND BUDGETING

- Executive Session on Public Sector Performance Management. *Get Results Through Performance Management: An Open Memorandum to Government Executives*. Visions of Government in the 21st Century, 2001.
http://www.ksg.harvard.edu/visions/performance_management/local_memo.pdf
(Accessed March 2004.)
- Governmental Accounting Standards Board, *Performance Measurement for Government*,
<http://www.seagov.org/index.shtml>. (Accessed March 2004.)
- Liner, Blaine, *Governing for Results in the States: Ten Lessons*, National Conference of State Legislatures, 2000. <http://www.ncsl.org/programs/fiscal/perfbudg/xlessons.htm>.
(Accessed March 2004.)
- Liner, Blaine, et al. *Making Results-Based State Government Work*, The Urban Institute, Washington, DC, 2001a. www.urban.org/UploadedPDF/results-based-stategovt.pdf.
(Accessed March 2004.)
- Liner, Blaine, et al. *State Approaches to Governing-for-Results and Accountability*, The Urban Institute, Washington, DC, 2001b.
http://www.urban.org/UploadedPDF/410067_governing_for_results.pdf (Accessed March 2004.)
- Serpas, Ronal W., Ph.D., *Beyond Compstat: Accountability Driven Leadership in a Statewide Agency, The Washington State Patrol – Effectiveness through Efficiencies*.
- Snell, Ronald K. *Lessons Learned: What Experience Teaches about Performance-Based Budgeting and Reporting*. National Conference of State Legislatures, 2001.
www.ncsl.org/programs/fiscal/perfbudg/pbblessons.htm. (Accessed March 2004.)

WHAT OTHERS ARE DOING

- Barrett, Katherine, et al. *Grading the States 2001: A Management Report Card*. The Government Performance Project. Congressional Quarterly, Inc. 2001.
<http://governing.com/gpp/2001/gp1intro.htm>. (Accessed March 2004.)
- Commonwealth of Australia. *Report on Government Services*. <http://www.pc.gov.au/gsp>.
(Accessed March 2004.)
- General Accounting Office. *Comptroller General's Forum on High-Performing Organizations: Metrics, Means, and Mechanisms for Achieving High Performance in the 21st Century Public Management Environment*. GAO-04-343SP, February 2004.

- General Accounting Office. *Forum on Key National Indicators: Assessing the Nation's Position and Progress*. GAO-03-672SP, May 2003.
- General Accounting Office. *Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the Fiscal Year 2004 Budget*. GAO-04-174, January 2004.
- General Accounting Office. *Performance Budgeting: OMB's Program Assessment Rating Tool Presents Opportunities and Challenges for Budget and Performance Integration*. GAO-04-439T, February 2004.
- General Accounting Office. *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*. GAO-04-38, March 2004.
- Moynihan, Donald P. *The State of the States in MFR*. The Government Performance Project. June 2001. www.maxwell.syr.edu/gpp/pdfs/The_State_of_the_States_in_MFR.pdf. (Accessed February 2004.)
- State of Iowa. *Results Iowa: Accountability for Iowa*. <http://www.resultsiowa.org/index.html>. (Accessed March 2004.)
- State of Oregon, Oregon Progress Board. *2003 Benchmark Performance Report to the Oregon Legislative Assembly*. <http://www.econ.state.or.us/opb/2003report/2003bpr.htm>. (Accessed March 2004.)
- Willoughby, Katherine G. and Julia E. Melkers. "Performance Budgeting in the States," in Dall W. Forsythe (ed.), *Quicker, Better, Cheaper?: Managing Performance in American Government*, Rockefeller Institute Press, 2001. <http://www.rockinst.org/publications/federalism/QuickerBetterCheaperChapter13.pdf>. (Accessed February 2004.)

ECONOMIC VITALITY

- Council of Economic Advisors, Executive Office of the President. *The Economic Report of the President*. (Washington, D.C.: Government Printing Offices, 2003). http://w3.access.gpo.gov/usbudget/fy2004/pdf/2003_erp.pdf. (Downloaded March 2004).
- Maine Economic Growth Council. *Measures of Growth 2004*. <http://mdf.org/megc/measures/megc2004.pdf>
- The Morgan Leigh Group. *Developing an Innovation Economy – A Strategic Action Plan for Spokane and the Inland Northwest*. <http://www.intec-center.org/WebsitePresentations/Completestudywithnewcover.pdf> (Downloaded March 2004).
- Oregon Department of Community Colleges and Workforce Development. *Cluster Research Overview*. 2003. <http://www.workforcepartners.org/web.cfm?pgID=266> (Accessed March 2004).

