



THE  
**PEW**  
CENTER ON THE STATES

Government  
Performance  
Project

## *GRADING THE STATES 2008*

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## The Government Performance Project—Our Mission

- The Pew Charitable Trusts applies the power of knowledge to solve today's most challenging problems.
- The Pew Center on the States identifies and advances effective policy approaches to critical issues facing states.
- The mission of the Government Performance Project, an initiative of The Pew Center on the States, is to improve service to the public by strengthening government policy and performance.

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## *Grading the States 2008*—A Roadmap for States to Improve

- Pew's *Grading the States 2008* is the fourth in a series.
- The Government Performance Project, *Governing* magazine, and academic and state government experts conducted a thorough and rigorous review to paint a clear and complete picture of states' performance. State-level managers and opinion leaders provided more than 12,000 pieces of data.
- States were evaluated on how well they were advancing—or backsliding—in key areas:
  - **People**—recruiting and retaining highly qualified, productive public employees
  - **Information**—using information to make smart decisions and communicate more effectively with the public
  - **Money**—managing fiscal resources from budgeting to procurement
  - **Infrastructure**—planning for, maintaining and improving roads, bridges and buildings

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## *Grading the States 2008—Moving Forward*

- Pew will work with states in the coming months to help them apply this new research and improve performance by:
  - Drawing on best practices
  - Identifying areas for improvement
  - Implementing state-specific recommendations to achieve results
  - Exploring additional partnerships with policymakers and private sector leaders to pursue effective problem-solving strategies

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## Grading Criteria – Money

- The state uses a long-term perspective to make budget decisions.
- The state’s budget process is transparent, easy to follow and inclusive.
- The state’s financial management activities support structural balance between ongoing revenues and expenditures.
- The state’s procurement activities are conducted efficiently and supported with effective internal controls.
- The state systematically assesses the effectiveness of its financial operations and management.

## Grading Criteria – People

- The state regularly conducts and updates a thorough analysis of its human capital needs.
- The state acquires the employees it needs.
- The state retains a skilled workforce.
- The state develops its workforce.
- The state manages its workforce performance programs effectively.

## Grading Criteria – Infrastructure

- The state regularly conducts a thorough analysis of its infrastructure needs and has a transparent process for selecting infrastructure projects.
- The state has an effective process for monitoring infrastructure projects throughout their design and construction.
- The state maintains its infrastructure according to generally recognized engineering practices.
- The state comprehensively manages its infrastructure.
- The state creates effective intergovernmental and interstate infrastructure coordination networks.

## Grading Criteria – Information

- The state actively focuses on making future policy and collecting information to support that policy direction.
- Elected officials, the state budget office and agency personnel have appropriate data on the relationship between costs and performance, and they use these data when making resource-allocation decisions.
- Agency managers have the appropriate information required to make program management decisions.
- The governor and agency managers have appropriate data that enable them to assess the actual performance of policies and programs.
- The public has appropriate access to information about the state, the performance of state programs and state services and is able to provide input to state policy makers.



## Money In-Depth: How Do We Evaluate a State Against the Criteria?

### The Analytic Team

- Reviews the state budget, financial reports, and other state revenue and expenditure data
- Examines budget documents and other information to determine budget data quality and focus on goals and results
- Assesses statewide balance between revenues and expenditures, including contingency devices (e.g., rainy day funds), and gauges a state's overreliance on one-time revenues, debt or accounting gimmicks
- Examines state purchasing/contracting protocols to determine whether they balance control and flexibility for effective program management, as well as the use of electronic purchasing and contracting
- Reviews state audits to establish that they are timely, clean, in accordance with generally accepted accounting principles, and performance-oriented

### The Interviewer Team

- Consults with civic leaders and state officials regarding the state's long-term approach to financial decision-making
- Investigates use of data to develop the budget and opportunities for public input
- Discusses the state's overall financial situation, especially budget-balancing measures, with budget officials and others
- Discusses results and needed improvements in state contracting and purchasing systems with procurement officials and agency managers
- Asks state officials for evidence of explicit links between program costs and operational performance

## Information In-Depth: How Do We Evaluate a State Against the Criteria?

### The Analytic Team

- Confirms whether the state has an up-to-date, comprehensive long-term statewide strategic plan and information technology plan, as well as linked individual agency strategic plans and IT plans
- Reviews key budget documents for evidence of links between performance information and budget allocation
- Reviews the state and agency planning and performance tools
- Reviews selected performance audits
- Evaluates state websites for public access to key services and credible information about the performance of state programs

### The Interviewer Team

- Addresses with top state and agency leaders specific examples of the plans' use in decision making
- Examines the use of performance information in budget development with agency leaders, legislators and legislative staff, and executive branch budget officials
- Queries agency officials to determine the quality of IT systems and central guidance, and the usefulness of the resulting information in effectively monitoring and managing program performance and contracts
- Evaluates performance audit processes, dissemination, and outcomes with state auditors and evaluators

## Oregon Case Study: GPP 2008 Oregon *Findings in Context* – Overview

- Overall statewide performance in 2008 ranged between A- (Utah, Virginia, and Washington) and D+ (New Hampshire). Oregon earned an overall grade of C+.
- The national average among the 50 states was B-, and 18 states received that grade.
- Twelve states earned grades above the national average (i.e., grades of B and above), and 20 states received grades below the national average (i.e., C+ and below).



## Oregon Case Study: GPP 2008 Oregon Recommendations – People

- Require formal workforce planning at the agency level and create a statewide workforce plan that is connected to the state’s strategic goals.
- Use the state’s new HR data warehouse to track and analyze key workforce data.
- Add the ability to apply for employment online to the state hiring Web site.
- Develop a statewide knowledge management system.
- Promising Practice: Virginia’s Workforce Plan
  - Profiles agency-level workforce planning activities
  - Outlines the state’s human resources activities
  - Summarizes constraints state agencies face
  - Lists workforce planning resources available to state agencies

## Oregon Case Study: GPP 2008 Oregon Recommendations – Information

- Update the Oregon Shines strategic plan and revise it each biennium.
- Require agencies to update their strategic plans.
- Conduct audits of program performance.
- Promising Practices: Washington
  - The Washington State Auditor's Office is pursuing an aggressive agenda of performance audits of public agencies based in part on citizen priority-setting, resulting from Initiative 900 of 2005, when the state's voters dedicated a share of the state's sales tax revenue for such audits.
  - Tools to gather citizen input include: focus groups and town hall meetings with randomly-selected groups of citizens using electronic, interactive polling; random-sample telephone surveys of state voters; and surveys of stakeholders, including agency and local government employees.
  - In December 2007 the Washington State Auditor's Office hosted a live, televised statewide town hall with a random sample of Washington citizens. More than 450 citizens, including people from each of the state's 49 legislative districts, participated in real time via telephone.

## Oregon Case Study: GPP 2008 Oregon Recommendations – Money

- Generate the consensus necessary to pass the budget on time.
- Expand e-procurement capabilities and increase the percentage of transactions conducted electronically.
- Promising Practices: Minnesota's e-procurement capabilities
  - Minnesota's Spend Analysis/Intelligence System integrates and classifies spending information to track processes
  - Provides detailed purchase information
  - Identifies areas for strategic procurement
  - Enables stronger oversight and has saved the state more than \$100 million

## Oregon Case Study: GPP 2008 Oregon Recommendations – Infrastructure

- Implement a statewide process to fully identify and prioritize the deferred maintenance costs of the state's buildings.
- Increase investment in road maintenance and for infrastructure not related to transportation.
- Promising Practices: Utah
  - Utah uses *Facility Focus*, a computerized maintenance management system, and the Facilities Condition Assessment program.
    - » Projects capital cost on state-owned facilities older than five years
    - » Helps in the overall maintenance and management of state facilities
  - Utah conducts annual maintenance audits for all state-owned buildings, and each agency request is viewed and linked with the state budget.
  - Utah state law assures funding for maintenance activities. State law requires that before money may be provided for new facilities, or major renovation work, maintenance funding must be provided at a level equal to at least 1.1% of the replacement cost of existing facilities.

## What Recommendations Have States Identified as Priorities?

### People

- Knowledge Management Systems
- Training and Development
- Strategic Workforce Planning
- Managing Employee Performance

### Information

- Strategic Direction
- Managing for Performance
- Performance Auditing and Evaluation
- Budgeting for Performance

### Money

- Budget Process
- Contracting/Purchasing
- Long-Term Outlook
- Structural Balance

### Infrastructure

- Statewide Capital Planning
- Maintenance
- Asset Management
- Project Management



## How Will the GPP Address Those Priorities?

### Pew State Management Lab Pilot Projects, Including:

- Gubernatorial Candidate Briefings
- Lab State Year-Long Improvement Effort
- Lab Seminars on Human Resources, Budget/Finance, and Information
- Future States Summit

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