

Revised Form C

Department of Administrative Services
Annual Performance Progress Report (APPR)
for Fiscal Year 2006-07

Submitted: September 24, 2007

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2006-07 KPM#	2006-07 Key Performance Measures (KPMs)	Page #
17	<i>INFORMATION SECURITY - Percentage of actions identified in HB 3145, or the resulting Enterprise Security Office Strategic Plan, completed on time.</i>	35
18	INFORMATION SECURITY BUSINESS RISK– Percentage of identified business risk that is remediated.	38
19	HEALTH POLICY – Percent of key healthcare policy stakeholders who rate the a) usefulness, b) objectivity, c) reliability of healthcare data provided by Office for Health Policy and Research (OHPR) as good or excellent.	40

Note: Measures in italic text are listed in the 2007-09 budget forms as measures to be eliminated as key performance measures. Measures in bold text were presented to JLAC on September 14, 2006 and moved to the November 2006 consent calendar; KPMs were approved by committee on March 9, 2007.

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I. EXECUTIVE SUMMARY

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1. SCOPE OF REPORT

The Department of Administrative Services' (DAS) key performance measures (KPMs) were revamped in the last year to align with the *DAS Strategic Plan* goals and strategies.

Goal 1: Excellent customer service

- Strategy: Foster excellent customer relations
- Strategy: Deliver timely and accurate information

Goal 2: Effective policies with clear direction

- Strategy: Involve key stakeholders in policy development
- Strategy: Use information to improve policies

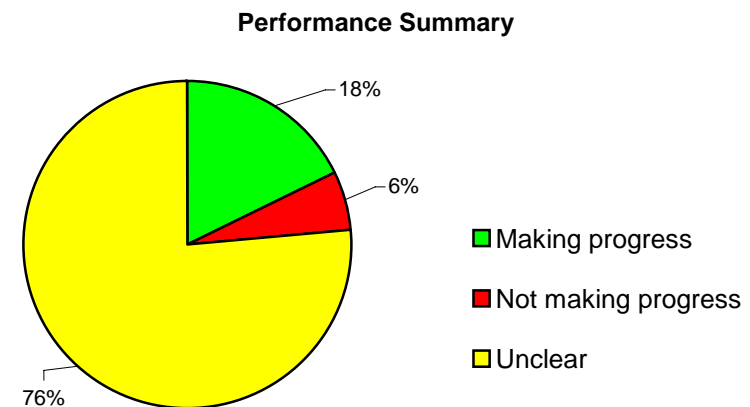
Goal 3: Efficient and effective government infrastructure

- Strategy: Ensure appropriate oversight and cost containment
- Strategy: Optimize performance

Goal 4: Adaptable government for future generations

- Strategy: Lead efforts to define and implement statewide visions
- Strategy: Ensure state government's workforce needs are met
- Strategy: Protect the state's information assets and systems
- Strategy: Advance sustainable business practices in government

The KPMs in this report cover the 2005-2007 biennium and were developed prior to the development of the strategic plan. As a result, many of the measures presented here are not as relevant today. In those cases, DAS has either recommended elimination of the measure or requested an adjustment or new KPMs for the 2007-2009 biennium. KPMs have been approved for the 07/09 biennium as presented by committee on March 9, 2007.



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I. EXECUTIVE SUMMARY

2. THE OREGON CONTEXT

Much of the work of DAS is oriented toward Governor Kulongoski’s principle of stable, efficient and accountable state government, and the DAS mission to lead the pursuit of excellence in state government. DAS also links to Oregon Benchmarks (OBM) #35—Governing Magazines ranking of public management quality, and OBM #54—Percentage of Oregonians without health insurance.

3. PERFORMANCE SUMMARY

The table that follows groups performance results into three categories: making progress, not making progress, and progress unclear. KPMs listed in the making progress category are those where a performance target was met or exceeded, those in the not making progress category are KPMs that did not meet targeted performance. Progress unclear includes KPMs that are no longer meaningful or do not yet have sufficient history to measure against. Revised KPMs for 07/09 biennium were approved by committee on March 9, 2007.

Five of the current measures are in the making progress category. One KPM is in the not making progress category. Of the twelve KPMs in the progress unclear category; eight have been approved by JLAC for deletion in the 07/09 biennium.. This is not that unexpected given that DAS just re-vamped its performance measurement system. Additionally KPM #19 is no longer being reported on by DAS as OHPR was moved from DAS to DHS due to the passage of SB 329, and is included in the Progress Unclear category.

KPM Progress Summary	Key Performance Measures (KPMs) with Page References	# of KPMs
KPMs MAKING PROGRESS at or trending toward target achievement	CUSTOMER SERVICE (page 6), STATE WORKFORCE TURNOVER (page 12), FORECAST RELIABILITY (page 22), FINANCIAL REPORTING (page 31), PROCUREMENT EFFECTIVENES (page 33)	5
KPMs NOT MAKING PROGRESS not at or trending toward target achievement	STATE WORKFOCE DIVERSITY (page 14)	1
KPMs - PROGRESS UNCLEAR target not yet set	RENT COSTS (page 8), STATE VEHICLE COSTS (page 10), IT PROJECTS (page 16), IT OWNERSHIP COSTS (page 18), PEBB E-GOVERNMENT (page 20), PEBB CUSTOMER SERVICE (page 23), PEBB CONTRACTS MANAGEMENT (page 25), RISK MANAGEMENT PER 100 FTE (page 27), RISK CLAIM COSTS (page 29), RISK MANAGEMENT COSTS (page 30), INFORMATION SECURITY(page 35), INFORMATION SECURITY BUSINESS RISK (page 38)	13
KPM NO LONGER BEING REPORTED	HEALTH POLICY (page 40) INCLUDED IN THE PROGRESS UNCLEAR CATEGORY	
Total Number of Key Performance Measures (KPMs)		19

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I. EXECUTIVE SUMMARY

4. CHALLENGES

DAS needs to confront two challenges to improve on performance measures use and reporting. The first is to develop measures that are more meaningful. This challenge is being addressed by having divisions be responsible for developing program performance measures and by having Director led quarterly progress evaluations. The expectation is that this process will allow DAS to identify, over time, more meaningful measures of performance.

The second challenge is creating appropriate data tracking structures and documenting analytic processes to consistently report on KPMs. In several cases, DAS is not able to effectively report on a KPM because it became too cumbersome to maintain a data tracking process or because calculation methodology was lost due to staff turnover. DAS is working on resolving this issue.

5. RESOURCES USED AND EFFICIENCY

The DAS Legislative Approved Budget total for the 2005-07 biennium is \$925 million. Forty percent of this budget is actually non-operating expenditures such as capital construction, pension obligations and bond debt service. Remaining funds, which are largely fees and assessments, cover DAS operations. Assessments are charges to agencies based on an allocation formula. Fees are monies collected for services provided by DAS.

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KPM #1	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.	Measure since: 2006
Goal	Excellent customer service	
Oregon Context	Mission: Lead the pursuit of excellence in state government	
Data source	DAS’ Annual customer satisfaction survey	
Owner	Mini Kobbervig, Director’s Office, 503-378-8267	

1. **OUR STRATEGY**

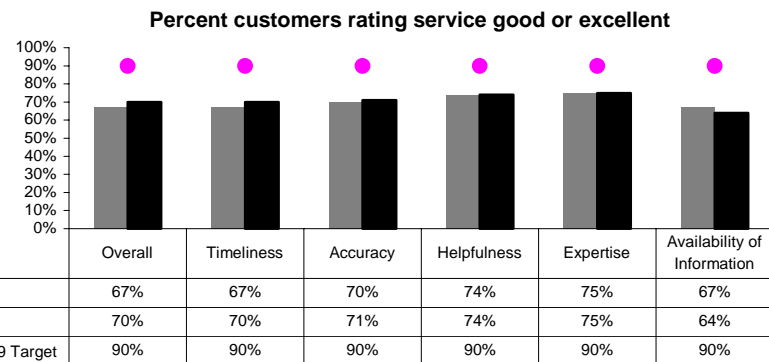
The strategy is to foster excellent customer relations, which links to the DAS strategic planning goal of excellent customer service.

2. **ABOUT THE TARGETS**

The target was set at 90% for all service criteria. This value was selected based on the department’s commitment to excellent customer service.

3. **HOW WE ARE DOING**

The average customer satisfaction rating is 70%, which is significantly below the goal of 90%. This indicates a need to take action to improve. Ratings were lowest for overall quality, timeliness, and information availability, and highest for expertise and helpfulness. The *DAS Combined Customer Service Survey Results* are available at: http://www.das.state.or.us/DAS/directors_survey.shtml.



4. **HOW WE COMPARE**

The 2007 survey was conducted under the 2006 established customer service guidelines, and we currently have two years of data. While other state and federal agencies do customer satisfaction surveys, there is no known comparable agency that aligns with department’s customer pool and survey methodology.

5. **FACTORS AFFECTING RESULTS**

The methodology used gave the entire selected customer population the opportunity to evaluate the service criteria for all applicable department service areas. This introduced some self-selection bias into the survey. It is impossible to know the impacts of this bias on the survey results. In addition, the survey has become more cumbersome to administer due to the complexity of the agency and its many divisions and sections within; this has resulted in a lower response rate.

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II. KEY MEASURE ANALYSIS

6. **WHAT NEEDS TO BE DONE**

The survey results have contributed to the department defining two strategies for ensuring excellent customer service. The first is to foster excellent customer relations, which includes activities designed to improve the way in which the department relates to its customers. The second is to focus efforts on delivering timely and accurate information. Each division is tasked with finding ways to improve customer service according to their specific focus. Additionally, DAS continues to look for ways to streamline the survey in order to encourage greater participation.

7. **ABOUT THE DATA**

The Department has committed to conducting an annual customer satisfaction survey. The next survey is scheduled to be administered in January 2008. The population is defined as the direct users of DAS services, which for most divisions is state agency heads, managers, and administrative services staff. The survey was administered using the Oregon State Library survey tool, with a link being sent to the entire population. This methodology is selected because of the department's commitment to allowing all customers the opportunity to evaluate services. More information about the survey methodology and data collection methods is available in the *DAS Combined Customer Service Survey Results* at: http://www.das.state.or.us/DAS/directors_survey.shtml.

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KPM #2	RENT COSTS – Uniform rent costs per square foot as a percent of private market rates.	Measure since: 1999
Goal	Efficient and effective government infrastructure	
Oregon Context	Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality	
Data source	State office costs compared to the Salem/Keizer Office & Retail Survey, prepared by PGP Valuation Inc.	
Owner	Pam Branczek, Facilities Division, 503-378-4659	

1. **OUR STRATEGY**

The strategy is to provide appropriate oversight and cost containment processes.

2. **ABOUT THE TARGETS**

The measure compares private industry to state office leasing rates. State office leasing rates are considered equivalent to private market rates when the performance is at 100%. In pursuing cost-containment strategies, a target was set at a value below private industry rates. Successful performance is achieving a percentage rate that is at or below the annual target rate.

3. **HOW WE ARE DOING**

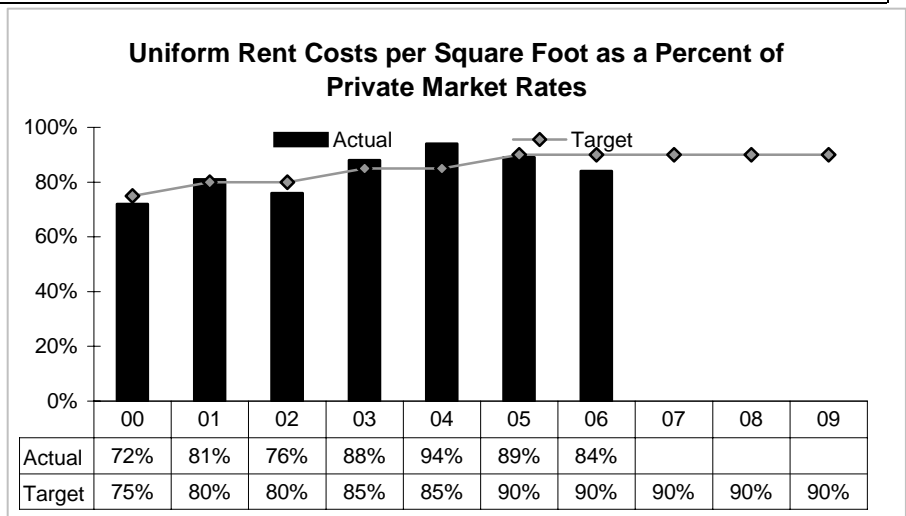
The target was achieved for 2006, as Uniform Rent Costs were 6% below the target. The Uniform Rent rate has stayed relatively level, which will cause the rates to broaden their disparity and reach or exceed the target in future years.

4. **HOW WE COMPARE**

The private industry is constantly comparing their rates to stay competitive through private survey mechanisms. This measure allows us to check our internal rates against theirs to ensure we are providing good value to state agencies. There are some challenges with making a straight comparison because DAS provides more services, such as more responsive building maintenance and security systems, for their rent cost. There is no other known state government comparator that Facilities might use.

5. **FACTORS AFFECTING RESULTS**

A struggling economy typically results in lower rent rates; however, in the case of state government costs are more stable over time. Because of this, the differential between private industry and state leasing rates has narrowed over time. As the economy improves, the private sector rates should increase and create a larger gap.



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II. KEY MEASURE ANALYSIS

6. **WHAT NEEDS TO BE DONE**

The Facilities Division plans to continue to track these trends carefully and strive to maintain a cost advantage for state agencies leased in DAS buildings.

7. **ABOUT THE DATA**

The Uniform Rent rate is developed biennially through the budget process, approved by the Legislature, then published in the Price List of Goods and Services. Industry rates are taken from the PGP Valuation, Inc. report that is published annually in March or April; therefore, the 2007 rates will not be available until the spring of 2008. They build the data through annual studies of commercial leasing rates and have become an established resource for the public and private sector. DAS selected the Salem study due to the fact that the majority of DAS buildings that are charged the Uniform Rent rate reside in the Salem area. More information about PGP is available at

http://www.powellvaluation.com/admin/surveys/pdfs/2006_2007_Office_&_Retail_Survey_Results.pdf

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KPM #3	STATE VEHICLE COSTS – Cost of state vehicles per biennium as a percent of contracted rental rates. <i>This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 2000
Goal	Efficient and Effective Government Infrastructure	
Oregon Context	OBM #35 – Governing Magazines ranking of public management quality	
Data source	Total actual State Fleet costs for daily rental and permanently assigned vehicles divided by quoted annual Private Fleet costs for daily and long term rentals. Enterprise rates were used because the State has a contract with this carrier.	
Owner	Kent Fretwell, 503-378-2307, State Services Division	

1. **OUR STRATEGY**

The measure links to the agency goal of efficient and effective government infrastructure. This measure provides information on whether state agency vehicle transportation needs are met more efficiently and effectively through DAS Fleet than through commercial car rental companies.

2. **ABOUT THE TARGETS**

To operate as efficiently and effectively as commercial car rental companies, the daily rental rates we charge state and public agencies would be less. A target was established that state and public service rates would be 80% of private sector rates. Values of less than 80% indicate performance beyond the target.

3. **HOW WE ARE DOING**

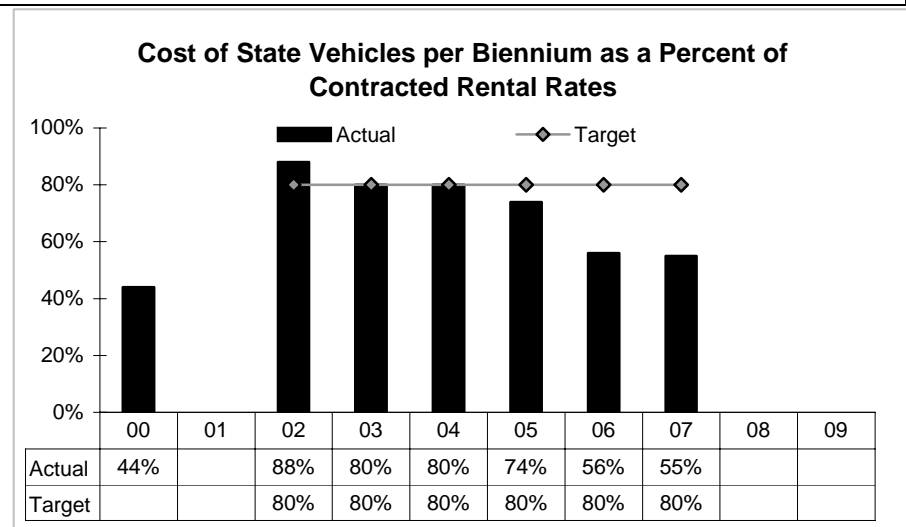
DAS Fleet’s stable rates and operational improvements have allowed DAS Fleet to meet or exceed the targets for the past four years. The additional margin of savings achieved during 2006 and 2007 is attributable to use of supplemental car rentals as a strategy for meeting demand and increased liability insurance costs for commercial car rental companies.

4. **HOW WE COMPARE**

The measure suggests that DAS Fleet car rental operations are as effective and efficient as local commercial car rental companies. Fleet Administration is not aware of other government entity comparators.

5. **FACTORS AFFECTING RESULTS**

The results are substantially due to: (1) use of supplemental car rental services from a commercial car rental supplier, allowing DAS Fleet to meet demand with lower owned-inventory; and (2) increased costs for liability and insurance for commercial car rental companies.



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II. KEY MEASURE ANALYSIS

6. **WHAT NEEDS TO BE DONE**

DAS Fleet will continue to make operational improvements and monitor commercial car rental company rate structures. To this end, starting in 2007-09, this measure will be replaced with an evaluation of Fleet Administration effectiveness as determined by an independent party.

7. **ABOUT THE DATA**

Rental rates are compared on July 1 each year to coincide with other reporting milestones in the management of the daily car rental fleet inventory and operations. The data used does not account for all federal Office of Management and Budget (OMB) Circular # A-76 comparative factors, but the use of the 80% target accounts for the differences in costs between private and public fleet operations. Thus, the comparison is rational and relevant. In determining the percent, the simple division of private sector rates to DAS Fleet operational costs can be easily verified with the DAS Fleet database.

No target data is available for 2000 or 2001, and no actual data is available for 2001.

This KPM was approved by JLAC for deletion in the 07/09 biennium

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KPM #4	STATE WORKFORCE TURNOVER – Annual turnover rate for the state workforce.	Measure since: 1999
Goal	Adaptable government for future generations	
Oregon Context	Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazine’s ranking of public management quality	
Data source	Reports taken from the statewide position and personnel database (PPDB)	
Owner	Sue Wilson, Human Resource Services Division, 503-378-3020	

1. **OUR STRATEGY**

The strategy is to create a work environment and employment opportunities to attract diverse and skilled workers.

2. **ABOUT THE TARGETS**

Provide a stable, knowledgeable workforce that is well-trained and able to provide quality service to the state’s citizens. Create an environment that enables the state to be the employer of choice.

3. **HOW WE ARE DOING**

The state’s resignation rate of 5.9% is slightly above the target of 5.5%. A total of 1,889 employees resigned during fiscal year 2006-07. The overall trend for this rate is falling from the prior two years. However, the overall turnover-rate, which includes retirements, is slightly higher at 10.9%— almost 1% more than last year.

4. **HOW WE COMPARE**

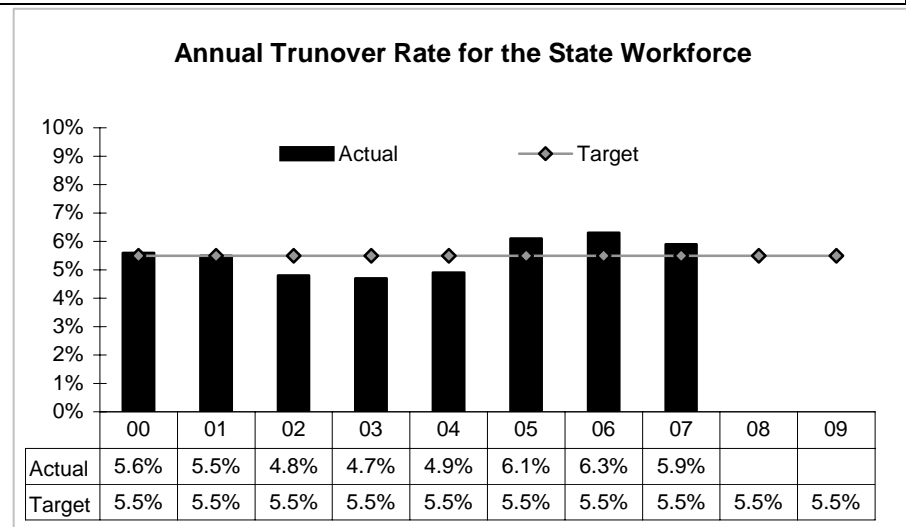
Oregon compares favorably with turnover data from the U.S. Department of Labor. The U.S. Department of Labor’s statistics on the resignation rate for state and local governments from September 2005 through August 2006 was 8.2% compared to Oregon’s 6.1% in 2005 (July 1, 2005 – June 30, 2006) and 5.9% in 2006 (July 1, 2006 – June 30, 2007).

5. **FACTORS AFFECTING RESULTS**

The growing economy is a factor affecting the results. Companies have been hiring more, as is evidenced by the low national and Oregon unemployment rates of 4.5% and 5.1%, respectively. The demand for workers to fill jobs has been very high for the past 2 to 3 years, which has put pressure on compensation market labor rates. The primary reasons for employees leaving the state workforce are shown in Table 1 (next page). The top secondary reasons for leaving are shown in Table 2 (next page).

6. **WHAT NEEDS TO BE DONE**

While only two of the secondary reasons showed increases (Work/Life and Personal Reasons), there are still concerns regarding the numbers attributed to Compensation/Benefits, Health and Wellness, and Changing Job Duties issues. HRSD is developing tools for agencies to use to assess the work environment and identify key issues related to employee retention.



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II. KEY MEASURE ANALYSIS

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The State needs to continue to obtain accurate and complete data from exit surveys to determine why employees leave state service so more effective analysis can be completed on an ongoing basis. Currently, the Classification and Compensation Section is implementing a statewide Exit Survey Tool that will assist agencies in obtaining more complete employee exit information.

7. ABOUT THE DATA

Oregon’s turnover ratio is based on voluntary separations (excluding retirement) between July 1, 2006, and June 30, 2007. Of the 1,889 employees who voluntarily left state service during that time, 1,019 provided their reasons for leaving in an exit survey. There were 870 employees who chose not to identify his or her reason for leaving state service (1% less than last year). Continuing to obtain a higher percentage of completed exit surveys will increase the Division’s confidence level in identifying which issues need to be addressed. However, information gathered through responses to the current exit survey is sufficient to support further study in the areas outlined above.

Primary Reason for Leaving	%
In-State Public Sector	12.8
In-State Private Sector	15.1
Out-of-State Public Sector	2.9
Out-of-State Private Sector	2.3
Education	3.3
Relocation	9.2
Military Service	0.5
Stay Home	8.8
Resign w/o Reason	46.2
Total	100.0

Secondary Reason for Leaving	%
Work/Life Balance	8.3
Compensation or Benefit	6.4
Own or Family Hlth Reason	5.4
Change of Duties	4.5
Transportation or Commute	2.5
Other	4.3
Personal Reasons	68.5
Total	100.0

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KPM #5	STATE WORKFORCE DIVERSITY – Racial/ethnic diversity in the state workforce as a percentage of the total civilian labor force.	Measure since: 1999
Goal	Adaptable government for future generations	
Oregon Context	Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazine’s ranking of public management quality	
Data source	Reports taken from the statewide position and personnel database (PPDB) and Oregon Employment Department workforce analysis report.	
Owner	Sue Wilson, Human Resource Services Division, 503-378-3020	

1. **OUR STRATEGY**

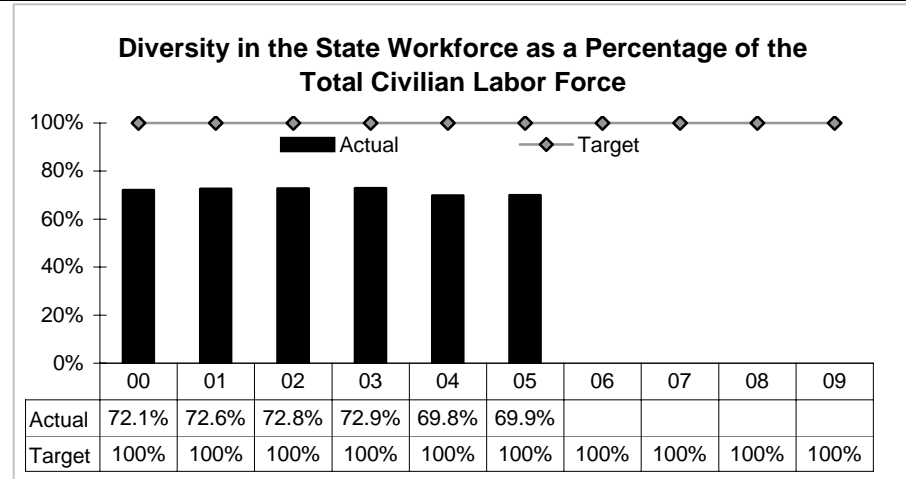
The strategy is to create a work environment and employment opportunities to attract and retain diverse and skilled workers.

2. **ABOUT THE TARGETS**

The target was set at 100 percent. This value was selected to represent the State’s commitment to cultural diversity in the workplace. The State, as one of Oregon’s largest employers, must set the example for other employers by striving to have a workforce that is as diverse as Oregon’s population.

3. **HOW WE ARE DOING**

Between 2000 and 2003, the State made steady progress toward reaching its target. The representation of minorities in the State’s workforce was increasing slightly more than in the statewide labor force. In 2004, the increase in the state’s minority population continued to show a modest increase (+0.3%), while the minority representation in the State’s workforce had a significant decline (-3.1%). In 2005, the State’s minority representation rebounded to the level experienced in 2003, increasing by 0.3% over 2004, while the minority representation in the statewide labor force showed a slight incline (0.1%).



4. **HOW WE COMPARE**

We are unable to identify private or public employers who maintain comparable statistics.

5. **FACTORS AFFECTING RESULTS**

The growing economy is one factor affecting the results. A stronger economy attracts a larger and presumably more diverse labor force pool. However, a stronger economy also increases competition between employers for workers of all ethnicities. In addition to the growth due to the strong economy, members of minority groups, especially those of Hispanic origin, are projected to continue to increase their presence in the state’s labor force. The state’s outreach efforts show that many minority communities do not have complete information on job opportunities in state government.

6. **WHAT NEEDS TO BE DONE**

The Division needs to do a better job of outreach to minority communities to increase recruitment and retention of a diverse workforce. We need to review and revise our marketing efforts so minority groups know of open recruitments and increase availability of diversity training in state agencies. The Division needs to consider developing structured internal and external task forces that represent the different constituencies of the state of Oregon. The purpose of the

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task forces should be as follows: to reach the state's broad and diverse population, to gain feedback into the key issues facing the various constituencies, and to identify programs that the State can implement. The Division recently implemented a statewide exit survey developed in collaboration with the Governor's Affirmative Action Office to help identify whether employees may be leaving because of a work environment that does not support cultural differences. Data gathered through this statewide tool is limited at this time, but it is anticipated that this survey will eventually provide invaluable information and help identify areas the State needs to focus on to improve its ability to retain a skilled, experienced, and diverse workforce.

7. **ABOUT THE DATA**

The state government workforce data is from the statewide employee information database—the Position and Personnel DataBase (PPDB). It represents employee data for all state agencies other than the Oregon University System (OUS). The percentage of the State's workforce identified in a minority group on December 31, 2005, was 11.8%.

The Oregon labor force data is obtained from the Oregon Employment Department's annual workforce analysis report and is representative of the statewide labor force - - it is available by the end of each October for the prior year (e.g., 2006 data is available in late October 2007). The percentage of Oregon's civilian labor force identified as belonging to a minority group in 2005 was 16.9%.

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KPM #6	<i>IT PROJECTS – Number of state information technology projects with a 90% actual to expectations ratio measured by performance criteria. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 2002
Goal	Efficient and Effective Government Infrastructure	
Oregon Context	OBM #35 – Governing Magazines ranking of public management quality	
Data source	Agency status reports submitted to EISPD IT Investment and Planning Section for Major IT Projects >\$1M.	
Owner	Sean McSpaden, 503-378-5257, Enterprise Information Strategy & Policy Division (EISPD) formerly IRMD	

1. OUR STRATEGY

The measure links to the agency goal of efficient and effective government infrastructure.

2. ABOUT THE TARGETS

The measure provides an indication of how major state IT projects have performed over time.

3. HOW WE ARE DOING

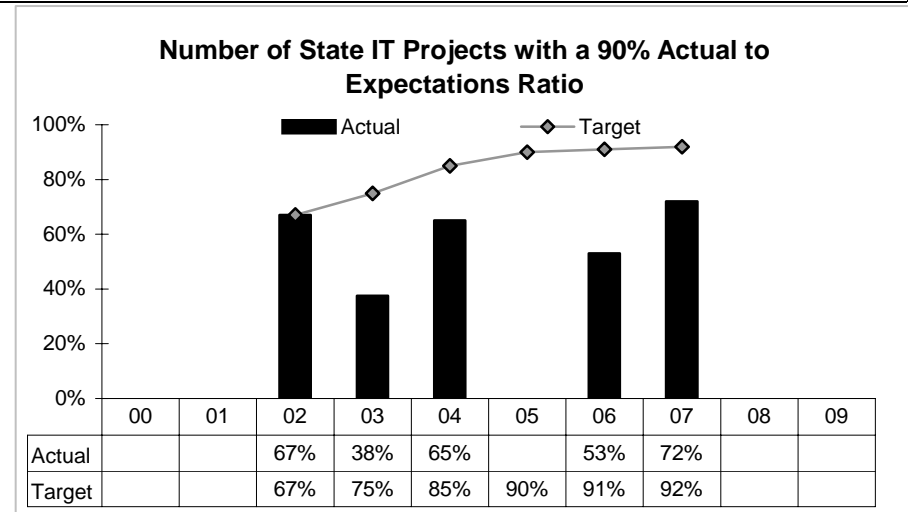
On average, in the assessments IRMD conducted between December 2005 and August 2006: (1) all critical path deliverables were, or were expected to be, on schedule 53.2%* of the time; and (2) actual budgets for the projects were, or were expected to be, no more than 10% above the approved baseline budget 88.7%* of the time.

The criteria for assessing project budget and schedule variance was modified in September 2006 in response to requests by members of the Joint Legislative Committee on Information Management and Technology (JLCIMT). The change in reporting criteria and the associated change in how project schedule status is assessed does not allow for a direct comparison of agency project schedule-related performance between the 2005/2006 and 2006/2007 fiscal years.

On average, in the assessments EISPD conducted between October 2006 and May 2007: (1) 72% of the major IT projects tracked by EISPD across all reporting periods had a planned completion date that was, or was expected to be, within 10% of the approved schedule baseline; and (2) 88% of the major IT projects tracked by EISPD across all reporting periods had a planned total project budget that was, or was expected to be, within 10% of the approved baseline budget.

4. HOW WE COMPARE

While the 2006 and 2007 data are not directly analogous, the general trend is positive regarding project schedule performance during the periodic reporting periods (72%). Adherence to project budget baselines overall was stable over the reporting period (88%). Project performance related to schedule can be attributed to unanticipated/unplanned delays in the completion of project work or planned re-baselining of the project schedule to ensure that project budget and quality objectives/targets could be achieved.



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Public and private sector organizations across the nation have had significant challenges in meeting originally stated budget, schedule, and quality objectives for large IT projects. An article concerning project performance across the US in 2002 published by MIT's Sloan Management Review estimated that 68% of corporate IT projects were neither on time nor on budget, and didn't deliver on originally stated business goals. According to a July 2004 Computerworld article "...72% of large projects are late, over budget or don't deliver anticipated value... a 28% chance of success." The 10th edition of the annual CHAOS report (published in 2004) from The Standish Group, which researches the reasons for IT project failure in the United States, indicates that project success rates have increased to 34% of all projects. That's more than a 100% improvement from the success rate found in the first study in 1994. The Standish Group has studied over 40,000 projects in 10 years to reach these findings. The report indicates that project failures have declined to 15% of all projects, a vast improvement over the 31% failure rate reported in 1994. Projects meeting the "challenged" description—meaning that they are over time, over budget, and/or lacking critical features and requirements— total 51% of all projects in the 2004 survey. Most of the challenged projects in the 2004 survey had a cost overrun of under 20% of the budget, a threefold improvement over the first 1994 study. Of all projects with cost overruns, including failed projects, the average project cost overrun in 2004 was found to be 43% versus an average cost overrun of 180% in 1994.

5. FACTORS AFFECTING RESULTS

Large information technology projects that span multiple years are inherently risky and complex. The major IT projects assessed for this report (with few exceptions) exceed \$1M and span multiple years, sometimes multiple biennia, in duration. In alignment with state biennial budget development processes, the original budget and schedule estimates for these projects were, in most cases, established twelve to fifteen months prior to the biennium in which the agency plans to initiate the project, assuming funding is granted by the legislature. As such, they are often rough estimates based on the best information available at the time. As agencies initiate projects and proceed through the project lifecycle (initiation, planning, execution, control, closeout) more information becomes known and estimates of budget and schedule become more refined and accurate. That said, it is prudent from time to time for agency project managers to go through a formal re-baselining of project schedule and budget with approval from their executive sponsors and steering committees. The performance results reported for 2007 in sections 3 and 4 above reflect this reality.

6. WHAT NEEDS TO BE DONE

As stated above, large information technology projects that span multiple years are inherently risky and complex. They must be professionally managed and actively overseen by agency program and executive-level management, as well as by independent third party quality assurance vendors. The State of Oregon has recognized these needs as evidenced by its 10+ year commitment to independent quality assurance oversight and its Oregon Project Management Associate training program (nearly 800 certified project managers since 1998). Further, to ensure that IT projects are initiated only after a sound business case has been developed, DAS has provided multiple business case development training sessions to state agency personnel in partnership with the Public Management Association. Between May and August 2007 over 120 state agency personnel have successfully completed the training.

7. ABOUT THE DATA

DAS anticipates KPM #6 will be abolished and new measures will be incorporated into future legislative reporting that more accurately portrays the performance, quality assurance, and risk status of major IT projects in the state.

This KPM was approved by JLAC for deletion in the 07/09 biennium

Agency Mission: Lead the pursuit of excellence in state government.

KPM #7	<i>IT OWNERSHIP COSTS – Total cost of ownership for centrally provided technology services compared to 2000. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 2001
Goal	Efficient and Effective Government Infrastructure	
Oregon Context	OBM #35 – Governing Magazines ranking of public management quality	
Data source	Division records.	
Owner	Sean McSpaden, 503-378-5257, Enterprise Information Strategy & Policy Division (EISPD) formerly IRMD	

1. **OUR STRATEGY**

The measure links to the agency goal of efficient and effective government infrastructure.

2. **ABOUT THE TARGETS**

The desired result is to lower the total expenditures over time for a select list of centrally provided technology services when adjusted for inflation since 2000.

3. **HOW WE ARE DOING**

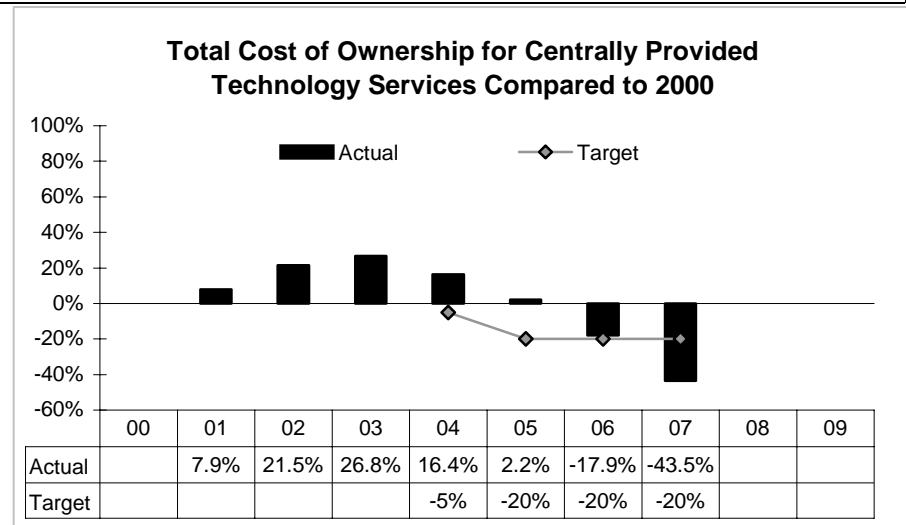
Actions have resulted in a continuation of a significant drop in the total cost of ownership, as measured by a specific list of centrally provided technology services and as adjusted for inflation since 2000. Reduction in adjusted cost exceeds the -20% target. That said, the way the current measure is structured makes it impossible to accurately show agency progress towards the goal. In concept, this performance measure is very useful. However, the way the measure is calculated does not accurately reflect how the costs of centralized IT are changing over time. By only measuring the expenditures of the central IT organizations in DAS from year to year, changes in per unit costs, technology (hardware, software, services), and demand are not reflected. The current measure also includes large amounts of pass through expenditures that have no relation to the actual efficiency or cost of ownership of the organization’s technology environment. These include demand-driven costs for services purchased in bulk by DAS on behalf of the other state agencies.

4. **HOW WE COMPARE**

The results demonstrate a significant drop in CPI-adjusted cost for this specific list of centrally provided technology services. The broad and bundled nature of the cost-base makes it difficult to meaningfully select relevant external benchmarks (i.e., similar cost trends in other jurisdictions) for comparative purposes.

5. **FACTORS AFFECTING RESULTS**

It is impossible to factually explain the significant reduction in cost over the last year given because of the undefined interplay between the cost-base, pass through expenditures, and changes (+/-) in demand.



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6. **WHAT NEEDS TO BE DONE**

This measure was eliminated for the 2007-09 biennium.

7. **ABOUT THE DATA**

The data is consistent since 2000. The re-organization of IRMD with the transfer of operational units to other DAS division requires a change in the methodology used to calculate the results in the future. That action will not be necessary since this measure was eliminated for the 2007-09 biennium.

This KPM was approved by JLAC for deletion in the 07/09 biennium

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KPM #8	<i>E-GOVERNMENT – Percent of all targeted agencies who have successfully completed an E-Government launch with IRMD Assistance. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 2002
Goal	Efficient and Effective Government Infrastructure	
Oregon Context	Mission: Lead the pursuit of excellence in state government	
Data source	Division records.	
Owner	Scott Smith, 503-378-2973, Enterprise Information Strategy & Policy Division (EISPD) formerly IRMD	

1. OUR STRATEGY

The measure links to the agency goal of efficient and effective government infrastructure.

This measure links to an old strategy to help agencies complete e-government projects, as well as the implementation of the Oregon.gov Web site. This is no longer the focus of the E-government program, so new measures have been proposed and approved for the 2007-09 biennium.

2. ABOUT THE TARGETS

The targets represent success in integrating e-government activities into routine government business and the extent to which EISPD is helping agencies reach these goals. The higher the percentage, the better, with the ultimate goal that e-government eventually just becomes “government.”

3. HOW WE ARE DOING

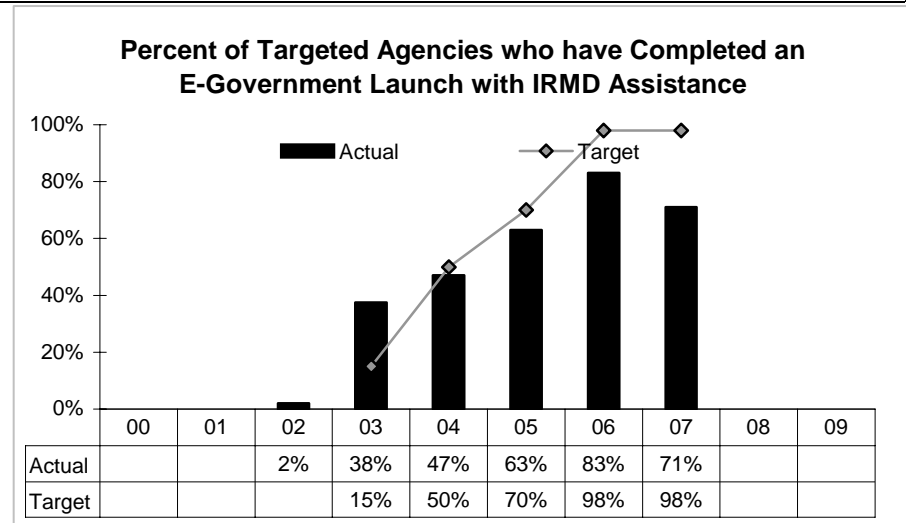
Progress is being made in the content management area, with 120 agencies now in the system. Six new commerce applications came on line in 2007 and are now available to the public. While the number of agencies has increased, two factors impeded attainment of the target: (1) fixing agency credit card security compliance issues consumed the equivalent of three new agency applications; and (2) one agency took two applications offline, while another agency never “turned their application on.” Essentially, six applications worth of effort were lost to security fixes and agency actions.

4. HOW WE COMPARE

Oregon was ranked 17th best in the nation in the 8th annual Brown University study, down from 3rd in 2006. Oregon’s rate of new e-commerce applications is low. Six new applications were made available in 2007 (50% more than in 2006), while some other states made as many as 20 available in the same time frame.

5. FACTORS AFFECTING RESULTS

Results were impacted by one major factor. Growing maintenance costs within a fixed budget diminish the program’s ability to create new applications and services. The program has grown significantly over 2006 levels: 20% more agencies in the content management system, 40% more content to manage, 50%



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more stores created than in 2006, and new e-forms service added. Investment in support staff resources to fulfill agency requests to integrate e-government activities into routine business has not kept pace. This is especially apparent in the Program's inability to fulfill enhancement requests.

6. **WHAT NEEDS TO BE DONE**

The E-government program needs to continue its effort to standardize and modularize e-government components and processes. This will enable more agencies to be targeted and completed within shorter time frames. The program must pursue new funding and revenue strategies to provide more staff resources if the program is to keep pace with the growth in state agency demand.

7. **ABOUT THE DATA**

The e-government data covers the time period from September 2006 to September 2007. What is reported is percent of planned actions that are completed. Data integrity is compromised by the fact that the E-government Program may not have access to all relevant data. The data for the planned component were taken mainly from coordinating body request lists for both e-commerce and content management and requests made by the Governor's Office. Instead of tracking actual verses planned, it would be better to track the overall outcome, e.g., percent of all agency customer business processes automated and online.

This KPM was approved by JLAC for deletion in the 07/09 biennium

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KPM #9	FORECAST RELIABILITY – Percent of members of Governor’s Council of Economic Advisors who rank the reliability of the economic forecast as very good to excellent.	Measure since: 2003
Goal	Efficient and effective government infrastructure	
Oregon Context	Mission: Lead the pursuit of excellence in state government	
Data source	Annual survey completed by the Office of Economic Analysis	
Owner	Dae Baek, Acting State Economist, 503-378-4052, Office of Economic Analysis	

1. OUR STRATEGY

This measure links to the DAS strategy of optimizing performance. Specifically, OEA strives to produce the most reliable Oregon Economic and Revenue Forecast possible each quarter.

2. ABOUT THE TARGETS

The targets were initially set before a baseline was established so they are lower than expected. A request was made to adjust the target to 90% for the 2007-09 biennium.

3. HOW WE ARE DOING

Although actual results have fallen slightly from 2005 to 2006, results for 2006 remain well above the target, suggesting that the Governor’s Council of Economic Advisors is very satisfied with the reliability of the economic forecast. The sample size remains too small to draw any reliable conclusion based on the data collected.

4. HOW WE COMPARE

The Office of Economic Analysis (OEA) results are significantly higher than results for similar surveys in other areas of the department. Until the sample size is increased, it is not appropriate to draw conclusions from comparative analysis.

5. FACTORS AFFECTING RESULTS

The population for this particular survey is too small to draw any reliable conclusions from the data.

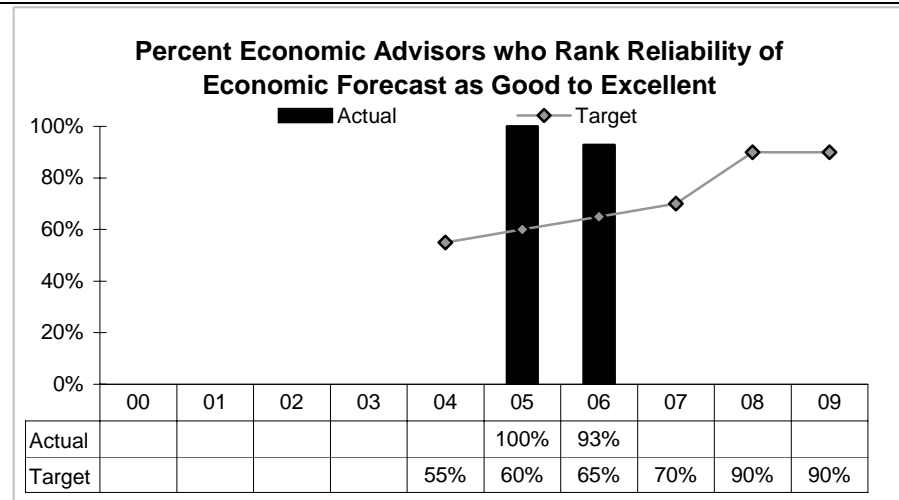
6. WHAT NEEDS TO BE DONE

OEA has received approval for a wording change which will increase the population size of the survey group to include all advisory committees and councils that OEA works with. This change is effective for the 2007-09 biennium. The survey for the 2006 CY still includes only the smaller survey group, but will expand in 2007.

7. ABOUT THE DATA

These results are from the DAS Annual Customer Service Survey. Total responses for OEA were 14, which represents one percent of the DAS combined results.

A wording change has been approved for the KPM by JLAC for the 07/09 biennium.



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KPM #10	<i>PEBB CUSTOMER SERVICE – Average employee satisfaction with PEBB benefit program in annual survey (scale of 1-10.) This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 2002
Goal	Excellent Customer Service	
Oregon Context	OBM #54 – Percentage of Oregonians without health insurance	
Data source	Annual Survey Conducted by PEBB	
Owner	Lydia Lissman, PEBB, 503-373-0800	

1. OUR STRATEGY

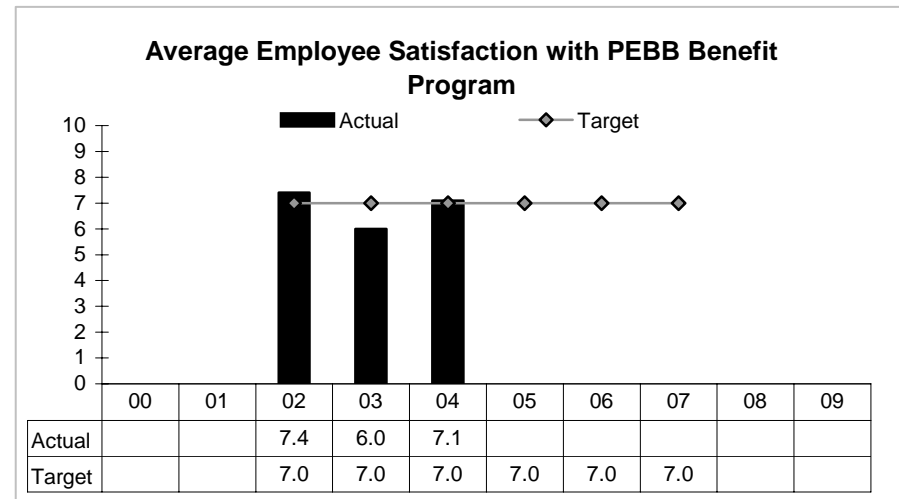
The measure links to the agency goal of excellent customer service and a strategy of fostering client relationships.

2. ABOUT THE TARGETS

The measure indicates the extent to which PEBB is meeting customer expectations for providing information and tools to assist members in the selection and management of PEBB sponsored benefits. A target of 7 was set prior to establishing the baseline in 2002, and extended to 2005-2007 following 2003 results.

3. HOW WE ARE DOING

In 2005 PEBB reported that several methodological shifts were made in its survey that made it difficult to report a performance value that might be trended against historical results. The survey asked customers to evaluate service on a 5 point instead of a ten point scale, and a “not sure” value was introduced with a 3 point score. PEBB reported that recalculating scoring would be a very labor intensive process. In 2006 PEBB replaced the annual Open Enrollment survey with an expanded *Annual Member Survey*. The new survey included questions to provide greater information on program-related elements in addition to customer service questions. The survey was web-based, and while paper surveys were not available, almost 9,000 members responded. Historically, this is the highest response rate to a PEBB survey. Overall, 84% of survey respondents rated PEBB benefits as either excellent or good. Of the 35% who contacted PEBB at some time during 2006, 86% rated PEBB customer service as good or excellent, and 80% said that they were able to get their questions answered to their satisfaction.



4. HOW WE COMPARE

There are no relevant public or private industry standards for comparison. PEBB is included in the DAS Customer Service Survey and utilizes the results from this tool to determine how PEBB compares with other DAS divisions in meeting customer service expectations.

5. FACTORS AFFECTING RESULTS

PEBB has continued to refine and update the annual member survey to provide actionable information for program and policy operations. While the annual survey is a valuable tool for this purpose, the process has resulted in a lack of consistency in asking the same questions and applying the same scales for data collection for this measure. This measure has been eliminated for the 2007-09 biennium since PEBB participates in the DAS customer service survey process.

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6. **WHAT NEEDS TO BE DONE**

PEBB has implemented strategies to respond to suggestions and concerns expressed in the 2006 survey. PEBB has made changes in the Open Enrollment Handbook and Open Enrollment process based on customer feedback. In addition, PEBB has implemented an advisory committee to bring more customer involvement into its policies and processes. PEBB will continue to conduct the annual member survey and make modifications to the 2007 survey. PEBB will utilize the customer service results from this and the DAS survey to continue program and policy improvement.

7. **ABOUT THE DATA**

The survey results are compiled by an independent source, but PEBB reviews all comments. The data for 2006 cannot be compared to prior years due to the mix of questions and the scoring system. PEBB finds value in being compared against other DAS divisions on common customer service indicators.

This KPM was approved by JLAC for deletion in the 07/09 biennium

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KPM #11	<i>PEBB CONTRACTS MANAGEMENT - Percentage of performance standards met by contractors. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>		Measure since: 2002
Goal	Efficient and Effective Government Infrastructure		
Oregon Context	OBM #54 – Percentage of Oregonians without health insurance		
Data source	PEBB internal tracking systems		
Owner	Lydia Lissman, PEBB, 503-373-0800		

1. OUR STRATEGY

The measure links to the agency goal of efficient and effective government infrastructure.

2. ABOUT THE TARGETS

The 95% target assumes a high level of compliance on the part of plan contractors. Not listing 100% as the target acknowledges that contractors may experience barriers that impact their ability to achieve flawless performance.

3. HOW WE ARE DOING

This measures contractor compliance with submission of reports to PEBB. This measure was eliminated for the 2007-09 biennium because compliance with reporting is not truly an indicator of performance against standards. For this reason, and because of high performance in the past, compliance with reporting timelines is no longer tracked. The Contracts Manager estimates that reporting compliance is meeting the target.

4. HOW WE COMPARE

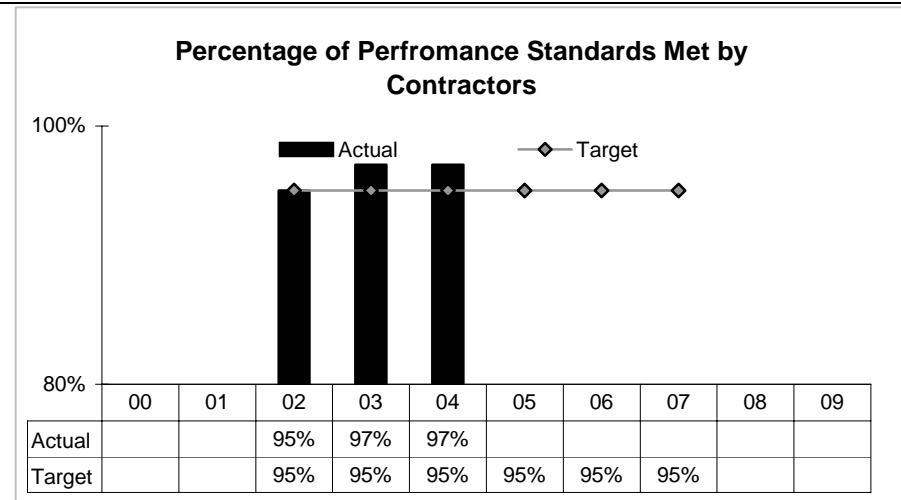
There are no relevant public or private industry standards for comparison.

5. FACTORS AFFECTING RESULTS

This data is of marginal value as it measures only a narrow contract element

6. WHAT NEEDS TO BE DONE

This measure was eliminated for the 2007-09 biennium. Instead, PEBB is implementing a monitoring tool that will track both the submission of reports by contractors and the completeness of the information. In addition, PEBB is focusing on the development of meaningful measures of clinical outcomes, progress in achieving the PEBB Vision elements, and administrative effectiveness.



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7. **ABOUT THE DATA**

Historically, PEBB tracked the percentage of reports submitted on a quarterly basis, and summed this value to calculate an annual total. PEBB is no longer tracking data to support this measure.

This KPM was approved by JLAC for deletion in the 07/09 biennium

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KPM #12	RISK MANAGEMENT – Annual number of workers’ compensation, liability, and property claims per 100 FTE.	Measure since: 1999
Goal	Efficient and effective government infrastructure	
Oregon Context	Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality	
Data source	Risk Management Information System (RiskFolio).	
Owner	Bob Nies, Risk Management Program, 503-378-5521, State Services Division	

1. **OUR STRATEGY**

The strategy is to reduce the number of workers’ compensation, liability, and property claims, thereby lowering the overall number of claims.

2. **ABOUT THE TARGETS**

The target rate is the average number of claims for the last 5 years for workers compensation and liability and the average number of claims for the last 3 years for property.

3. **HOW WE ARE DOING**

The combined claims rate has generally stabilized between 6 and 6.5 claims per 100 FTE over the last five years. The rate reduction in 2003 is attributed to a property loss deductible increase from \$500 to \$2500, which resulted in fewer property claims being filed with Risk Management. In 2007, the total number of claims decreased, driven by a 12% drop in high-volume WC “medical only” claims and a 5% drop in liability claims.

4. **HOW WE COMPARE**

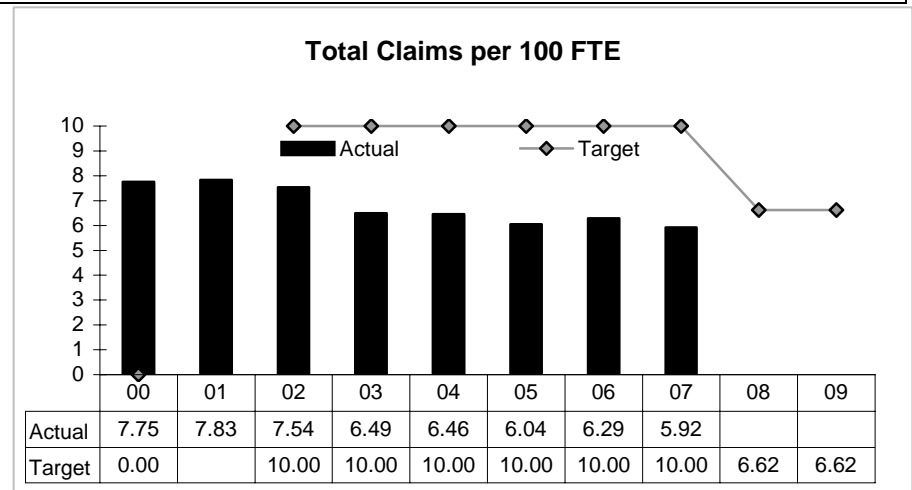
The measure is used to compare our current rate to our historical rate. The 5.92 rate recorded in 2007 is the lowest rate in several years and below the target rate.

5. **FACTORS AFFECTING RESULTS**

This measure aggregates results from workers’ compensation, liability, and property claims. Unusual events in any given year in any one of these categories will result in atypical results for the aggregated measure.

6. **WHAT NEEDS TO BE DONE**

In 2006, the Safety and Wellness Leadership Initiative (SWLI), a state government-wide initiative to improve workplace safety, wellness, and return-to-work opportunities for state employees, was initiated. The steering committee is chaired by DAS Director Lindsay Ball and led by agency directors from Corrections, Human Services, Environmental Quality, and Transportation. Additional members include technical advisors from SAIF; Oregon OSHA, Workers’ Compensation Division; PEBB; DAS HRSD; and Risk Management. Risk Management is working closely with state agency safety and risk managers to build resources and support systems to enhance state government efforts to reduce the number of property and liability claims as well. A new Risk Management Information System (RMIS) is due to come online in early 2008 and is expected to improve claims reporting and analysis capabilities.



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7. ABOUT THE DATA

The reporting cycle is based on the fiscal year. Data are available annually by the end of August. Beginning in 2007, the data will be disaggregated into the individual components: workers' compensation, liability, and property.

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KPM #13	<i>RISK CLAIMS COSTS – Percent reductions/increase in current claims cost compared to previous biennium This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 2001
Goal	Efficient and Effective Government Infrastructure	
Oregon Context	OBM #35 – Governing Magazines ranking of public management quality	
Data source	Risk Management Information System (RiskFolio) and data from SAIF Workers’ Compensation Statewide summary sheets	
Owner	Bob Nies, Risk Management Program, 503-378-5521, State Services Division	

1. OUR STRATEGY

The strategy is to reduce overall claims costs.

2. ABOUT THE TARGETS

The target is a percentage decrease in claim costs over the last biennium. Claim costs are “cash flow” expenditures that occur during the biennium, regardless of claim loss dates.

3. HOW WE ARE DOING

Total claim cost increases slowed to 1% in 2007 compared to 7% in 2005. Without the 1995 Young Case penalty and interest payments of \$7.9 million, the 2007 total claim cost decreases by 14% in 2007.

4. HOW WE COMPARE

This measure compares the current cost of state government claims to past costs. There are no available comparisons to an industry standard or to other like entities.

5. FACTORS AFFECTING RESULTS

The litigation climate, medical cost inflation, and the timing of large case settlements and payments are examples of factors affecting the results of this measure.

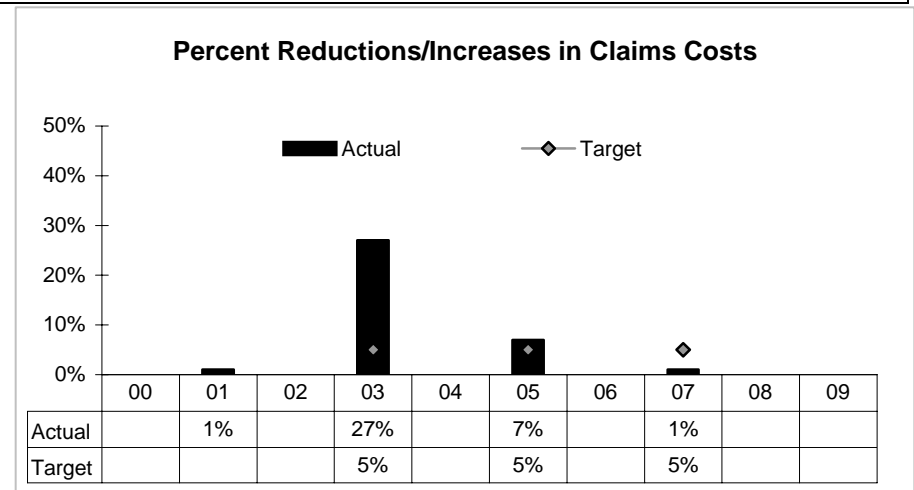
6. WHAT NEEDS TO BE DONE

This measure was eliminated for the 2007-09 biennium; no further action taken on this measure.

7. ABOUT THE DATA

The reporting cycle is biennial, and data are available by August/September of odd-numbered years.

This KPM was approved by JLAC for deletion in the 07/09 biennium



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KPM #14	<i>RISK MANAGEMENT COSTS – Cost of risk per \$1,000 of operating budget. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</i>	Measure since: 1999
Goal	Efficient and Effective Government Infrastructure	
Oregon Context	OBM #35 – Governing Magazine’s ranking of public management quality	
Data source	Actuarial review by PricewaterhouseCoopers, insurance costs paid to commercial insurers and Risk Mgmt budget for administrative costs	
Owner	Bob Nies, Risk Management Program, 503-378-5521, State Services Division	

1. OUR STRATEGY

The strategy is to reduce the cost of risk per \$1,000 of state operating budget. Since FY 2002, it has been based on total budget of the state; prior to that, it was based on operating budget alone.

2. ABOUT THE TARGETS

This KPM measures the cost of risk per \$1,000 of state operating budget. The measure gives an indication of the total cost of the state risk management program. Costs consist of claim payments, legal fees, commercial insurance premiums, claims administration, and other operating costs of the DAS Risk Management Program compared to the state budget.

3. HOW WE ARE DOING

By this measure, costs have stabilized. Data is not available annually until October; this is after the annual reporting period, therefore statistics lag one year behind.

4. HOW WE COMPARE

This measure was eliminated for the 2007-09 biennium.

5. FACTORS AFFECTING RESULTS

Factors affecting results include marketplace pricing for commercial insurance premiums, the state’s claims experience, and inflationary factors on operating costs.

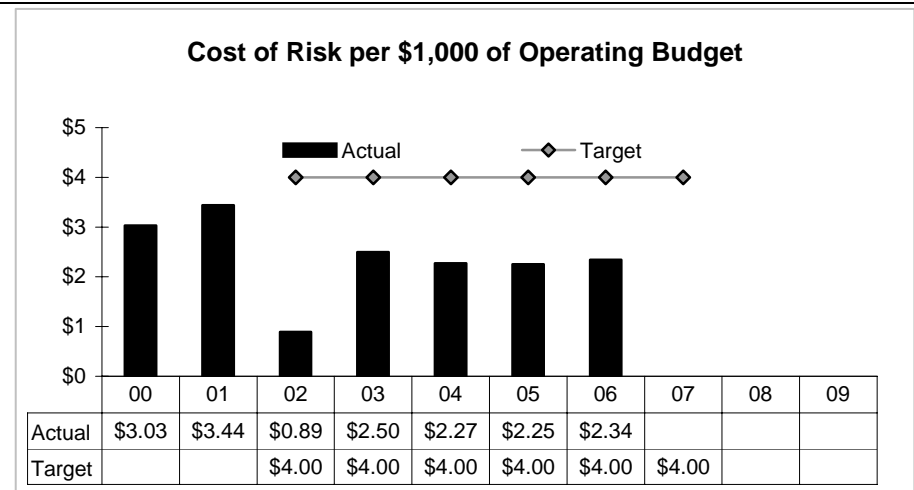
6. WHAT NEEDS TO BE DONE

This measure was eliminated for the 2007-09 biennium; no further action taken on this measure.

7. ABOUT THE DATA

The reporting cycle is based on the fiscal year. Data are available annually by October. More details can be obtained from Robert Nies, DAS State Services Division.

This KPM was approved by JLAC for deletion in the 07/09 biennium.



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KPM #15	FINANCIAL REPORTING – Number of years out of the last five that State Controller’s Division wins GFOA Certificate of Achievement.	Measure since: 1999
Goal	Efficient and effective government infrastructure	
Oregon Context	Mission: Lead the pursuit of excellence in state government; OBM #35 and #36	
Data source	GFOA coordinates the review and awards the certificate.	
Owner	Jean Gabriel, State Controller’s Division, 503-373-7277 ext. 253	

1. OUR STRATEGY

The strategy is to optimize performance.

Successful statewide financial reporting is a cooperative effort between the State Controller’s Division (SCD) and fiscal offices in all state agencies.

2. ABOUT THE TARGETS

Our goal is to earn the Certificate of Achievement for Excellence in Financial Reporting every year. We selected this target because the State Controller’s Division intends to continue ensuring that the State’s annual financial report complies with current accounting and financial reporting standards.

3. HOW WE ARE DOING

The SCD has met the target every year since this measure was adopted. The Government Finance Officers Association (GFOA)

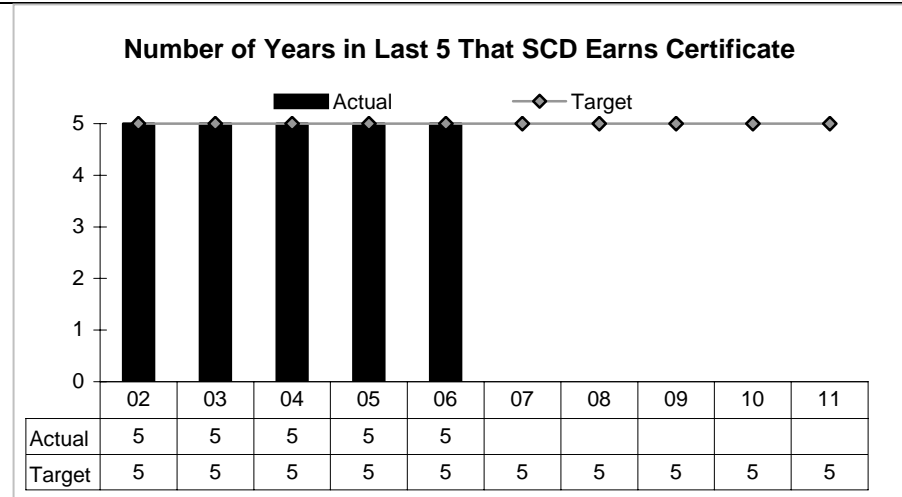
Certificate of Achievement for Excellence in Financial Reporting award signifies that the State’s Comprehensive Annual Financial Report (CAFR) meets the high standards of the GFOA program, including receiving an unqualified audit opinion and demonstrating a constructive spirit of full disclosure to clearly communicate financial results. Earning the certificate demonstrates fiscal accountability and compliance with accounting and financial reporting standards.

4. HOW WE COMPARE

Participation in the GFOA Certificate of Achievement program is voluntary. Currently, 43 state governments submit their annual financial report to GFOA for review. For fiscal year 2004, 95% of the states that submitted their reports for review were awarded the Certificate of Achievement for Excellence in Financial Reporting. The percentage for fiscal year 2003 and 2002 was also 95%. Thus, a very high percentage of those states that submit their CAFR earn the award. This is consistent with Oregon’s performance. Although we (Oregon) received our results earlier this year than last year, this does not correlate with the comparisons. The source for comparisons is a separate report issued by GFOA. We do not have comparison results available for years after 2004 at this time.

5. FACTORS AFFECTING RESULTS

The extent and complexity of new accounting and financial reporting standards promulgated by the Governmental Accounting Standards Board (GASB) affects our results. Implementation of new standards on a statewide basis requires focusing resources to plan, modify systems as needed, update policies,



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and provide training to state agencies. Other factors affecting results include fiscal staffing levels at state agencies, level of staff expertise, turnover, and the ability of each agency to provide timely and accurate information for fiscal year end closing.

6. **WHAT NEEDS TO BE DONE**

The SCD needs to continue to retain financial reporting staff that are highly competent professionals and invest in staff training to keep abreast of new accounting and financial reporting standards. In addition, the SCD needs to continue to devote sufficient resources to plan for implementation of new standards, modify systems as needed, and provide clear guidance through policies and training for agency fiscal and management staff.

7. **ABOUT THE DATA**

The data is reported based on Oregon's fiscal year, which ends June 30. Results of the GFOA review are based on an independent, objective analysis by members of the Special Review Committee using a comprehensive checklist.

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KPM #16	PROCUREMENT EFFECTIVENESS – Estimated savings resulting from price agreement pricing compared to prices that would be paid without the benefit of a price agreement.	Measure since: 2002
Goal	Efficient and effective government infrastructure	
Oregon Context	Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality	
Data source	Data systems in the State Procurement Office.	
Owner	Dianne Lancaster, State Procurement Office, 503-378-3529, State Services Division	

1. **OUR STRATEGY**

The strategy is to contain procurement costs through the use of negotiated price agreements.

State agencies under the purchasing authority of DAS participate in the use of price agreements, as well do other local governments and educational entities whenever feasible.

2. **ABOUT THE TARGETS**

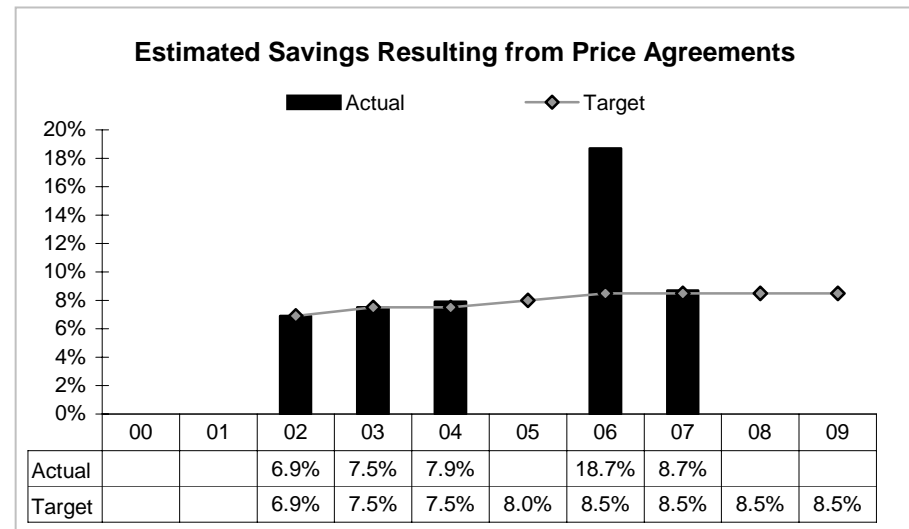
A composite index of high-use commodities measuring the cumulative annual savings gained through the statewide price agreements compared to equivalent market pricing was established in 2002. Targets were established that were moderately increasing over the years. A high and increasing percentage of savings is ideal.

3. **HOW WE ARE DOING**

Targets have been met for all years for which market data has been captured. For FY 2006, a savings spike was observed which could be partly attributable to the effects of the Oregon Smart Buy Program, market pricing on the rise while the pricing structure of existing agreements remained fixed, and high volumes of sales in categories of spend with a high percentage of savings. For FY 2007, the savings align back with the first three years. The savings still meet our target. This return to more historical figures is partially explained by increased pricing effective 2nd Quarter 2006 in the category with the most spend under Oregon Smart Buy: Office Supplies. Also, a marginal performance in Vehicles and a lesser but still good performance in Computer Hardware and Industrial Paper all contributed to this normalization of performance.

4. **HOW WE COMPARE**

A market basket of five commodities—Vehicles, Computers, Office Supplies, Janitorial Supplies, and Cellular Phones—was compared against other state pricing where available (California, Washington, Colorado, Idaho, Nevada), pricing available under the federal General Services Administration (GSA) agreements, pricing from US Communities, and pricing from competitors to the existing vendors for the statewide contracts. Four of the five commodities



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reflect positive savings which all contribute to the composite savings of 8.7%. Two categories show increased sales in the period of study, three categories show decreased volumes. This indicates a slowing in purchasing from the previously observed steadily increasing trends which may be merely attributable to a stronger demand management. For example, there have been significant decreases in cellular phone purchases where demand management techniques have been actively applied in the last few years. The strength of sales to local governments and educational organizations is still an indicator of Oregon's competitive pricing for its statewide contracts. Substantial savings in Computers are still observed with savings of 16.2%. Cellular phones show a higher percentage of savings than last year at 12.2%, yet sales are down as noted above. Industrial Paper savings are still significant at 25.5%.

5. FACTORS AFFECTING RESULTS

The methods of strategic procurement developed as a result of the Oregon Smart Buy Initiative continue to be reflected in the results for 2007, after three full years of operation. Fixed discounts on sales of personal computers (desktops, laptops, servers) continue to be a contributor to savings. Increased pricing for the Office Supplies category resulted in a lesser performance than last year. Demand management may have contributed to smaller sales for some categories. The cyclical nature of procurement and price agreements may explain the observed erosion of savings since last year, suggesting more scrutiny in some cases and calling for a new cycle to be initiated when conditions warrant it.

6. WHAT NEEDS TO BE DONE

While the current procurement methodologies used are essentially sound, there is a need for more procurement decisions to be data-based. For three of the categories under study, new solicitations have recently taken place or are taking place in an effort to maintain or increase performance. The knowledge gained through this study will continue to be used in the decision-making process for subsequent contracts or contract re-negotiations. For example, the results experienced for Vehicles indicate a need for additional analysis and may indicate a need for a new strategy or approach. Continual capture, monitoring, and methodical analysis of spend data is necessary. Ideally, a spend profile would be developed throughout the term of a price agreement and contracts or pricing negotiations would only be made in the light of these profiles. Availability of resources constrains the development of such spend profiles. But a minimum threshold of data research and analysis is necessary to support a prioritization of effort.

7. ABOUT THE DATA

The reliability of the data is fair to good. Using a diverse array of five categories of contracted goods with individual data over a continuous 12-month period guarantees a good representation and accuracy. To account for the many different products offered even within a single category of spend, efforts were exerted this year in selecting for comparison an even larger sample of items (e.g. for Office Supplies, 49 items were sampled representing more than 30% of the reported statewide spend for the month of May 2007; for computers, more than 35 different products were sampled). Also, comparisons were made against more comparator sales channels (e.g. vendors, states, GSA, US Communities). For the Janitorial Supplies category, pricing data was analyzed for its Industrial Paper sub-component and the findings assumed to apply, with a good level of confidence, to the entire spend of Janitorial Supplies for the period under study. One of the challenges remains the determination of suitable matches between those items selected as representative of the actual spend patterns for the state and those same items or equivalent products available from the different channels of distribution studied (e.g. finding timely price data for computers with many specific parameters and configuration in a market that sees an evolution of its products every few months).

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KPM #17	INFORMATION SECURITY - Percentage of actions identified in HB 3145, or the resulting Enterprise Security Office Strategic Plan, completed on time. This measure was presented to JLAC on September 14, 2006 and moved to the November 2006 Consent Calendar where it is expected to be adopted for the 07/09 biennium.	Measure since: 2006
Goal	Adaptable government for future generations	
Oregon Context	Agency Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality	
Data source	Enterprise Security Office (ESO) Business Plan and progress reports	
Owner	Theresa Masse, State Chief Information Security Officer, 503-378-4896 , Enterprise Information Strategy & Policy Division	

1. **OUR STRATEGY**

The DAS strategy is to protect the state’s information assets and systems. The Enterprise Security Office (ESO) works to secure the confidentiality, integrity, and availability of state information assets and systems by focusing on reducing risk, promulgating and implementing applicable policies, and developing standards and guidelines for implementation of security safeguards. The ESO’s goal is to mitigate the risk caused by threats and vulnerabilities.

In these efforts, the ESO is working with state government agencies, the State Data Center, county governments, and national partners.

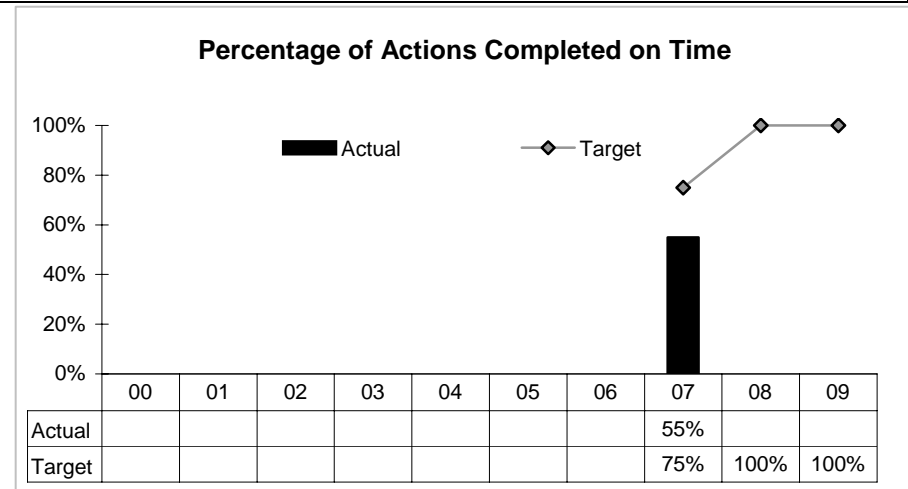
2. **ABOUT THE TARGETS**

House Bill 3145 (2005 Legislative Session, codified in ORS 182.122) and the resulting Strategic Plan provide direction to meet the goals identified in the Bill and resulting plan. By measuring progress against these actions, the agency can measure its success in developing the infrastructure and frameworks to assist state agencies and partners in reducing risk to information assets and systems.

3. **HOW WE ARE DOING**

House Bill 3145 was passed in the 2005 Legislative Session. DAS responsibilities outlined in the legislation are listed below, along with the progress to date for each responsibility:

- *Establish a state information systems security plan and associated standards, policies, and procedures* – An Information Security Business Risk Assessment was initiated in 2nd Quarter 2007. Based on the results of that assessment, an enterprise strategic plan and tactical initiatives will be identified. An initial suite of enterprise information security policies was identified and at the close of the 2006-2007 fiscal year, four were near completion and ready for implementation. An additional security policy, Transporting Information Assets, was approved in June 2007. The enterprise Acceptable Use policy is also near completion. The ESO is developing an enterprise security architecture that will incorporate the State Data Center security architecture.



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II. KEY MEASURE ANALYSIS

- *Review and verify the security of information systems operated by or on behalf of state agencies* – DAS has undertaken an enterprise Information Security Business Risk Assessment to be conducted in and have reports completed by 3rd Quarter 2007. The assessment covers 13 state agencies of varying size, business type, and geographic dispersion. The results of the assessment will be used to establish a baseline for future measures and identify strategic planning goals and initiatives.
- *Monitor state network traffic to identify and react to security threats* – the State Data Center is actively monitoring network traffic and has established a local incident response capability to respond to identified threats. Significant improvements in the state network provide better protection for state information assets.
- *Conduct vulnerability assessments of agency information systems* – A statewide master contract is in place to enable agencies to obtain assessment services. In addition to the Information Security Business Risk Assessment initiative detailed above, targeted agency vulnerability assessments are in process or have been planned for the Judicial Department, Oregon State Treasury, and Employment Department. A vulnerability assessment for the State Data Center is in the planning stages.
- *Contract with qualified, independent consultants for the purpose of conducting vulnerability assessments* – A master contract has been executed with KPMG, LLC to conduct assessments and other activities associated with House Bill 3145. This master contract is being used for the Information Security Business Risk Assessment, the four agency-specific vulnerability assessments identified above, and strategic and tactical planning activities.
- *Develop and implement policies for responding to events that damage or threaten information or information systems* – Policies and plans for an enterprise incident response capability have been drafted and will be presented to stakeholders for input in 4th Quarter 2007. An enterprise incident response team was established using DAS resources and will be expanded to include participants from other agencies by 1st Quarter 2008. A forensics lab was established in 2nd Quarter 2007.
- *DAS shall adopt rules to carry out its responsibilities* – An administrative rule was adopted December 2006
http://arcweb.sos.state.or.us/rules/OARS_100/OAR_125/125_800.html

4. HOW WE COMPARE

There are no industry standards or comparable measures to compare against. Enterprise policies and security initiatives are based on recognized standards and best practices including the International Standards Organization (ISO) and National Institute of Standards and Technology (NIST).

5. FACTORS AFFECTING RESULTS

Effective information security processes require an organization to examine internal procedures and controls at a depth and breadth not commonly found when implementing typical enterprise-wide policies. This factor can affect results in two ways. (1) Due to the depth of organizational impacts, multiple stakeholder groups (Business Managers, Chief Information Officers, Information Security Specialists, Agency Heads, and an Enterprise Information Security Advisory Board) were convened to participate in policy development and review. This results in a longer policy development period than that for a typical enterprise level policy. (2) To implement security policies requires significant agency resources to review internal procedures and controls at almost all levels of the organization. This can impact an agency's ability to quickly make changes needed to immediately achieve compliance. Agency resource availability and existing work priorities can also impact an agency's ability to quickly reengineer processes to include appropriate information security controls.

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II. KEY MEASURE ANALYSIS

Limited contracting capacity was a factor that contributed to delays in awarding third party contracts and amendments. The division reorganization and move was a factor in delaying the remodel of the forensics lab.

6. **WHAT NEEDS TO BE DONE**

The ESO will develop a strategic security plan that addresses the risks identified in the Business Risk Assessment. The ESO will also identify actions needed to mitigate assessment findings, measure the progress of agencies and the division in taking mitigation actions. Finally, the ESO will develop and implement additional information security policies and work with agencies to facilitate implementation and train agencies on the policies.

7. **ABOUT THE DATA**

The data is based on the actions completed to carry out the mandates of HB 3145. It is difficult to assess the relative weight of one action over another.

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KPM #18	INFORMATION SECURITY BUSINESS RISK– Percentage of identified business risk that is remediated. This measure was presented to JLAC on September 14, 2006 and moved to the November 2006 Consent Calendar where it is expected to be adopted for the 07/09 biennium	Measure since: 2006
Goal	Adaptable government for future generations	
Oregon Context	Agency Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality	
Data source	Enterprise Security Office (ESO) assessment reports and data reports pulled from ESO’s Assessments Database	
Owner	Theresa Masse, State Chief Information Security Officer, 503-378-4896, Enterprise Information Strategy & Policy Division	

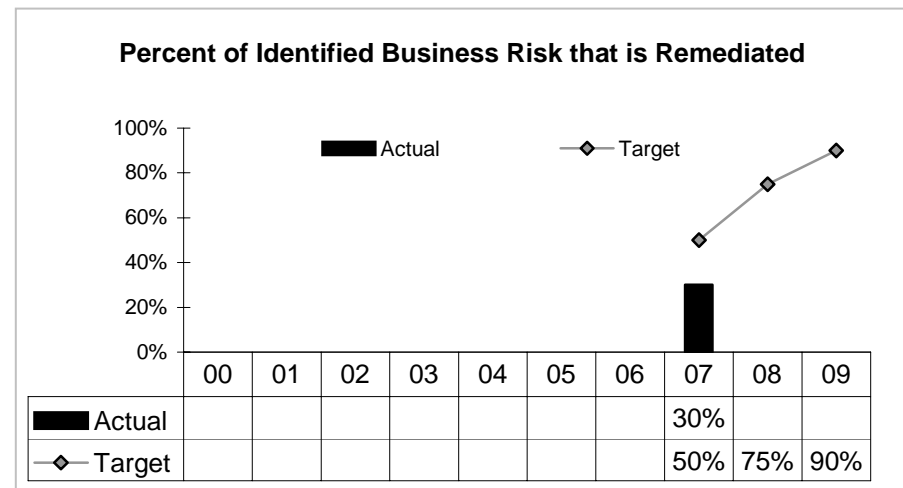
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In these efforts, the ESO is working with state government agencies and stakeholder groups.

2. **ABOUT THE TARGETS**

A regular cycle of risk and vulnerability assessments will identify potential areas of risk across the enterprise. If DAS and affected agencies are successful in identifying and remediating these risks and vulnerabilities, future assessment cycles should reflect an improved security posture. Absent a baseline value, it is difficult to speculate on a realistic target. Ultimately, we want this percent to be close to 100%.



3. **HOW WE ARE DOING**

The primary method for indicating performance against this measure is to report progress in remediating business risks identified in an enterprise Information Security Business Risk Assessment. A contract is in place with a third party vendor, as required by HB3145 (2005 Legislative Session), and the initial assessments began in 2nd Quarter 2007. Results from the early assessments will provide a baseline for future measurements. Due to contracting delays, the assessment that sets the baseline for required remediation is not anticipated to be completed until 3rd Quarter 2007.

4. **HOW WE COMPARE**

Assessments are subjective in nature and there are no industry-specified categories or measurement scenarios that can be used to measure results against similar organizations. DAS will continue to work with state and national partners to identify potential risk categories, the latest industry trends, and industry-recognized practices that can be incorporated into the DAS model.

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II. KEY MEASURE ANALYSIS

5. **FACTORS AFFECTING RESULTS**

Delays in contracting affected actual delivery dates in the 2006-07 fiscal year conducting the assessments necessary to identify business risks. Once business risks are identified, available agency resources for reassessment of current practices and redesign with appropriate security processes and controls is likely to be a factor in how quickly risks are remediated.

6. **WHAT NEEDS TO BE DONE**

The ESO will complete assessments on a regular basis and identify actions needed to mitigate assessment findings. Agencies and EISPD will take actions to reduce risks identified in assessments.

7. **ABOUT THE DATA**

Data on risk will be produced with each completed assessment. Remediation efforts that address all risks identified in the assessment will be documented in a remediation plan. The percentage of risk remediated will be a measure of the percent completion of the remediation plan. This data collection and analysis strategy may need to be revisited once an actual assessment is complete.

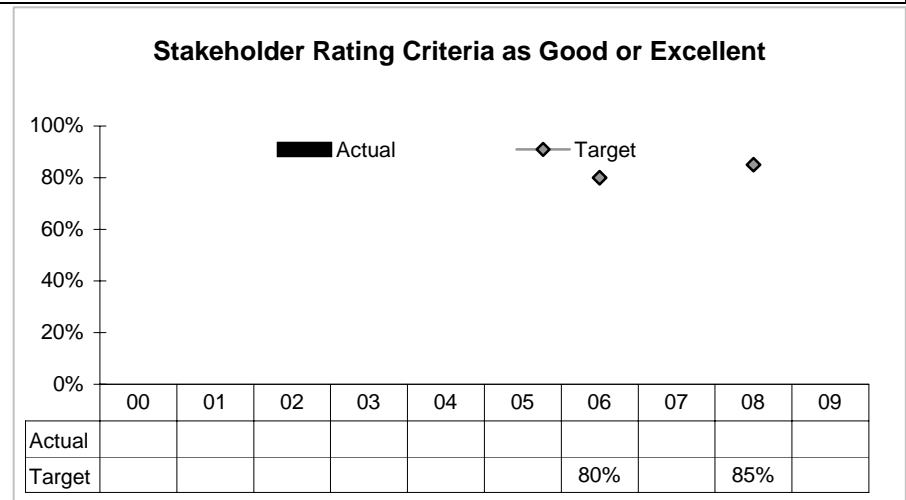
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II. KEY MEASURE ANALYSIS

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KPM #19	HEALTH POLICY – Percent of key healthcare policy stakeholders who rate the a) usefulness, b) objectivity, c) reliability of healthcare data provided by Office for Health Policy and Research (OHPR) as good or excellent.	Measure since: e.g. 1999
Goal	Effective policies with clear direction	
Oregon Context	Mission: Lead the pursuit of excellence in state government; OBM #54 – Percentage of Oregonians without health insurance	
Data source	Biennial survey data gather by OHPR staff.	
Owner	Jeanene Smith, Office for Health Policy and Research, 503-373-1625	

1. **OUR STRATEGY**
See #7
2. **ABOUT THE TARGETS**
See #7
3. **HOW WE ARE DOING**
See #7
4. **HOW WE COMPARE**
See #7
5. **FACTORS AFFECTING RESULT**
See #7
6. **WHAT NEEDS TO BE DONE**
See #7
7. **ABOUT THE DATA**
Due to the passage of SB 329, effective 7/1/07; the Office for Health Policy and Research was transferred from Department of Administrative Services to Department of Human Services. DAS is removing reporting requirements for this measure.



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III. USING PERFORMANCE DATA

Contact: Mini Kobbervig	Phone: 503-378-8267
Alternate: Kris Kautz	Phone: 503-378-4691

The following questions indicate how performance measures and data are used for management and accountability purposes.

1 INCLUSIVITY Describe the involvement of the following groups in the development of the agency’s performance measures.	DAS developed a strategic plan and took steps to align the KPMs to the plan. The strategic plan was developed with input from internal staff and managers, and with feedback from a small group of state agency heads. A draft plan was also shared with a state government strategic planning peer group.
2 MANAGING FOR RESULTS How are performance measures used for management of the agency? What changes have been made in the past year?	The department’s focus for the last year has been on developing the tools and processes required to manage for results. With a strategic plan in place, the realignment of KPMs, and division-level plans with related agency-wide and program-level performance measures, the agency is now poised to begin having progress and performance evaluation discussions. These sessions will be designed as a forum for resolving issues, learning, and making adjustments critical to ensuring continued success.
3 STAFF TRAINING What training has staff had in the past year on the practical value and use of performance measures?	Over the last year, business plan and KPM discussions were conducted at executive manager meetings as well as individually at division manager meetings. The discussions covered components of a system of managing for results and reviewed the strategic and business planning processes.
4 COMMUNICATING RESULTS How does the agency communicate performance results to each of the following audiences and for what purpose?	<u>Staff:</u> DAS staff receives personal feedback on performance from their managers at least annually as part of the performance appraisal system. The target is to operate at 100%. This has been incorporated into the business plan quarterly reporting process and is expected to increase timely communication. <u>Elected Officials, Stakeholders and Citizens:</u> The <i>Annual Performance Progress Report</i> is the primary vehicle that DAS uses to communicate performance results to external stakeholders and is posted online at: http://www.das.state.or.us/DAS/about_us.shtml