



Oregon

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TO: Advisory Committee on Government Performance and Accountability

FROM: Theresa McHugh
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SUBJECT: Update on Actions to Implement Committee Recommendations

This administration's performance and accountability initiatives continue to mature and evolve. Below is a summary of the actions to date for each of the recommendations the Advisory Committee made in its report in January of this year. We look forward to reviewing our accomplishments and continuing challenges with you on Thursday.

Ensure Agencies & Programs Are Accountable For Their Performance

Recommendation 1: Develop a consistent framework for establishing a results-based government that identifies core functions and sets statewide priorities.

Desired Results: Identify core government functions and state priorities to focus resources and improve collaboration among various levels of government.

Action: The Governor has instituted a Smart Budgeting exercise that is being used in developing the FY 2005-07 state budget. The budget will be organized around six Governor's principles that will focus resources. Data is being gathered that describes current and potential state government programs and services, who is served by the programs and services, and what evidence of outcomes or return on investment exists. The process will include increased collaboration both within state government and with state partners, as well as a Governor's recommended budget that clearly identifies what has been proposed for funding and what has not.

Recommendation 2: Improve the process for developing and implementing performance measures across government.

Desired Results: Consistent performance measures that are easily implemented, effectively linked to budgets, and used to inform decisions.

Action: The performance measure system that was developed in 2001 will be carried forward into the 2005-07 biennium. Consistency has been improved by

1) requiring that all agency performance measure changes be approved in advance by the Department of Administrative Services and the legislature; 2) including performance measures as a key component of the Smart Budgeting exercise described in Recommendation 1; and 3) general broadening of interest in performance measures on the part of key legislators.

Recommendation 3: Review performance incentives for agencies and staff.

Desired Results: Agencies and employees recognized and rewarded for improvements in government performance and accountability.

Action: While we agree that recognizing employees is an important part of our work, we do not think the general public would support any financial incentives at this time.

There currently is a statute that creates a productivity improvement fund for agencies to use as seed money for projects related to increased productivity. However, these funds were cut during the past session due to the budget deficit.

Recommendation 4: Develop performance measures to benchmark regulatory streamlining efforts.

Desired Results: Regulations that are based on outcomes, not processes.

Actions:

1. Agency budget instructions included guidance to all agencies to, at a minimum, adopt performance measures for customer satisfaction and regulatory process cycle time (where appropriate).
2. An interagency work group has developed a standardized approach for customer service assessment that agencies are required to adopt.
3. In September 2003 a statewide Business Climate Survey established a baseline for customer satisfaction regarding the state's overall regulatory environment. Follow-up survey(s) will monitor progress.

Recommendation 5: Improve public access to and review of state performance measures.

Desired Results: Greater public accountability of agency and program performance.

Actions:

1. All agency annual performance measure reports and performance measure forms are available on state websites.

2. The Progress Board has established an advisory committee on citizen-friendly performance reporting that will make recommendations to the state about how to improve performance reporting including increased public access.

Recommendation 6: Develop Agency Head Expectations that align state goals and priorities with daily operations.

Desired Results: Increased job accountability and connection of agency performance to state goals and priorities.

Actions: This activity was initiated, although with the change in positions in DAS and the Governor's Office, it has not progressed as quickly as originally designed. The Governor has established regular meetings with directors of key agencies and remains committed to ensuring that agency operations are aligned with priorities.

Recommendation 7: Establish shared performance measures to improve the effectiveness of core functions and programs that cut across multiple agencies.

Desired Results: Enhanced inter-agency cooperation based on outcomes and alignment with core functions.

Actions: It is anticipated that one of the outcomes of Smart Budgeting will be shared performance measures of agencies performing like functions.

Align Government Structures To Effectively Deliver Core Functions

Recommendation 8: Agencies and programs aligned around core functions.

Desired Results: State agencies aligned to core functions with less duplication and greater cooperation.

Actions: We do not feel we are at a point to clearly show the benefit of re-aligning agencies. The Governor's efforts around Smart Budgeting will begin to clarify whether the structure of government contributes to achieving his principles, but we are just starting down this road.

On the other hand, the various initiatives around accountability and performance including data center consolidation, strategic sourcing, e-government and regulatory streamlining are resulting in significant agency collaboration and thinking at the enterprise level.

Recommendation 9: Reduce redundancy of boards and commissions through elimination, consolidation and/or alternative structures.

Desired Results: Boards and commissions that support core functions and reduce redundant business operations.

Actions: While we acknowledge that there is a proliferation of boards and commissions, the reality is that they are self-supporting and do not drain the state's general fund. For this reason, the cost: benefit of reducing them is not a priority at this time. We will, however, continue to assess the degree to which major change in their structure would enhance government accountability.

Recommendation 10: Reduce the regulatory overlap among agencies

Desired Results: Fewer conflicting regulations and unnecessary jurisdictional overlap.

Actions:

1. Projects underway to reduce overlap:
 - a. Convenience stores licensing. Currently regulated by 12 state agencies; work group established to develop combined renewals of licenses. May move on to combined initial licensing. Exploring State of Washington model for centralized statewide business licensing function.
 - b. Hazardous materials regulation. Stakeholder interviews under way to identify and narrow range of potential improvements. Intent is to identify actionable, manageable problems identified by businesses as real barriers or cost generators, then establish project teams to work those issues.
 - c. Construction permitting stakeholder discussions. Currently being held among stakeholders of Building Codes Division, Construction Contractors Board, State Fire Marshal. Objective is to consider consolidation of various state licensing and permitting functions related to construction into one entity.
 - d. Hospital regulation. Preliminary investigation under way regarding multiple levels of life-safety and health regulation for hospitals. Topics include state and local fire inspection, multiple plan reviews for construction/expansion, varying standards and expectations for bringing facilities up to code, and conflicting requirements for different health issues (e.g., hand sanitizers for infection control, vs. no sanitizers due to fire hazard).
2. Area of overlap identified, no projects underway at this time:
 - a. Water regulation. Seven or more agencies involved in aspects of water quality, use, wetlands regulations, etc.

Make Policies And Regulations Effective, Responsive And User-Friendly

Recommendation 11: Identify critical areas for regulatory streamlining.

Desired Results: Regulatory challenges are clearly identified with action plans for resolution.

Action: Over two hundred regulatory streamlining and regulatory customer service improvement projects have been identified and are underway. Each has a specific action plan. Through use of surveys, online suggestions and industry meetings, additional streamlining projects are being developed continuously.

Recommendation 12: Streamline land use regulations and permitting processes.

Desired Results: Land use and development bottlenecks are identified and resolved.

Actions:

1. The Advisory Committee on Regulatory Permitting (HB 2011) has major responsibility for land use process streamlining. Its current focus is on:
 - a. permit processes;
 - b. appeals process;

- c. transportation investments, financing, development restrictions;
 - d. water-related permitting; and
 - e. statewide land use Goal 9.
2. A project, developed in partnership with local government, will provide a model, streamlined process for considering a project for local authorization. It will include a standard pre-application conference process, systems development charge calculator and other tools.

Recommendation 13: Streamline the process for starting a business in Oregon.

Desired Results: Registering and starting a business in Oregon is easier and quicker.

Actions:

1. The Central Business Registry project is led by the Secretary of State Corporations Division. Its objective is a single point of entry for assumed business name, corporate entity, business identification number (Employment and Revenue). Workers' Compensation Division registration is currently being incorporated, later additions will incorporate board and commission licensing.
2. The Office of Regulatory Streamlining is in the early stages of exploring ways to simplify rules, regulations, record keeping for very small (typically under five employees) businesses.

Recommendation 14: Streamline the regulatory environment for operating and expanding existing business.

Desired Results: Oregon's environment to operate and expand a business in Oregon is competitive with other states.

Actions:

1. Over 230 individual agency projects have been completed or are underway. (A detailed report will be distributed at the July 29th meeting.)
2. Currently there are 40-50 individual agency legislative concepts to streamline regulatory functions.

Improve Cost-Effectiveness And Efficiency Of Internal Government Operations

Recommendation 15: Improve the efficiency of internal government operations and business services.

Desired Results: Efficient internal operations that support the core functions of government.

Actions: Agencies are currently involved in a range of projects that will increase the efficiency and accountability of internal operations. Projects include:

1. Data Center and Network Consolidation: The initial phase is completed and has shown a compelling business case for the consolidation of the 12 largest agency data centers. Implementation planning is underway.

2. Strategic Sourcing: Statewide contracts for office supplies, hardware and software have either been negotiated or are in the process; other products have been assessed and are in various stages of procurement.
3. E-Government: Oregon.gov has been launched – agencies are converting their websites to a standardized look and feel, building their intranets, and using e-commerce for goods and services. Funding for two enterprise applications was approved in January; plans are underway to identify best business cases.
4. Motor Pool Consolidation: Limitation on the use and purchase of SUVs has been initiated; planning has begun to assume management of smaller fleets with buy-out as vehicles meet mileage or age criteria.
5. Overpayment Contracts: DAS has procured the services of a contractor to assist agencies in identifying and recovering overpayments from vendors.

Recommendation 16: Develop and implement an analytical model for determining the cost-benefit of programs and services.

Desired Results: An objective and consistent tool to evaluate the cost-benefit of a program or service.

Action: We have not taken any specific action in this area. However, we recognize that we do need to include the value of state-owned property when making comparisons with the private sector and will be doing so as we proceed with siting the new consolidated data center.

Recommendation 17: Establish performance measures and standards for internal business operations.

Desired Results: Internal government operations with clear performance measures and a continuous improvement process.

Actions: A work group led by agency administrators is developing measures and standards for four administrative functions: Human Resources, Finance, Procurement and Information Technology. They are also developing a standard set of measures around customer service. (See Recommendation 4.) The group will report findings and recommendations to the Department of Administrative Services in December.