PERFORMANCE MANAGEMENT

Connecticut

General Assembly

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LEGISLATIVE
PROGRAM REVIEW
AND
INVESTIGATIONS
COMMITTEE

December 1999

CONNECTICUT GENERAL ASSEMBLY
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs, recommending remedies where needed. In 1975, the General Assembly expanded the committee's function to include investigations, and during the 1977 session added responsibility for "sunset" (automatic program termination) performance reviews. The committee was given authority to raise and report bills in 1985.

The program review committee is composed of 12 members. The president pro tempore of the senate, the senate minority leader, the speaker of the house, and the house minority leader each appoint three members.

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Legislative Program Review
& Investigations Committee

PERFORMANCE MEASUREMENT

December 1999

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PERFORMANCE MEASUREMENT

The purpose of the study was to identify ways to strengthen and systematize the availability and use of performance measurement information for the Connecticut General Assembly. The basic elements of a performance measurement system involve:

- development of a plan that defines agency and program objectives and identifies strategies and resources to meet the objectives;
- identification of measurable performance indicators;
- collection and verification of the accuracy of the performance data; and
- analysis of the performance data and distribution to decision-makers.

A 1998 consultant's report done for the Office of the State Comptroller indicated Connecticut's performance measurement system contributed little of value to:

- managing agencies and programs;
- evaluating agency operations and programs; and
- analyzing agency and program budgets.

A 1998 legislative task force study found Connecticut had some performance auditing mechanisms in place, but such mechanisms were not implemented uniformly across state agencies in an ongoing manner. The task force recommended a performance review division be established in the Office of Legislative Management.

Finally, a 1999 survey of state agencies by OPM found:

- 67 % claimed to have a strategic planning process;
- 54 % claimed to have performance measures for all their programs; and
- there appeared to be little connection between strategic planning and program measurement.

The committee through its analysis concluded:

- Connecticut already has statutes requiring all the key elements of a performance measurement system; and
- to have a successful performance measurement system, there must be a commitment to the system by executive and legislative leaders.

The committee examined four options for systematizing the availability and use of performance data within the Connecticut General Assembly. A brief outline of each option follows.

1. Create a permanent commission composed of individuals representing the executive and legislative branches. Empower the commission to make recommendations to the governor and legislature. Contract consultants would provide the staff work needed by the commission to perform its functions. The estimated cost of implementing this option is $1.5 million.

2. Create a permanent commission composed of individuals representing the executive and legislative branches. Empower the commission to make recommendations to the governor and legislature. Staff loaned or reassigned from other state units would assist the commission in performing its duties. The estimated cost of implementing this option ranges from $225,000 to $1.4 million, depending on whether the reassigned staff is replaced in their previous units.

3. Create a permanent state office empowered to make recommendations to the governor and legislature. State employees would staff the office. The estimated cost of implementing this option is $1.4 million.

4. Establish a process by modifying the responsibilities of existing governmental entities to focus on the systematic identification, collection, and distribution of performance data. Specifically: 1) OPM would be charged with overseeing the development of strategic plans and performance measures by executive branch agencies; 2) the state auditors office would serve as an independent monitor of agency compliance; and 3) the program review committee would review reports and data produced by state agencies and forward the reports and data with the committee's comments to the legislature's Office of Fiscal Analysis and the appropriate committees within the General Assembly. Estimated cost of implementing this option ranges from $515,000 to $805,000, depending on whether the reassigned staff is replaced in their previous units.

Recommendations

1. The Office of Policy and Management shall be responsible for:

a) assuring all budgeted state agencies develop strategic plans that identify the relevant benchmarks established by the Connecticut Progress Council and include goals, objectives, and performance measures for each program provided by such state agency;

b) assuring the goals, objectives, and performance measures included in each budgeted state agency's strategic plan address performance information needs identified by the joint standing committees of the General Assembly having cognizance of matters relating to appropriations, government administration, or the subject matter addressed by the agency;

c) assuring each budgeted state agency collects data on the performance measures and benchmarks included in the agency's strategic plan;

d) assuring an annual report is prepared on each budgeted state agency and its programs based on an analysis of the benchmark and performance measurement data included in the agency's strategic plan and submitting such reports to the Program Review and Investigations Committee; and

e) assuring access to all performance and benchmark data to the Program Review and Investigations Committee and to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations, government administration, or the subject matter addressed by the agency.

2. The Program Review and Investigations Committee shall be responsible for:

a) analyzing and commenting on the agency reports submitted by OPM;

b) analyzing and commenting on the performance measurement and benchmark data made available by OPM including the relevance of the performance data related to each program's objectives; and

c) distributing the reports submitted by OPM along with the committee's comments on the reports and data to the joint standing committees having cognizance of matters relating to appropriations, government administration, and the specific agency's operations.

3. The Auditors of Public Accounts when conducting an agency or program audit shall be responsible for determining if:

a) the agency's or program's strategic plan is current;

b) the strategic plan contains all the required elements;

c) the data pertaining to the performance measures and benchmarks are being collected; and

d) the data being collected are reliable and valid.

4. The Office of the State Comptroller shall pursue the development, funding, and implementation of a new state automated accounting system capable of providing performance data at the program level.

5. Not later than 90 days after the effective date of the act, the Secretary of the Office of Policy and Management shall establish a schedule whereby each budgeted state agency shall biennially develop a strategic business plan. The schedule established by the Secretary of the Office of Policy and Management shall require at least 20 percent of the budgeted state agencies to develop such a plan by July 1, 2001, and no later than July 1, 2004, all budgeted state agencies shall be developing strategic plans biennially.

6. Beginning September 1, 2002, and annually thereafter, the Secretary of the Office of Policy and Management shall submit to the Program Review and Investigations Committee a report on each budgeted state agency based on an analysis of the data associated with the benchmarks and performance measures included in the agency's strategic plan.

7. Beginning January 1, 2003, and annually thereafter, the Program Review and Investigations Committee shall distribute the reports and data submitted to it by the Secretary of the Office of Policy and Management along with the program review committee's comments to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations, government administration, and the subject matter addressed by the agency.

8. Funding for five additional staff positions in the Office of Policy and Management and two additional staff positions in the Office of the Auditors of Public Accounts shall be phased in along with the implementation of the proposed performance measurement system.

9. Repeal C.G.S. Title 2c "Connecticut Sunset Law."

Introduction

Performance Measurement

Over the past several years the Connecticut General Assembly has taken numerous actions to develop a performance measurement system. The state has adopted statutes addressing many of the elements of such a system and several mechanisms are in place to provide performance-based information to the General Assembly.

Despite these efforts, many members of the program review committee were concerned Connecticut was lagging behind other states in the performance measurement area. In response, the committee authorized a study of the topic on March 9, 1999.

The purpose of the study was to identify ways to strengthen and systematize the availability and use of performance measurement information for the Connecticut General Assembly. As used in this report, performance measurement means the systematic measuring of agency or program activities, outputs, and outcomes, and their relationship to the objectives of the agency or program.

In preparing this report the committee and its staff reviewed numerous documents dealing with performance measurement in theory and practice. The committee's focus was on the applicability to Connecticut of various operating models. The state's existing performance measurement efforts were also examined with a view toward determining their compatibility with each of the models.

The report is divided into three chapters. The first provides background information including the elements of a good performance measurement system, an outline of two basic performance measurement models, and a brief description of the practices followed in selected states. The second chapter identifies existing Connecticut statutes dealing with key elements of a good performance measurement system and the entities authorized to conduct performance measurement-type activities.

The final chapter contains an analysis of the state's existing performance review system. The chapter presents and assesses options outlining structures for producing performance measurement data and concludes with the committee's recommendations.

Chapter One

Background

Purpose of the Study

The purpose of the study was to identify ways to strengthen and systematize the availability and use of performance measurement information for the Connecticut General Assembly.

Definition of Performance Measurement

Performance measurement as used in this study means the systematic measuring of agency or program activities, outputs, and outcomes, and their relationship to the objectives of the agency or program.

Uses of Performance Measurement Information

Performance measurement data serve many different purposes for a variety of users. They can be useful to agency managers and executive and legislative branch policy-makers for:

- managing agency operations -- data can be used to identify and change inefficient processes and activities;

- developing policy -- data can be used to evaluate the effectiveness of existing policies and change those not working or create new approaches; and

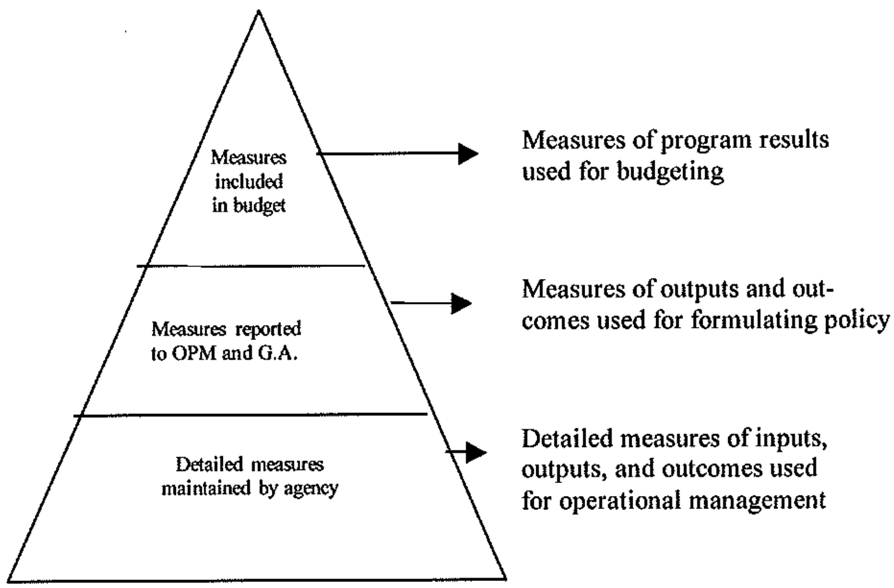
- budgeting -- data can be used to identify ineffective programs and allocate resources.

The structures of performance measurement systems vary based on whether their primary use is managing agency operations, developing policy, budgeting, or a combination of the three.

Figure I-1 shows the relationship between the data collected under a performance measurement system and uses of the information. The diagram is adapted from one produced by the Florida legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) and depicts a comprehensive system in which performance measures are reduced in number and broadened in scope as uses of the data change from decisions affecting agency operations to those dealing with the state budget.

Figure I-1 illustrates that at the highest level of a comprehensive performance measurement system -- budget allocation -- the data used to make decisions involve a few broad measures of efficiency (e.g., cost per unit of output) and effectiveness (e.g., cost per outcome). At the policy or middle level, the focus is on a limited number of key output (e.g., unemployed individuals receiving job training, miles of road paved, or criminals incarcerated) and outcome (e.g., percent of job training graduates employed in field of training, highway roughness index rating, or crime rate.) measures. At the agency level, represented by the bottom tier of the pyramid, managers analyze a wide array of input, output, and outcome indicators to fine-tune operations and reallocate resources.

Figure I-1. Performance Measurement Levels



Source: Variation of document from OPPAGA (Florida)

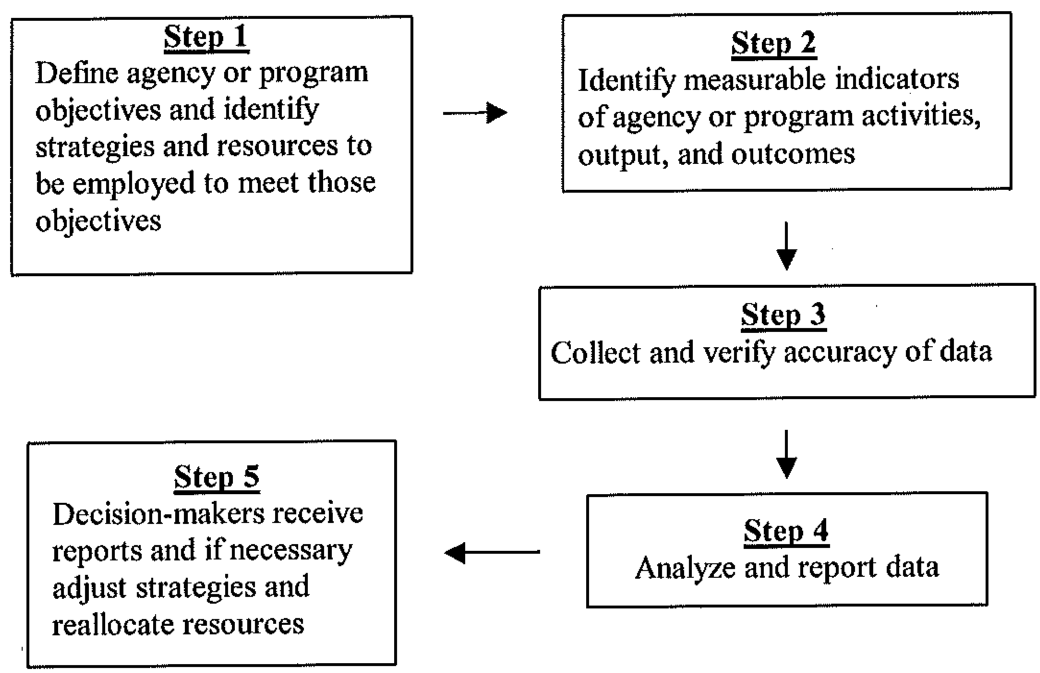
Basic Elements of a Performance Measurement System

There is no single structure for a performance measurement system that meets every organization's needs. However, there are basic elements that should be present in any good system. These include:

- a plan identifying a set of objectives to be achieved and the activities and resources needed to accomplish those objectives;
- a process for collecting and analyzing information on how well the plan's objectives are being met; and
- a process for making decisions concerning activities undertaken in pursuit of stated objectives and the corresponding allocation of resources.

Figure I-2 shows a model performance measurement system as a process in which the elements identified above are connected in a sequence of steps. The process begins with a plan, moves through a data collection and analysis phase, and ends with decisions being made based on an assessment of quantitative data.

Figure I-2. Basic Elements of a Performance Measurement System



Performance Measurement Models

There are two basic performance measurement models. One will be referred to in this study as the special review model. Under this model, data on government operations are gathered from all available sources and analyzed by a staff reporting to a central authority -- typically a special commission empowered to make recommendations to the executive and legislative branches. The second, commonly referred to as performance based budgeting model, involves the systematic identification and collection of performance data, which are then incorporated into the regular budget process.

It should be noted neither model is rigidly structured. Both offer opportunities for variation, particularly the performance based budget model.

Other States

The special review model has been in existence for many years. It is frequently used in periods of budgetary crisis. Indeed, as will be discussed in the next chapter, Connecticut has used this model on several occasions. Information on the model's use in other states is limited, however, due to its highly localized focus and temporary nature. At least one state, Texas, did attempt to institutionalize this approach.

Texas Performance Review. In 1991, Texas enacted legislation requiring the examination of the organization, management, and programs of the entire state government. The process was called the Texas Performance Review (TPR). The authority to carry out the review was given to the nonpartisan Legislative Budget Board. The board designated the state comptroller as the project leader.

During the initial round, the comptroller employed a staff of 100 auditors, research analysts, and other specialists from state agencies and the private sector. The methodology followed included traditional staff work such as documents review, interviews, and surveys. It also included a variety of other means such as soliciting information from state employees and the general public using toll-free hotlines, public hearings, and press releases.

According to the comptroller, the initial project produced over 200 recommendations and a projected savings of $4 billion. The Texas legislature adopted about two-thirds of the recommendations, accounting for $2.4 billion in savings. At the completion of the initial project, the legislature authorized the comptroller to continue TPR on a permanent basis.

In subsequent years the comptroller continued to issue reports with hundreds of recommendations and billions of dollars in projected savings or revenue increases. The comptroller reported between 85 and 90 percent of the recommendations and associated savings were adopted.

Recently, after the sitting comptroller left office, the TPR project was modified. The comptroller's review of all state government operations has been replaced with a focus on auditing education districts. A citizen's council has been formed to address other aspects of the government.

Performance based budgeting. As Table I-1 shows, many states are moving toward a performance based budget model. The table identifies 31 states that in 1996 indicated an intention to implement some form of a performance measurement system. The table names 28 states that included such performance data in their budgets, 12 of which are already using the data to some degree as a policy tool. Connecticut was one of only four states reporting it did not have performance measures.

Table I-1. Uses of Performance Information in the States

State	*Performance data as a budget tool*	*Performance data as a policy and budget tool*	*Performance data as a management tool*	*Has performance measures*
Alabama	x[1]			x
Alaska	x[1]			
Arizona				x
Arkansas				x
California			x[1]	x

Table I-1. Uses of Performance Information in the States				
State	*Performance data as a budget tool*	*Performance data as a policy and budget tool*	*Performance data as a management tool*	*Has performance measures*
Colorado				x
Connecticut[2]				
Delaware		x		x
Florida	x[1]			x
Georgia	x[1]			planned
Hawaii		x		x
Idaho				x
Illinois				x
Indiana				x
Iowa	x[1]			x
Kansas	x			x
Kentucky[2]				
Louisiana	x			x
Maine	x[1]			x
Maryland				x
Massachusetts		x[1]		x
Michigan		x[1]		x
Minnesota		x[1]		x
Mississippi		x[1]		x
Missouri	x[1]			x
Montana		x[1]		x
Nebraska	x[1]			x
Nevada	x			x
New Hampshire	x			x
New Jersey				x
New Mexico[2]				
New York[2]				
North Carolina		x[1]		x
North Dakota	x[1]			x
Ohio			x[1]	x
Oklahoma		x[1]		planned
Oregon				x
Pennsylvania			x	x
Rhode Island		x[1]		x
South Carolina				x
South Dakota				x
Tennessee				x
Texas	x			x
Utah				x
Vermont		x		x
Virginia	x			x
Washington	x[1]			x
West Virginia				x
Wisconsin				x
Wyoming		x[1]		x

[1] These states report their initiatives are in early or pilot implementation phases or are in limited usage.
[2] These states report having no performance measures for performance management or budgeting purposes.
Source: 1996 Survey by OPPAGA (Florida)

As Table I-1 shows, most of the states involved in the performance budgeting process are early in the implementation phase. Presented below is more detailed information on three states recognized as leaders in performance based budgeting.

Texas. In addition to undertaking activities relevant to the special review model, Texas also has pursued the performance based budget model. Texas requires each agency to have a strategic plan that includes goals, objectives, and performance measures. State agencies are required to report performance data to the nonpartisan Legislative Budget Board on a quarterly basis. The state auditor reviews the data for validity and reliability. The board's staff analyzes each agency's performance based on the data. The staff's analysis is added to the information used in the budget decision-making process.

Florida. In Florida, performance budgeting is being phased in over seven years, which beginning in 1994. As summarized at the National Legislative Program Evaluation Section's 1999 annual meeting, the Florida process consists of four steps:

1. agencies propose programs and measures;
2. governor's office includes this information in the budget recommendation;
3. legislature incorporates the information into the budget recommendation; and
4. after one year, the legislature's Office of Policy Analysis and Governmental Accountability conducts a study to evaluate the agency or program performance.

Minnesota. In Minnesota, state agencies biennially submit performance reports showing progress on specific goals. The measures contained in the reports are developed with the help of the state's budget and administrative departments. The measures are reviewed by the Office of the Legislative Auditors (OLA) for reliability, validity, and usefulness. The auditors are required by law to comment on the reports. The performance reports are not directly linked to the budget process, but are intended to provide the legislature with information to facilitate policy and budget discussions.

Chapter Two

Performance Measurement in Connecticut

Statutory Requirements for Performance Measurement

Over time the Connecticut General Assembly has introduced, modified, and attempted to strengthen various aspects of financial and programmatic oversight. Initially, much of this attention was focused on the Auditors of Public Accounts and the Program Review and Investigations Committee. Each office plays a key role in aiding the legislature to meet its oversight responsibility. In recent years, the focus has shifted away from modifying these two special function offices toward developing a system to ensure performance data are integrated into the legislature's budget and policy decision-making processes.

The legislature's attention has been on creating a process wherein performance measurement data will be identified and flow to decision-makers. As a result, Connecticut has statutes requiring such things as: the development of a long-range vision for the state; agency strategic plans; agency performance measures; and progress reports. Relevant statutory sections are summarized below.

- C.G.S. Sec. 4-67r -- mandates the Connecticut Progress Council to develop a long-range vision for the state and establish benchmarks to measure progress toward achieving this vision (P.A. 93-387). Biennially, the council submits the benchmarks to the Office of Policy and Management (OPM) and the General Assembly for use in developing and reviewing the state budget.

- C.G.S. Sec. 4-67m -- requires OPM in consultation with state agencies to develop goals and objectives and quantifiable outcome measures for every agency program and annually submit a report concerning such matters to the General Assembly (P.A. 92-8, May Special Session). OPM must include in its report an evaluation of the progress of budgeted agencies in achieving benchmarks established by the progress council (P.A. 93-387).

- C.G.S. Sec. 4-73 -- requires the governor's biennial budget request to include, among other items, information on state agency programs, resources, and performance measures (P.A. 81-466).

State Entities Responsible for Performance Measurement

Table II-1 identifies entities with a role in the operation of the state's performance measurement system. Each entity's responsibilities with respect to the process outlined in Figure I-2 (i.e., step 1, planning; step 2, identification of measures; step 3, collection of data; and step 4, analyzing data) are noted in the column labeled "Roles". Excluded from the table is step 5, concerning decision-making operations that are not referenced by the state statutes in a performance measurement context. Following Table II-1 is a slightly more detailed description of the entities named in the table.

Table II-1. State Entities with Statutory Responsibility for Performance Measurement.

Entity	*Statutory Reference*	*Roles*	*Staff Resources Available*	*Relevant Annual Output*
CT Progress Council	4-67r	Establish a vision and develop benchmarks against which performance can be measured	Staff loaned as needed from executive and legislative branches	Required by statute to produce a benchmarks report biennially
OPM	4-66, 4-67m, 4-70b	Work w/ state agencies to develop plans and identify performance measures	Strategic Management Division staff - 7	10 reviews of agency operations
State Auditors	2-90	Conduct financial and performance audits	Performance audit team staff - 4	2-3 performance reports plus 20 or more narrow issue reports included in selected audits
LPR&IC	2-53, 2c-3	Conduct performance reviews	Committee staff – 12	6-8
OFA	2-71c	Budget analysis	Office staff - 25	Numerous analyses of the budget and proposed bills
Office State Comptroller	Sec. 24 of the state constitution C.G.S. 3-112	Maintains the state's accounting system and conducts selected reviews	N/A	N/A

Connecticut Progress Council. The council was created by P.A. 93-387 to develop a long-range vision for the state and to define benchmarks to measure the state's progress. The council is composed of 28 members, including legislators and representatives of the executive branch and the private sector. It is authorized to draw personnel and other resources from state agencies and the nonpartisan offices of the legislature. In its 1995 report - - the only one issued to date - - the council identified 300 benchmarks to be used to measure progress. Examples of the measures include incidents of child abuse and neglect per 1,000 population, violent crime per 100,000 population, and percentage of students at or above goal on the Connecticut Mastery Test.

Office of Policy and Management. In addition to preparing the governor's budget proposal and implementing and monitoring the execution of the budget, OPM has a statutory mandate to determine the effectiveness of the policies, management, organization, operating procedures, and services of state agencies and to recommend improvements (C.G.S. 4-66). Primary responsibility for this charge resides with OPM's Strategic Management Division, which serves as a management consultant to state agencies. The division consists of two groups totaling 19 members. The Energy Group has a staff of 12. The Performance Evaluation Group has seven staff, two of which are assigned to agencies to develop strategic business plans, develop performance measures, and evaluate programs. The division indicates it conducts about 10 performance reviews annually.

Auditors of Public Accounts. The primary responsibility of the auditors' office is to determine whether state agencies are in compliance with state and federal financial requirements. The statutes also give the state auditors authority to examine an agency's performance to determine its effectiveness in achieving an expressed legislative purpose (C.G.S. 2-90(c)). Using this power the state auditors have included a performance evaluation component in selected audits and established a *Performance Audit Team,* which can be assigned to review specific state programs. Such assignments typically are an outgrowth of a financial audit. The performance audit team has a staff of five and completes about two or three reviews per year. Its reports are published separately from financial audits. In conducting the reviews, the team assesses the objective of the program, determines program results, identifies factors inhibiting performance, assesses compliance with laws and regulations, evaluates management oversight, and recommends program improvements.

Legislative Program Review and Investigations Committee. The committee is a bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs and recommend remedies where needed. A staff of 12 including a director, 10 analysts, and an administrator serves the committee. It completes six to eight reviews per year.

Office of Fiscal Analysis. The Office of Fiscal Analysis is a nonpartisan professional office of the Connecticut General Assembly. Its primary function is to provide technical support to the Committee on Appropriations and the Committee on Finance, Revenue and Bonding, as well as the other committees and members of the legislature. A staff of 25 including a director and four administrators serves the office. Among the duties of the office relevant to performance measurement are: analyzing budget requests; assisting in the development of means by which budgeted programs can be periodically reviewed; preparing short analyses of the costs and long-range projections of executive programs and proposed agency regulations; analyzing and preparing critiques of the governor's proposed budget; studying selected executive programs during the interim; and preparing fiscal notes upon favorably reported bills that require the expenditure of state or municipal funds or affect state or municipal revenue.

Office of the State Comptroller. The Office of the State Comptroller (OSC) maintains the state's computer-based accounting system and is the primary producer of comprehensive financial information for the state. OSC's functions include providing accounting and financial services, developing accounting policy, preparing financial reports, and analyzing and compiling agency and state-level management information. Among relevant performance measurement activities carried out by the comptroller's office are reviews of reports of the Auditors of Public Accounts aimed at ensuring agency compliance with the auditor's recommendations and conducting independent audits under OSC's performance review program.

Performance Study Commissions

In the past, when the state has experienced severe and widespread financial difficulties, it has created special commissions to study the management and structure of the state's government and recommend changes. There have been four such commissions created over the past 30 years. The first of these was the 1971 Governor's Commission on Services and Expenditures (Etherington). In 1976, the Committee on the Structure of State Government (Filer) was established. The Commission to Study the Management of State Government (Thomas) was set up in 1991 and succeeded a year later by the Commission to Effect Government Reorganization (Harper-Hull).

Each commission was set up as a temporary body charged with reviewing government operations and identifying ways to: reduce costs; improve management; and make the delivery of state services more effective and efficient. All of the commissions recommended reductions in the number of state agencies and elimination of those state services deemed unnecessary or duplicative. Of note, every commission made recommendations of one type or another aimed at improving the availability of information to executive and legislative decision-makers for analyzing and managing state government operations.

Combined, the four commissions made over 2,000 recommendations. Although systematic follow-up studies are absent, there is anecdotal information that many of the recommendations were implemented either through executive directive or legislative action. However, as the Connecticut Public Expenditures Council discussed in a paper reviewing the work of the first three commissions, the positions taken on recommendations by special interest groups generally had more influence on the fate of proposals than evidence of a cost reduction or system improvement.

Chapter Three

Findings and Recommendations

The Connecticut General Assembly has taken numerous actions over the past several years to develop a performance measurement system. These efforts have produced a clear statutory record of legislative intent, but not a functioning performance measurement system. The program review committee believes this result is caused by an absence of commitment and direction from the executive branch and a lack of effort on the part of the legislature to identify wayward state agencies and hold them accountable.

This chapter lays out the current status of the state's performance review system through reports produced by the Office of Policy and Management. The system is critiqued in analyses conducted by state contracted consultants, a legislative task force, and the program review committee. Options outlining structures for producing performance measurement data are assessed and the committee's recommendations presented.

Compliance with State Statutes

In a July 1994 report to the General Assembly, OPM outlined efforts undertaken by the executive branch to comply with the statutory requirements for agency performance measures (P.A. 92-8, May Special Session). The report indicated it would take several years to develop a meaningful performance measurement system, which, according to OPM, meant the measures would be used in making decisions about program activities, policies, and budget priorities. The report included preliminary measures for 21 state agencies.

In a March 1996 memo to the chairs of the General Assembly's Appropriations and Planning and Development Committees, OPM indicated it was working with state agencies to institute a business planning concept as a means of linking the state's benchmark project with "specific state agency goals, objectives and their related performance measures." OPM noted the Department of Revenue Services and the Department of Children and Families were already involved in a pilot test of this approach. (The memo was in response to P.A. 95-232, which required OPM to submit a plan for the use of benchmarks in the development of the budget.)

In September 1998, OPM issued a set of guidelines for developing an agency strategic plan and performance indicators. In the preface to the guidelines, it was noted eight agencies had already developed their first business plan. The OPM web site has links to guidelines used by selected other states to help their agencies develop and implement performance measurement systems.

In September 1999, OPM reported the results of a survey it conducted of state agencies. The purpose of the survey was to determine the current status of strategic planning and performance measurement in all 65 state budgeted agencies. Eighty-three percent of the agencies responded. OPM found 36 of the 54 responding agencies claimed to have a strategic planning process. However, the responses indicated only 29 of the 54 responding agencies had developed performance measures for all their budgeted programs.

Based on the survey, OPM drew the following conclusions with respect to strategic planning and performance measurement.

1. There is no dominant planning process among the state agencies.
2. It is not clear whether agencies know the difference between strategic planning and traditional planning models.
3. Regardless of what agencies called their plans, most included a mission statement, vision, goals, objectives, and strategies.
4. There seemed to be little connection between strategic planning and program measurement processes.

These findings led OPM to make the following five recommendations regarding the office's role in developing the state's performance measurement system. OPM should:

- assist in the development of performance measures in selected policy areas;

- identify needs for technical assistance in the agencies and assist them in developing strategies to meet those needs, including partnerships with other state agencies;

- provide agencies with additional resources and information about the more difficult areas of strategic planning and performance measures;

- maximize use of information technology to support strategic planning and performance measurement processes in state agencies; and

- update, as warranted, OPM's publication entitled Strategic Business Planning: A Guide for Executive Branch Agencies, 1998.

Compliance summary. OPM has taken steps to provide state agencies with information and guidance on the actions necessary to develop a performance measurement system. Unfortunately, so far it appears much of the effort has been aimed at starting and restarting the process at the agency level. As the results of OPM's agency survey show, there is a long way to go before the statutory mandates contained in sections 4-67m, 4-67r, and 4-73 can be met.

Analysis of Existing Performance Measurement System

Two studies of the state's system are worth noting. One was done for the State Comptroller's Office by a private consulting firm. A special legislative task force undertook the other study.

Consultant's report. In January 1998, Deloitte & Touche LLP submitted a report to the State Comptroller's Office containing recommendations for improving the way the state collects management information and makes the data available for analysis. The report indicated Connecticut's performance measurement system contributed little of value to:

- managing agencies and programs;
- evaluating agency operations and programs; and
- analyzing agency and program budgets.

Deloitte & Touche LLP attributed this in part to a budget process that allocates and accounts for funds on a line-item basis. The report indicated this process contributes to a commonly held view among state agency managers that the collection and reporting of performance information is a "bother," and the results are widely ignored by executive and legislative branch budget analysts.

The report notes most of the performance measures developed in response to state statutory requirements are simple indicators of workload and output. The consultants expressed an opinion that such measures are of little value in assessing efficiency and effectiveness.

All four of the consultant's key recommendations addressed ways to improve the state's management information, and one dealt specifically with performance measurement. This recommendation calls for Connecticut to:

- *develop and utilize appropriate performance measurements;*

- *align defined programmatic categories with those utilized in financial reporting to capture a complete picture of program, financial, and operational performance;*

- *dedicate resources in order to modify performance measures to changing information needs;*

- *develop procedures to integrate program performance data into planning, budgeting, and management processes of the state; and*

- *refine existing performance measures and develop new indicators useful to stakeholders at the state agency and program levels.*

Legislative task force. A legislative task force studied performance measurement between the 1997 and 1998 sessions of the General Assembly. It took testimony from the heads of relevant Connecticut agencies and staff from key performance review agencies in Texas and Florida. In addition, the task force examined documents describing the oversight and monitoring efforts being made in Connecticut and other states. In February 1998, the task force issued its report, which included the following findings and recommendations.

Findings:

- Under OPM's guidance, performance measures are in place for 20 percent of state agencies, but the program is voluntary, and OPM has no plan to require the remaining 80 percent to participate.

- Legislative auditors have a performance review division that conducts a small number of in-depth reviews of select programs. However, given the intensive nature of the reviews, extending this effort to all state agencies and programs does not appear feasible.

- LPR&IC annually evaluates the effectiveness and efficiency of five to seven programs, but rather than being focused on state expenditures many of the committee's recommendations are directed at how a program is run and policies carried out or how its resources are allocated.

- Texas and Florida have budget-based performance review processes that are more comprehensive and focused on savings than Connecticut's efforts.

Recommendations:

- The General Assembly should pass legislation requiring all state agencies to work with OPM to develop performance measures by July 1, 2000.

- The performance measures should be phased in over an 18-month period, with those agencies that had already developed strategic business plans formalizing their measures by January 1, 1999.

- The General Assembly should pass legislation establishing a Connecticut Performance Review Division under the auspices of the Office of Legislative Management. The division shall review the performance of all state agencies on a biennial basis. Its mission should focus on efficiency, performance, and cost savings associated with increasing productivity. The state should seek to:

    - assess agencies and programs in light of performance measures and strategic plans;
    - examine governmental organization and management and recommend consolidation or reorganization where appropriate;
    - evaluate programs and policies to identify outmoded methodologies and duplicative functions;
    - examine fiscal management practices;
    - identify opportunities for improvement in the management of state government's daily operations;
    - identify technological advances applicable to government functions;

- explore methods to increase federal funding for state initiatives; and
- consider changes to the state revenue system that would increase government income without changing tax rates.

As a result of the work of the task force a bill to implement the recommendations was introduced into the 1999 session of the General Assembly. A substitution version of the bill (File 463) made it to the House calendar but was not acted upon.

Staff analysis. The program review committee conducted an analysis of the state's performance measurement system focused on comparing the status of the state's activities with respect to the requirements of a good performance measurement system referenced in the steps shown in Figure I-2. The results of the comparison are outlined in Table III-1.

Table III-1. Status and Needs of Connecticut's Performance Measurement System.

Step	1. Planning	2. Identify performance measures	3. Collect and verify accuracy of the data	4. Analyze and report data	5. Use of data in decision-making processes
Current status	Legislation in place OPM is working with agencies but progress has been slow	Legislation in place Typically, existing measures are not performance based Some new efforts involving OPM, OFA, & Comptroller	Measures in budget, but they typically deal with activities, not performance	State auditors, OPM, PRI, and Comptroller do provide analysis and reports on specific programs, but there is no systematic approach covering all state operations	Unknown
Need	Commitment from executive & legislative leaders Mechanism to follow up and hold agencies accountable	Commitment from executive & legislative leaders Mechanism to follow up and hold agencies accountable	Entity to be assigned task and held responsible	Entity to be assigned task and held responsible	Commitment from executive & legislative leaders

Source: LPR&IC

The row in Table III-1 dealing with the current status of the state's performance measurement system reflects the committee's view that existing state statutes meet the basic requirements of a good system -- agency planning and the identification of performance measures.

The table highlights the committee's belief that, if a performance measurement system is to be successful, there is a need for:

- leaders from the executive and legislative branches to make a commitment to the system; and
- entities to be assigned responsibility for monitoring the system and assuring it functions well.

External Factors Influencing Connecticut

It should be noted there are factors pushing Connecticut to implement a performance measurement system. In particular, two events external to state government are likely to put pressure on the state to implement a performance measurement system. One involves new requirements that may be tied to taking federal money. The other concerns probable changes in national accounting standards.

- In 1993 the federal government passed the Government Performance and Results Act (GPRA). The act, which is being phased in, requires federal agencies to prepare five-year strategic plans with goals and objectives, annual performance plans, and annual performance reports that measure progress toward achieving the goals. This is expected to force federal agencies to require state agencies receiving federal funds to provide performance data.

- The Government Accounting Standards Board -- the entity that sets the accounting rules for state and local government -- is thought to be ready to begin asking states and municipalities to report on performance activities and results.

Alternative Performance Measurement Mechanisms

As pointed out previously, a number of different models could be used to address the needs identified in Table III-1. Based on an assessment of current and previous efforts in Connecticut and activities in other states, the committee explored two general models the state could pursue to systematize how it evaluates performance. These were discussed in Chapter One. The first model dealt with creating a special mechanism to review the performance of governmental operations. The other involved establishing a performance measurement process within the existing budget review procedure followed by state government.

Special performance review model. This model has been in existence for many years and is frequently employed in times of budgetary crisis. Under this approach, responsibility for reviewing state government operations is assigned to a central authority whose sole function would be to measure the performance of government operations and recommend ways to improve efficiency and effectiveness. The committee considered three variations or options under this model.

Two of the options involve blue-ribbon commissions composed of individuals representing the executive and legislative branches and given a mandate to make recommendations to the governor and legislature to improve the efficiency and effectiveness of state government operations. Examples of operations similar, though not identical, to these two options are the Thomas (S. A. 89-40) and Harper-Hull (P.A. 91-3, June Special Session) Commissions. The difference is that the Thomas and Harper-Hull Commissions were one-time-only entities, while the options put forth under the special review model involve ongoing commissions.

The activities of these commission-type options would be directed by a small core staff of three individuals. Key tasks beyond those performed by the core administrative staff such as problem identification, data collection, data analysis, and commission briefings would be performed by either:

- contracted consultants (Thomas Commission approach); or
- staff loaned from existing state entities such as OPM, OFA, OLR, and PRI (Harper-Hull Commission approach).

The third option under the special performance review model would be to establish a permanently staffed professional office to systematically review all state government operations and report its findings and recommendations to the governor and legislature. This would be similar to the Florida legislature's Office of Program Policy Analysis and Government Accountability, which was discussed in Chapter One.

Modify the performance based budgeting model. The second model that could be employed to address the needs identified in Table III-1 focuses on the systematic identification and collection of performance data and is similar to the performance-based budgeting model described in Chapter One. The only option included by the committee under this model involves assigning to distinct entities responsibility for carrying out key elements of the performance measurement system. Specifically: 1) OPM would be charged with overseeing the development of strategic plans and performance measures by executive branch agencies; 2) the state auditors office would serve as an independent monitor of agency compliance; and 3) the program review committee would review reports and data produced by state agencies and forward the information with the committee's comments to the legislature's Office of Fiscal Analysis and the appropriate committees within the General Assembly.

Cost. Cost is an important factor to be weighed when evaluating any of the performance review models and related options. Table III-2 contains some cost estimates for the options reviewed by committee. In the first column of the table are the four basic options identified above. The second column shows the estimated cost of administrative operations. Columns three, four, and five show the costs associated with various methods of producing agency reviews -- permanent staff, loaned staff, or consultants.

The first three options listed in Table III-2 correspond to the approaches identified under the special performance review model. The last option relates to structuring a performance measurement system using existing governmental units.

Prior to reviewing the information presented in the table some factors must be considered. First, before the committee could develop cost estimates for the basic performance measurement options a determination had to be made as to how often each of the 65 executive branch agencies would be reviewed. The committee chose four-year cycles as the frequency rate for assessing state agencies.

A four-year cycle means approximately 16 agencies per year will be reviewed -- a quarter of the state's agencies. The committee believes a four-year review cycle allows the changes resulting from one review to be put into practice, any associated implementation problems resolved, and operations to be normalized before a second study is undertaken. Other benefits from this approach include the need for fewer resources to conduct the reviews than would be required by an annual or two-year cycle and a corresponding reduction in the funds needed to pay for those resources.

The four-year agency review cycle does not apply to the option calling for the modification of the existing governmental structure. This option is geared toward providing a steady flow of performance data from agencies, through executive and legislative analysts, and on to decision-makers.

Table III - 2. Estimated Annual Cost of Selected Options

Option	Cost of Core Administrative Staff	Additional Paid Staff # FTE $	Loaned or reassigned Staff # FTE $ value	Cost of Consultants
Commission - consultant staffed	$225,000			$1,225,000
Commission – loaned state staff	$225,000		16 $1,150,000	
Permanent State staffed office	$225,000	16 $1,150,000		
Modification of existing structure	$225,000	4 $290,000	4 $290,000	

Source of Data: LPR&IC staff estimates [1]

[1] **Factors used in developing the cost estimates in Table III-2**

The Office of Legislative Management estimated it would cost $227,174 to establish a core administrative unit consisting of a director, analyst, and secretary. This includes personal costs, start-up and regular expenses, and equipment. In the table the figure was rounded to $225,000.

The cost of consultants was calculated by taking the estimated amount spent on consultants by the Thomas Commission in 1991, adjusting the figure for inflation and dividing the result by four to reflect the four-year review cycle.

For the first three options, the staff and related costs shown in columns three and four were derived as follows. Committee staff estimated -- based on its experience in conducting program reviews -- it would take an average of six months for two analysts to complete an intensive review of a typical state agency. Projecting this estimate to the annual target of reviewing 16 agencies yields a need for 16 full time equivalent (FTE) analysts. (This number takes into account the fact large, complex agencies such as the Department of Social Services would require more analysts or time to complete than reviews of smaller single purpose agencies such as the Board of Parole.) The cost per

Each option listed in Table III-2 has a small core administrative unit consisting of a director, professional assistant, and one support staff. Regardless of the structure of the performance measurement system, the committee believes such units are necessary to manage overall operations and handle daily problems. The estimated first-year cost of the core administrative unit is $225,000.

The cost variation among the options is found in the area dealing with the source of the staff producing the performance reviews. As Table III-2 illustrates, the first option relies on contracted consultants, the second on staff loaned or reassigned from existing state operations, the third on permanent staff, and the fourth on a combination of new and loaned or reassigned staff.

A key factor in comparing the options is how the cost associated with the loaned or reassigned staff is treated. If it is assumed the work previously performed by the loaned or reassigned staff would be foregone, then there is no increase in costs to the state for staff services and none should be attributed to the corresponding option. On the other hand, if replacement staff is hired to produce work loaned or reassigned staff can no longer provide, then the cost of the replacement staff represents an additional expense and should be added to the cost of funding the related option.

Table III-3 presents a comparison of the cost estimates for each option when the expense of producing the work previously provided by the loaned or reassigned staff is included in the cost of the option (column two) and when it is not (column three). Under the first condition, the option dealing with the modification of existing governmental structures is the least expensive, while the option associated with a commission using loaned or reassigned staff is the cheapest when the cost of producing work previously provided by the loaned or reassigned staff is not counted.

It should noted the data in Table III-3 do not represent the full cost of each option due to the absence of data on the costs incurred by state agencies in developing strategic plans; identifying, collecting, analyzing, and reporting data; and responding to other demands imposed by performance measurement systems. However, the committee believes it is reasonable to assume state agency costs would be similar across all four options and as a result comparisons based on the data in Table III-3 are useful.

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analyst was calculated to be $72,000 (salary, fringe benefits, and equipment) and was based on data provided by the Office of Legislative Management.

For the fourth option, the staff and related costs were derived as follows. The committee staff believed OPM's role as an overseer of the performance measurement system would require a ratio of staff to agencies of 1 to 10. This could be achieved by adding to the administrative core unit two new positions plus the two evaluation positions already existing within OPM. Based on informal discussions with the state auditor's office the committee staff estimated two new auditors would be needed to review agency compliance with state's performance measurement mandates. Finally, the committee staff estimated 2 FTE program review committee staff would need to be reassigned to review and comment on the performance measurement reports and data from each of the 65 state agencies.

Table III-3. Comparison of Option Cost Estimates

Options	Estimated state expenditures including replacement costs	Estimated state expenditures excluding replacement costs
Commission - consultant staffed	$1,450,000	$1,450,000
Commission – loaned state staffed	$1,375,000	$225,000
Permanent state staffed office	$1,375,000	$1,375,000
Modification of existing structure	$805,000	$515,000
Source of Data: LPR&IC staff estimates		

Regarding the issue of state agency costs associated with performance measurement requirements, attention should be given to a fiscal note prepared by OFA on a bill in the 1999 session of the General Assembly. File 436, An Act Reducing Inefficiency and Waste in State Government Operations, required state agencies to perform similar activities to those called for in the options outlined above -- develop strategic plans and performance measures. OFA's analysis of the proposed law indicated state agency compliance costs would be minimal.

Benefits. In addition to the costs associated with operating a performance measurement system, there are benefits produced as a result of the system. Unfortunately, objective data detailing such benefits are difficult to obtain. What follows is a brief discussion of benefits, which are typically divided into two categories -- cost savings and improved services.

Cost savings. Cost savings resulting from performance review mechanisms are widely reported. Texas indicated its first-year performance review effort resulted in proposals totaling $4.5 billion in savings and revenue enhancements. Florida claimed its recommendations produced $233 million in savings and increased revenue between 1994 and 1997. One of Connecticut's own performance review efforts, the Thomas Commission, put the value of its recommendations at $333 million spread over four years. The Harper-Hull Commission did not put a cost-savings figure on its recommendations.

A couple of points regarding claimed savings and revenue enhancements need to be made. First, the proposed savings are rarely realized in full. For example, Texas claimed only 85 percent of its proposed savings and revenue enhancements made it into law; Florida put its passage rate at 40 percent. Second, the claimed savings might have occurred without a specially created performance review mechanism. Specific instances of this are pointed out in an analysis of the Texas and Florida data conducted by the Connecticut legislature's Office of Fiscal Analysis at the request of the General Assembly's 1998 Performance Review Task Force. The analysis identified numerous instances where savings reported by Texas and Florida were also realized by Connecticut through its regular budgetary review process. For example, Florida's Office of Program Policy Analysis and Government Accountability claimed $74.3 million in savings from a recommendation dealing with Medicaid prepaid health plans. The OFA analysis notes Connecticut saved $56.5 million in the same area through its normal budget review processes.

Improved services. Concerns similar to those involving cost savings can be raised about the relationship between proposals to improve the effectiveness of state services and the performance review mechanisms credited with producing those proposals. As with cost savings, there undoubtedly will be instances where valid improvements will not be implemented because they do not meet the need of a constituency group. Also, there is no guarantee the service improvements would not be proposed and implemented if the performance review mechanism credited with the proposal did not exist. For example, in Connecticut, existing mechanisms including the program review committee, state auditors, organized interest groups, and private citizens are constantly proposing new and better ways of delivering services.

Summary. Summing up the discussion of benefits, the program review committee concludes there is evidence to show the cost savings and service improvements attributed to various performance review mechanisms are overstated. Further, analyses have identified instances where similar results have been produced without having to create new comprehensive ongoing performance review mechanisms.

Recommendations

The fact that benefits may be overstated and can be produced through other mechanisms does not mean performance review systems should never be employed. The committee believes performance measurement systems produce at least an incremental increase in the efficiency and effectiveness of government operations and Connecticut could gain through changes aimed at supplementing and enhancing the state's existing performance review mechanisms.

Assuming state agency compliance costs and the service benefits related to each of the four options are equal, the option involving a commission staffed by loaned or reassigned personnel offers the best cost-to-benefit ratio when the expense of replacing work produced by the loaned or reassigned staff is excluded. When such costs are included, modifying the existing government structure is the option with the best cost-to-benefit ratio.

Although Table III-3 indicates that a commission served by consultants is not a leader in the area of cost-to-benefit ratio, a case can be made for this option. The appeal of this option is it does not set up a permanent staff presence, which could become entrenched and outlive its usefulness. After all, reducing or eliminating funds appropriated for hiring consultants is a much easier task than changing the amount budgeted for permanent staff.

The argument favoring the remaining option -- a new permanent staffed state office -- must be based on the notion a permanent office could develop expertise and credibility over time. The state auditors office and the program review committee serve as models supporting this idea.

After reviewing the alternatives, the program review committee concluded -- with the benefits and agency compliance costs assumed equal across all options and the differences in the estimated costs associated with implementing each option being relatively minor within the scope of the state budget -- picking the best performance review mechanism is more a matter of preference than sorting among the facts. Based on these understandings, the committee initially narrowed its preferences to two options: 1) a commission served by consultants; or 2) modifying the existing state government structure.

In the final analysis, the latter option emerged as the most attractive. In the opinion of the committee, this option can be implemented faster and with less disruption to the existing system than the option involving a commission served by consultants. It is also the cheaper of the two options regardless of the cost assumptions used. Specifically, the program review committee recommends:

1. **The Office of Policy and Management shall be responsible for:**

    a) **assuring all budgeted state agencies develop strategic plans that identify the relevant benchmarks established by the Connecticut Progress Council and include goals, objectives, and performance measures for each program provided by such state agency;**

    b) **assuring the goals, objectives, and performance measures included in each budgeted state agency's strategic plan address performance information needs identified by the joint standing committees of the General Assembly having cognizance of matters relating to appropriations, government administration, or the subject matter addressed by the agency;**

    c) **assuring each budgeted state agency collects data on the performance measures and benchmarks included in the agency's strategic plan;**

    d) **assuring an annual report is prepared on each budgeted state agency and its programs based on an analysis of the benchmark and performance measurement data included in the agency's strategic plan and submitting such reports to the Program Review and Investigations Committee; and**

    e) **assuring access to all performance and benchmark data to the Program Review and Investigations Committee and to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations, government administration, or the subject matter addressed by the agency.**

2. **The Program Review and Investigations Committee shall be responsible for:**

    a) **analyzing and commenting on the agency reports submitted by OPM;**

    b) **analyzing and commenting on the performance measurement and benchmark data made available by OPM including the relevance of the performance data related to each program's objectives; and**

c) distributing the reports submitted by OPM along with the committee's comments on the reports and data to the joint standing committees having cognizance of matters relating to appropriations, government administration, and the specific agency's operations.

3. The Auditors of Public Accounts when conducting an agency or program audit shall be responsible for determining if:

   a) the agency's or program's strategic plan is current;

   b) the strategic plan contains all the required elements;

   c) the data pertaining to the performance measures and benchmarks are being collected; and

   d) the data being collected are reliable and valid.

4. The Office of the State Comptroller shall pursue the development, funding, and implementation of a new state automated accounting system capable of providing performance data at the program level.

5. Not later than 90 days after the effective date of the act, the Secretary of the Office of Policy and Management shall establish a schedule whereby each budgeted state agency shall biennially develop a strategic business plan. The schedule established by the Secretary of the Office of Policy and Management shall require at least 20 percent of the budgeted state agencies to develop such a plan by July 1, 2001, and no later than July 1, 2004, all budgeted state agencies shall be developing strategic plans biennially.

6. Beginning September 1, 2002, and annually thereafter, the Secretary of the Office of Policy and Management shall submit to the Program Review and Investigations Committee a report on each budgeted state agency based on an analysis of the data associated with the benchmarks and performance measures included in the agency's strategic plan.

7. Beginning January 1, 2003, and annually thereafter, the Program Review and Investigations Committee shall distribute the reports and data submitted to it by the Secretary of the Office of Policy and Management along with the program review committee's comments to the joint standing committees of the General Assembly having cognizance of matters relating to appropriations, government administration, and the subject matter addressed by the agency.

8. Funding for five additional staff positions in the Office of Policy and Management and two additional staff positions in the Office of the Auditors of

Public Accounts shall be phased in along with the implementation of the proposed performance measurement system.

9. **Repeal C.G.S. Title 2c "Connecticut Sunset Law."**

Further Explanation

As pointed out, state statutes require a more advanced performance measurement system than is currently in place. The committee believes major reasons for the widespread noncompliance by state agencies are the absence of consistent and forceful direction from the executive branch and the lack of effort on the part of the legislature to identify nonconforming agencies and hold them accountable.

The first three recommendations are aimed directly at these problems. The first gives OPM the responsibility and authority to direct state agencies to perform the activities necessary for Connecticut to have a fully functioning performance measurement system. The second and third recommendations put the state auditors and the program review committee -- two independent legislative branch entities -- in a position to monitor and evaluate state agency compliance with the state's statutory performance measurement requirements. The committee believes assigning OPM, the program review committee, and the state auditors independent oversight roles will help assure non-compliant or inadequate responses on the part of state agencies are highlighted at every point of occurrence. Further, the interrelated reporting requirements of the three entities will force this information to be brought to the attention of legislative and executive leaders and the public.

In addition, the first two recommendations provide legislative committees the opportunity to engage OPM and the program review committee to help assure state agency efforts to collect and report performance data formally requested by committees. For example, if a budget subcommittee requested an agency report on the future use of a new piece of equipment, adoption of the recommendations would result in a mechanism being put in place that could be used to monitor the agency's compliance.

The intent of the fourth recommendation -- a performance data base linked to the state's accounting system -- is to encourage the development of a central repository of performance data. The committee believes this is the best long-term solution to the performance measurement needs of all legislative and executive branch decision-makers. It provides hard data at the program level to supplement other information used in making decisions.

The fifth, sixth, seventh, and eighth recommendations merely spell out a schedule for implementing the performance measurement proposals and identify the additional staff resources needed. The recommendations call for the system to be phased in over a three-year period.

The ninth recommendation calls for the repeal of the state's sunset review law. The committee believes if the sunset law is not repealed, the demands it places on the program review committee coupled with the requirements of the above recommendations will force the committee to either severely reduce the number of studies it undertakes annually or add staff. In the opinion of the committee, the expense of adding staff could be avoided and the legislature better served by repealing the sunset law. This law consumes an enormous amount of staff and legislative time and, as currently written, is disproportionally focused on relatively small and narrow programs.

APPENDIX

Agency Response

STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

February 8, 2000

Mr. Michael L. Nauer
Director
Legislative Program Review and
Investigations Committee
State Capitol, Room 506
Hartford, Connecticut 06106

Dear Mr. Nauer:

This is in response to your letter dated January 28, 2000 and received January 31, 2000 regarding Legislative Program Review Investigations Committee's final report on Performance Measurement in Connecticut.

Let me begin by saying that OPM supports the proposition of strengthening and systematizing the availability and use of performance measurement information. However, I do have concerns with the recommendations your report contains.

You correctly point out in your findings that in order to implement and maintain a successful performance measurement system there must be a clear commitment on the part of members of the executive and legislative branches. You do not mention however what level of support currently exists. I believe before any system is implemented that in-depth need assessment discussions should take place with appropriate leaders to determine what type of information would best serve their decision making. OPM recently confirmed the benefit of this type of preliminary need assessment. The success of OPM's agency strategic planning and performance measurement survey was as a result of developing an instrument that recognized the landscape it was intended to assess. I believe the same type of analysis is warranted here.

In addition, given the absence of this critical information I don't believe that the timeframes you've suggested for implementation of a system of this type and magnitude or the costs associated with the implementation options are realistic. To simply estimate costs and statutorily impose timeframes without a thorough understanding of what it would take for state agencies to comply is simply not prudent. Furthermore, there would be very little likelihood of any state agency meeting your initial July 1, 2000 deadline given the time it would take to establish the monitoring entities you suggest.

My staff and I would be happy to work with you to further investigate the possibility of implementing a performance measurement system in Connecticut but I do not believe that any of your recommendations will have their intended effect until we have gathered more information.

Sincerely,

Marc S. Ryan
Secretary