

Government Performance Project
Grading the States 2005



Minnesota

Grading the States 2005 – Executive Summary

With states emerging from the worst financial crisis in fifty years, the Government Performance Project (GPP) spent the past year assessing the quality of management performance. Our research found that all states faced similar economic challenges, but their reactions differed widely. Some states developed truly innovative responses, while others drifted behind. Their different managerial responses have significant implications for their citizens, both now and in the years to come.

The GPP's research team, made up of academics and journalists have provided insights into the way states have weathered the fiscal crisis and found promising innovations they crafted to cope with an uncertain future.

The report grades states on how well they manage their Money, People, Infrastructure, and Information – the foundation necessary to successfully provide services to citizens. The goal of the project is to give states information they can use to improve management and achieve their goals.

So here are but some of the project's most notable findings:

In the Money category, states showed considerable ingenuity in dealing with the fiscal crisis of the past few years. Many of them made a renewed commitment to get back to the basics – to improve long-term planning, replenish rainy day funds, and revisit revenue estimating techniques.

- Delaware takes one of three top grades for its strong financial performance with good structural balance, innovative purchasing and contracting systems, and a strong commitment to assessing the fiscal impact of policy decisions.

In managing People, a wave of retirements looms on the horizon. In over half the states, one in five state government employees will be retiring in the next five years. A reasonable

number of states are paying close attention to workforce planning, but others, limited by budget cutbacks or simple lack of interest, have not made planning a priority.

- Georgia, the only state receiving a grade of "A," has integrated workforce planning with the state's strategic planning process. Carrying planning one step further, the state creates employee performance plans that outline the skills each employee needs to move up the career ladder.

With regard to Infrastructure, new accounting regulations require states to estimate the value of their inventory, which forces them to acknowledge how much they defer in maintenance costs. The budget crisis has led more states to push more maintenance off into the future.

- The best of the pack in 2005 for Infrastructure is Utah. The state requires future maintenance costs to be included in the state operating budget for all new construction. With a statewide capital plan that looks out five years (and longer for transportation projects) the state has its infrastructure systems firmly under control.

And finally, in the category called Information, more and more states are developing and using performance information, and the technology to support this process is improving. States know more than ever about how programs are performing. Executive-branch agencies tend to make the most use of the information; state legislatures the least.

- Louisiana is a high performer in this category. Agencies report on their performance quarterly through a database available to the public. The legislature analyzes performance measures and uses them to make funding decisions. In addition, the state has a strong performance auditing record.

Past Grades Not Comparable – Because of changes in methodology and criteria, the grades in this version of the Government Performance Project are not comparable. Comparisons with state grades in previous years would be misleading and inaccurate.

Minnesota

Introduction

Minnesota's A- in Money was one of the best in the nation; a surprise given the state's recent acrimonious debates in the legislature. In fact, the only grade in which the state did not exhibit a strength in the Money area was in its budget process. Otherwise, long-term outlook, structural balance, contracting and financial controls were all regarded as strengths.

Minnesota's B+ in People was also exemplar and is largely attributable to the fact that workforce planning is a major strength for the state. Agencies are required to develop workforce plans annually and update them on a quarterly basis. Infrastructure, generally, was extremely strong, but Minnesota's grade there dropped to a B thanks to a weakness in funding maintenance that has led to a deterioration of the state's roads in recent years. Finally, Minnesota's B+ in Information was buoyed by superior strategic planning. The governor sets a clear direction for the state in his budget, as well as through the Department Results web site, where agencies post goals and performance measures to be used in assessing their progress.

Money

Minnesota manages its finances well. The state maintains a strong long-term budgeting perspective, using solid and consistent forecasting techniques to reach consensus on revenue estimates, funding most of its pension obligations completely, and maintaining modest debt levels. While the state makes use of a wide array of techniques for gaining citizen input to the budget, the legislature was unable to adopt a capital budget on time for 2004. The state has used fewer revenue and expenditure measures to balance its budget, indicating good structural balance. Contracting and purchasing for the state was strengthened in 2003 when the legislature required contracts with outside vendors to include measures to evaluate contract performance. Annual financial reports have received unqualified auditors' opinions for the last three fiscal years.

People

Overall, Minnesota is a good place for employees to work. Workforce planning is a big strength for the state. State agencies are required to develop workforce plans annually

Minnesota	
B+	Overall
A-	Money
B+	People
B	Infrastructure
B+	Information

and update them on a quarterly basis. The state has implemented a Yahoo!-based Resumix job system which allows applicants to establish their own personal job search. Applicants will also receive an email notification whenever a job matching their skills and interests opens up. Minnesota has recently merged the Training and Development Resource Center with the Management Analysis Division. This new division offers an Effective Leadership Program, which consists of a 32-hour program intended for all levels of management, from front-line supervisors to senior managers.

Infrastructure

In general, Minnesota manages its infrastructure quite well. The capital plan extends out six years, the linkage between the plan and the capital budget is generally good (few projects are funded that have not been fully vetted), and, except for Department of Transportation (DOT) projects, the operating and maintenance expenses associated with capital projects are estimated and incorporated in the operating budget. Minnesota has a good system of prioritizing projects across agencies, resulting in a generally cooperative capital planning environment. The state also monitors capital projects quite well, responding to cost-delay and efficiency problems in short order. Infrastructure maintenance is a high priority, but is increasingly under-funded. The state identifies and quantifies deferred maintenance needs, yet more than 50 percent of the state's infrastructure maintenance has been unfunded since 1999. A new fund, the Facility Repair and Replacement fund, was established to address the maintenance shortfall, but the legislature began transferring

money out of it in 2003 for general operating purposes.

Information

Minnesota is a leader in the areas of strategic planning and the production of performance information. There is a focus both at the statewide and agency level on the long-term goals of programs and policies. Governor Tim Pawlenty continues to improve upon the statewide Department Results web site which collects and displays agency performance information. Agencies in Minnesota actively produce and report performance information in a number of ways. The state is also engaged in meaningful information technology planning. The performance information produced in the state is high quality. This information is widely available throughout the Minnesota government; though it appears that the legislature does not use it as much as the governor or the budget office. There is a good deal of evidence of performance monitoring at the agency level in Minnesota. The state is engaged in effective performance auditing, though it could improve upon its efforts by broadening the scope of the audits conducted. Citizens can, for the most part, easily access state services and information about state government over the internet.

Minnesota: Money

Minnesota manages its finances well. The state maintains a strong long-term budgeting perspective, using solid and consistent forecasting techniques to reach consensus on revenue estimates, funding most of its pension obligations completely, and maintaining modest debt levels. While the state makes use of a wide array of techniques for gaining citizen input to the budget, the legislature was unable to adopt a capital budget on time for 2004. The state has used fewer revenue and expenditure measures to balance its budget, indicating good structural balance. Contracting and purchasing for the state was strengthened in 2003 when the legislature required contracts with outside vendors to include measures to evaluate contract performance. Annual financial reports have received unqualified auditors' opinions for the last three fiscal years.

Long-Term Outlook

Minnesota has strong forecasting capabilities and adheres to a long-term budgeting perspective. Except for the state's public employee pension fund, state pensions are fully funded. Minnesota's debt management is conservative, and it maintains a modest debt level compared to other states.

Budget Process

Minnesota has traditionally passed the budget by the start of the fiscal year. However, partisanship was especially heated in fiscal 2004 and the legislative session adjourned without passing a capital budget, any omnibus spending bill or revenue bills. The state has a biennial budget, with a fiscal year beginning July 1 and ending June 30. Citizen input to the budget process is strong.

The state exhibits strategic engagement of citizens in budget development, including:

- Use of a website to receive citizen suggestions on how to deal with projected budget shortfalls. Over 1,800 comments and suggested budget solutions were received on the website and reviewed in developing the budget.
- A weekly "Talk with the Governor" radio show initially begun by the previous administration. This call-in format is a popular and effective way to communicate budget issues and receive citizen feedback.

Money

A-



Long-Term Outlook



Budget Process



Structural Balance



Contracting/Purchasing



Financial Controls/Reporting

Criteria scores: Weakness Mid-level Strength

- Citizen advisory groups, public hearings, and town hall or regional meetings on general budget or program areas. A citizen jury has been used to develop tax reforms. State agencies use the web for feedback and e-mail, as well as specific surveys mailed to citizens or stakeholder groups.
- Other techniques for involving citizens include boards and councils that include both elected officials and citizens; telephone surveys targeted at specific groups; focus groups; agency booths at the Minnesota State Fair and other community events; e-mail forums with commissioners; and professional market research.

Structural Balance

Minnesota has been able to reach budget balance using fewer revenue and expenditure measures than most states. The state indicates good use of one-time revenues and has been able to realize substantial total ending balances in fiscal 2003, 2004 and 2005.

Contracting/Purchasing

Minnesota conducts procurement for both the state and other governments. The Minnesota Multi-State Contracting Alliance for Pharmacy features on-line ordering utilized by 43 states. Also, Minnesota is manager of the Western States Contracting Alliance computer contracts, through which participating states order equipment via vendor-hosted websites. Still, the state believes contracting can be improved.

State law regarding professional/technical service contracts was revised in 2003 to improve oversight of outside contractors. Now, state agencies entering such contracts must describe the “performance measures or other tools that will be used to monitor and evaluate contract performance.”

Minnesota is a party to the World Trade Organization’s Government Procurement Agreement. In negotiating certain contracts, the state is obligated to treat businesses in other participating countries equally with U.S. companies, limiting the state’s power to impose restrictions on outsourcing. In March 2004, the governor issued an executive order requiring state agencies to consider, without violating the WTO Agreement, the geographical location where contracted services will be performed. Minnesota leases software that has allowed the state to conduct reverse auctions for goods and certain types of professional/technical services; reverse auctions have saved the state \$1 million since September 2003. Agency personnel with delegated purchasing authority must attend training, pass a test, and be subject to audit by the Materials Management Division, agency internal auditors, and the Office of the Legislative Auditor.

Financial Controls/Reporting

The state produces financial reports in a timely manner and receives clean opinions in audits of its financial statements. Minnesota is cited in its 2003 Single Audit for reportable conditions regarding compliance with federal program funds, yet no reportable conditions as material weaknesses are noted. Minnesota expresses strong use of cost analysis and excels in its application of performance information.

Minnesota’s 2001 comprehensive annual financial report (CAFR) was completed by December of that year, and then restated in June 2002, due to discovery of a tax refund liability related to implementation of GASB statement 33. CAFRs for fiscal 2002 and 2003 were completed by December of each year, within six months of the end of the fiscal year. Minnesota received unqualified auditor opinions for all three reports.

There is substantial, distinct use of cost analysis in the state. Agencies use cost analysis to determine program results, and for calculating costs. The executive budget office and legislature use this analysis for management research, for contract decisions and setting fees.

All three groups, the executive budget office, agencies and the legislature indicate using cost analysis to determine the impact of proposed legislation. Minnesota links costs to operational performance most overtly through tracking agency performance through a publicly available “Department Results” web site. Agencies are required to post goals, measures and their ability to meet targets. Agencies submit a report of evaluation of financial management twice a year. State agency profiles and program narratives prepared in conjunction with the state budget and Minnesota’s results website are also available.

Minnesota: People

Overall, Minnesota is a good place for employees to work. Workforce planning is a big strength for the state. State agencies are required to develop workforce plans annually and update them on a quarterly basis. The state has implemented a Yahoo!-based Resumix job system which allows applicants to establish their own personal job search. Applicants will also receive an email notification whenever a job matching their skills and interests opens up. Minnesota has recently merged the Training and Development Resource Center with the Management Analysis Division. This new division offers an Effective Leadership Program, which consists of a 32-hour program intended for all levels of management, from front-line supervisors to senior managers.

Strategic Workforce Planning

In Minnesota state agencies are required to develop workforce plans annually and update them quarterly. DOER provides a Workforce Planning Kit, data, and other information needed as assistance to agencies in its workforce planning process. The state's workforce connects to their strategic plan, a strength for Minnesota. Beginning in January 2005 the state will pilot new software that will provide agencies with web-based access to real-time demographic information. This new software will allow agencies to access demographic data easier and more efficiently. Managers will be able to get information about compensation, worksites, classification, and numbers. A data warehouse will also be created as part of the new software.

Hiring

Minnesota excels in its recruitment and selection process. In 2002, the state moved to a Yahoo!-based Resumix job system. The state now has a centralized job site where applicants can search for jobs by keyword. Applicants can also establish their own personal job search, and they will receive an email notification whenever a job matching their skills and interests opens up. Once an applicant's resume is in the database, whether submitted for a particular job or not, an agency will be able to call up the resume for review and consideration.

Retaining Employees

Minnesota shows both strengths and weaknesses in its ability to retain its workforce.

People

B+



Strategic Workforce Planning



Hiring



Retaining Employees



Training and Development



Managing Employee Performance

Criteria scores:



Weakness



Mid-level



Strength

The state pays 100 percent of health and life insurance as well as ninety percent of dental insurance. However, the state has a high number of employees at the top of the salary grade and pays a lower rate per dollar salary towards benefits than the average state in the nation.

Training and Development

Minnesota spends only \$190 per employee on training and development, and only 41 percent of all employees have a career development plan -- both weaknesses within the state. The state is, however, making large strides in improving training and development programs, merging the Training and Development Resource Center with the Management Analysis Division. This new division offers a full range of management consulting services, including service quality improvement, customer relations, organizational development, and strategic planning. The new division also offers an Effective Leadership Program, which consists of a 32-hour program intended for all levels of management, from front-line supervisors to senior managers.

Managing Employee Performance

One of Minnesota's main weaknesses is its performance management system. Only 84 percent of state classified employees received an annual performance review in FY 03. The state offers no skill or competency pay to any of the agencies. In 2003 the state enhanced its current performance management system by

creating the Governor's Office of Strategic Planning and Results Management, requiring each agency to report and update its performance measures on a semi-annual basis. Minnesota is also trying to acquire more employee feedback. Currently the state conducts a survey of employees' attitudes every five years.

Minnesota: Infrastructure

In general, Minnesota manages its infrastructure quite well. The capital plan extends out six years, the linkage between the plan and the capital budget is generally good (few projects are funded that have not been fully vetted), and, except for Department of Transportation (DOT) projects, the operating and maintenance expenses associated with capital projects are estimated and incorporated in the operating budget. Minnesota has a good system of prioritizing projects across agencies, resulting in a generally cooperative capital planning environment. The state also monitors capital projects quite well, responding to cost-delay and efficiency problems in short order. Infrastructure maintenance is a high priority, but is increasingly under-funded. The state identifies and quantifies deferred maintenance needs, yet more than 50 percent of the state's infrastructure maintenance has been unfunded since 1999. A new fund, the Facility Repair and Replacement fund, was established to address the maintenance shortfall, but the legislature began transferring money out of it in 2003 for general operating purposes.

Capital Planning

Minnesota's Department of Finance uses a numeric ranking system to prioritize projects for the state's six-year capital plan. The same ranking system applies to projects in the two-year capital budget bonding bill. Agencies also create six-year plans, and they get points for projects that come out of those long-range plans. There is no formal process outside of the legislative process for public to have input, but the legislative process is highly visible and allows the average citizen to have input. Minnesota usually achieves a good linkage between its capital planning and capital budgeting. The state did not have a capital bonding bill for fiscal year 2004, however, because of an impasse between the governor and legislature.

State agencies are required to conduct a yearly Facilities Condition Audit. Although different agencies use different systems to complete the audit, the effort and information is generally consistent across the agencies. Minnesota's DOT also makes wide use of asset management systems to assess and maintain its infrastructure.

Infrastructure

B



Capital Planning



Project Monitoring



Maintenance



Internal Coordination



Intergovernmental Coordination

Criteria scores:



Weakness



Mid-level



Strength

Public input to DOT's planning is extensive, using public meetings, regular surveys and market research. The agency also has publications and policies aimed at reaching out to communities that are usually not consulted on transportation decisions.

DOT's strategic plan informs the state transportation plan, which looks 20 years into the future. There is also a ten-year plan that focuses on individual projects. However, DOT does not routinely estimate operating and maintenance expenses of proposed capital projects.

Project Monitoring

Minnesota's monitoring of state infrastructure construction projects is excellent, but monitoring by DOT is a bit weaker. Internal reporting and communication for facility projects is excellent in all areas. Internal reporting for DOT projects is excellent in most areas save for project efficiency reports are done only quarterly. Moreover, although on-site monitoring exists for all areas, no formal reporting or informal channels are utilized.

Minnesota's correction time for state and DOT infrastructure construction projects is good. Correction time is short for all areas of project management, ranging from one day to one week. Correction time for project inefficiencies, poor quality of work, and delays in private constructions projects is 2-3 weeks.

Despite weaker private construction management, project managers work on-site with the contractors and construction companies to solve problems at the lowest possible levels. Moreover, contractors are bound to a date for completion and must file for supplemental agreements for extensions or increases in budget.

Maintenance

Minnesota utilizes a life cycle approach to asset management and maintenance. The state requires a Life Cycle Cost Analysis to be performed for all new construction projects. Minnesota also has a sustainable building guideline uses computer modeling to compare maintenance costs. The state budgeted \$400 million for maintenance in 2004 and through its facility condition audit has identified another \$420.8 million in accumulated deferred maintenance. Although more than 50% of the state's infrastructure maintenance has been unfunded since 1999, the state does a good job of identifying and quantifying deferred maintenance needs.

Infrastructure maintenance came to a halt when the legislature failed to pass a capital budget or to appropriate maintenance funds in fiscal year 2004. Further compounding the problem, balances in the Facility and Repair and Replacement Account, created in 1999 to set aside funds for asset preservation, were transferred to the general fund.

Maintenance of the state's roads in the last few years also has deteriorated in the face of inadequate funding. Many of Minnesota's roads were designed in the 1950s and can no longer accommodate the larger trucks; and, of course, the projections for growth done in the 1950s are no longer valid and the design of much of the system needs to be upgraded. DOT admits that it does not have a formal bridge preventive maintenance program, but is working on developing one under its Highway System Operations Plan that is slated to be completed in 2004.

Internal Coordination

Minnesota employs a computer system called Archibus to aid in consolidating information of agencies' facilities condition. Information from the central database also informs capital planning and budgeting. There is also a Statewide Facilities Management Group which promotes communication among the Department of Administration (DOA), Department of Corrections, Finance, Human Services, Military Affairs, Natural Resources, DOT, University of Minnesota, and others. The group meets monthly to discuss topics ranging from building insurance to designing guidelines and capital budgeting.

The Department of Finance (DOF) manages the capital planning and budget process which requires open, two-way communication between DOF/DOA and operating agencies. A strategic score is assigned to each project requested by agencies with the attempt to prioritize competing requests, though the score has limited influence on the final decision. The scoring criteria have been used since 1994.

The Minnesota DOT manages multiple transportation modes under its aegis. According to a DOT official, different modes, such as water, rail, highway and air, are well integrated.

Intergovernmental Coordination

Minnesota's intergovernmental offices include the Governor's Advisory Council on State-Local Relations and DOT State Aid for Local Transportation Division. The Department of Administration also provides assistance to local governments in comprehensive planning, zoning, and GIS implementation through its Local Government Planning Assistance Center. DOT interaction and cooperation with other states are both regular and project-based. DOT also provides technical assistance to local counties and communities for projects that they are developing.

Minnesota: Information

Minnesota is a leader in the areas of strategic planning and the production of performance information. There is a focus both at the statewide and agency level on the long-term goals of programs and policies. Governor Tim Pawlenty continues to improve upon the statewide Department Results web site which collects and displays agency performance information. Agencies in Minnesota actively produce and report performance information in a number of ways. The state is also engaged in meaningful information technology planning. The performance information produced in the state is high quality. This information is widely available throughout the Minnesota government; though it appears that the legislature does not use it as much as the governor or the budget office. There is a good deal of evidence of performance monitoring at the agency level in Minnesota. The state is engaged in effective performance auditing, though it could improve upon its efforts by broadening the scope of the audits conducted. Citizens can, for the most part, easily access state services and information about state government over the internet.

Strategic Direction

Planning is an area of strength in the state of Minnesota. The governor sets a clear direction for the state in his budget, as well as through the Department Results web site, where agencies post goals and performance measures to be used in assessing their progress. Minnesota's agencies are also strongly engaged in strategic planning. Minnesota is engaged in meaningful information technology planning.

- The governor's budget contains both output and outcome information in key policy areas, and presents data on past and current performance along with future performance targets. The Office of Strategic Planning and Results Management collects and presents performance information online and has become more sophisticated in the past few years. There is also a new statewide initiative in Minnesota called Business Assessments, which evaluates state agencies in four areas: government reform through technology; financial and capital management; results management; and human capital management.

Information

B+



Strategic Direction



Budgeting for Performance



Managing for Performance



Program Evaluation



Electronic Government

Criteria scores:



Weakness



Mid-level



Strength

- Agencies in Minnesota have strategic plans that focus on the long-term goals of programs and collect performance information for the Department Results web site. Agency performance information includes specific goals, measures, benchmarks, and targets that go down to the program level. Agencies are participating in the aforementioned Business Assessments effort and must complete and submit an assessment every six months. Agencies must highlight areas of focus and show the action steps they are taking to get there.
- Minnesota has a comprehensive strategic IT plan which contains measurable outcomes and includes 2004 performance as the benchmark for future goals. The state informed the GPP that it would be delivering a transformation roadmap detailing "recommendations and initiatives that will guide the states enterprise approach to improving government service delivery through the strategic use of information technology."

Budgeting for Performance

Minnesota agencies routinely produce cost and performance information. The governor and the legislature are provided with cost and performance information during budget deliberations. There is clear evidence that the state budget office and agencies are using this information in the budget process for resource allocation, though the legislature in Minnesota is

not as active as the executive branch in using performance information.

- Minnesota agencies are producing quality performance information. Minnesota's Office of Strategic Planning and Results Management works with agencies to develop appropriate measures.
- Agencies make performance information available in a number of reports, including agency strategic plans, the Department Results web site, program profiles for the legislature, and the Business Assessments reports.
- The governor uses cost and performance information during the budget process. There are multiple examples of the use of cost and performance information by the governor, budget office, and agencies to justify budget tradeoffs and resource allocation across many different agencies. For example, the governor's office used cost and performance information to implement a program called Job Opportunity Building Zones (JOBZ) that allows for tax-free job zones in rural areas being developed. The state is comparing the foregone tax revenue to the job growth and associated economic activity in the zones. It is less clear that the Minnesota legislature is using cost and performance information to make budget decisions.

Managing for Performance

Minnesota agencies are generally supported by information technology systems and have the data necessary to support management decisions. Agencies produce plans that make very clear links between managerial action and program results, and performance information is regularly communicated to appropriate agency personnel. These agencies regularly monitor the performance of both internal agency personnel as well as external contractors. The state is actively using cost and performance information to make decisions on allocating resources.

- Evidence shows that Minnesota's information technology systems are adequately supporting manager's needs. The state has an exceptional human resources system (Resumix) for recruiting and handling job applications, as well as very good financial and accounting systems.

- Both the Minnesota Pollution Control Agency (PCA) and the Department of Transportation (DOT) provide quarterly performance reports to managers at all levels of the organization and these reports permit the monitoring of actual results compared to targets as well as other states' performance in some cases. Minnesota PCA has an Environmental Results Management system that has goals, functions and desired long-term outcomes. The information in these performance reports enables managers to adjust activities to address performance gaps.
- Both the PCA and DOT in Minnesota can show examples of how performance information is used to allocate resources in the agencies. DOT uses performance information in determining where to focus resources on pavement projects, and the PCA creates project budgets based on a "zero-based budgeting process," and assigns available resources based on top priorities.

Program Evaluation

Minnesota undertakes a relatively small number of performance audits each year; of 143 total audits done by the Office of the Legislative Audit (OLA) from 2002 to 2003, only 17 were performance audits. However, based on a sample of those audits, they appear to be thorough and a majority of them included a discussion of the use of performance measures in the state's programs. The audits reviewed covered the major program areas in the state. The OLA's methodology for conducting performance audits has been recognized nationally; it received the National Legislative Program Evaluation Society's methodology award for the past two years. Minnesota could improve its auditing capacity in certain agencies -- Minnesota DOT does not do performance evaluations, and no recent transportation related performance audits were found on OLA's site.

Electronic Government

Citizens of the state of Minnesota are able to access many state services, and information on state services, on the internet. Additionally, performance information is widely available to citizens.

- Minnesota citizens can easily renew a vehicle or boat registration, pay sales taxes, apply for unemployment benefits, determine the location of the local unemployment office, determine road conditions in different

areas of the state, find out where road construction is taking place, obtain taxpayer information and income tax forms, and access information on student aid.

- Citizens can also, with a bit more difficulty, replace a lost or stolen driver's license, renew a driver's license, file personal income taxes, and determine the location of the local office to obtain food stamps.
- Citizens can obtain a good deal of timely performance information on the internet, including education statistics, water quality statistics, and campaign finance information. Citizens can also access data that is a bit older on infant mortality rates and crime rates.
- Citizens in Minnesota find it relatively more difficult to communicate concerns to the state government, such as poor road conditions, poor DMV services, poor taxpayer services, or homeland security threats. Citizens can easily contact their state legislators on the internet.

The Agencies

The journalists associated with the GPP ask many hundreds of different questions.

Nonetheless there is one response used by sources in central state governments more frequently than any other: “It varies.”

As frustrating as those words may be, there’s no question that they are frequently the only accurate ones. States are made up of dozens of agencies, and those agencies – in all cases – have a certain amount of independence. In some deeply decentralized states, in fact, the central government has minimal control over how agencies manage in such areas as human resources.

So, in an effort to dig a bit deeper into the organizational structure of the states, this year the GPP integrated data from two state agencies into the evaluation process. The two agencies chosen were the Departments of Transportation, and the departments (of varying names) that were responsible for clean air and clean water.

Both agencies, in all fifty states, were asked to complete a survey instrument as well as to provide documents and participate in journalistic interviews.

Why these two? Over the course of the years it has become clear that many Departments of Transportation tend to be leaders in their use of performance measurement – and so they would be particularly useful for helping states put their best foot forward in that area. Additionally, the GPP was already relying on the DOTs to get a full understanding of infrastructure, so it seemed sensible to use the same agency for multiple purposes.

The project selected environmental agencies because they exist in all fifty states, tend to be reasonably large and could provide an opportunity to gain some understanding of agencies that play a large regulatory role.

Under all circumstances, the agencies themselves were not graded. They were used to gather information to provide perspective beyond that gained from the legislature and the central executive branch.

Naturally, there were states where agencies provided information that differed from the central government. In many instances there were obvious reasons why this should be the

case. A number of DOTs for example, run their own technology – thus their comments about the use of technology to managers could easily differ from that provided by the state’s Chief Information Officer. In other instances it was somewhat more difficult to reconcile differing information – and readers will discover that we’ve highlighted some of those differences in the data found in the website.

There were, without doubt, some frustrations in this additional piece of research. Most notably, since both agencies rely to some extent on federal dollars, there were differences in the way they operated and the way agencies entirely dependent on state dollars did.

That said, the information gained through this process turned out to be invaluable. For example, in a number of states, central HR offices were inclined to believe that hiring could be done speedily, while agencies complained that, in their experience, it was rather slow. Similarly, central personnel offices sometimes indicated that there was no workforce planning done at the central level, but that agencies were engaged in the process. If, however, both the agencies surveyed indicated that there was, in fact, no workforce planning going on in their shops, there was reason to further investigate. Agencies were also able to shed bright light on how effectively IT systems, procurement policies, budgeting processes, and other government functions worked for them.

In future years, resources permitting, it would be ideal to delve into more agencies. The information gathered from such a process would certainly help – still more – to avoid the “it varies” syndrome.

Questions and Answers about *Grading the States 2005*

Some additional project-wide information....

Who is graded and why?

All 50 states are graded on how well they manage their money, people, infrastructure, and information. Evaluating states in these four areas allows the GPP to provide states with information and data they can use to improve management and achieve goals.

Who grades the states?

The GPP has distinguished itself from other studies of government in its efforts to integrate the research skills of academics and journalists. The attraction of this concept is obvious. Academics bring rigor to the process, as well as a thorough understanding of the professional and technical literature pertaining to the management areas. The journalists are somewhat more comfortable with ambiguity and context necessary for the GPP and guard against a formulaic approach to grading the states that might result in false conclusions.

The academics, coordinated by Don Kettl of the University of Pennsylvania, hail from four different institutions:

- Phil Joyce, George Washington University;
- Michael Pagano, University of Illinois at Chicago;
- Sally Selden, Lynchburg College; and
- Katherine Willoughby, Georgia State University.

The journalistic team is led by Governing Senior Editors, Katherine Barrett and Richard Greene, who have been with the GPP since its inception. Others assigned include staff writers Zach Patton and J. Michael Keeling and Research Associates Eric Wills and Emily Zimmerman.

How were states graded?

The states' performance was graded against our carefully crafted criteria. A great deal of research and experience have led to an understanding of the management processes that tend to lead to the best performance; this research and experience were used to help define the criteria by which the states were evaluated.

The criteria are just the beginning. The GPP does not subscribe to a "one-size-fits-all" approach, and made every effort to consider any management style or technique which can be demonstrated to produce positive results. One key to successful comparison is in focusing as much as possible, on management processes that work for individual states – rather than prescribing specific systems as best practices for all of them. The GPP criteria don't, for example, maintain that there must exist a formal, written, state-wide strategic plan. Instead, they look to any process that leads to the kind of goal-setting for which such a plan is one catalyst.

What data was used to grade the states?

The GPP used data from three different sources to evaluate and grade the 50 states:

- An online state survey;
- Systematic document analysis; and
- Interviews with legislative fiscal analysts; state officials in the legislative and executive branches; independent citizen groups; and academics.

Why an online survey?

The GPP used an online survey and research system to expedite both the collection and analysis of data. The online survey allowed states greater flexibility in their response effort and also supported the collaborative efforts of the GPP team.

What did the online survey look like?

The state survey was divided into six segments:

- Four segments (money, people, infrastructure, and information) address management activities in central state offices and agencies; and
- Two segments focus on the same management activities within selected operating agencies.

Why look at agencies?

In some states, a survey of only central state management agencies would provide sufficient information for the project's evaluation. Other states, however, have decentralized many

management functions, so focusing our evaluation solely on statewide agencies fails to create a complete picture. To get that full picture, we included two survey segments that were directed at specific state agencies (identified in advance by the GPP).

Do one section's answers weigh more heavily on the final grading?

No; all sections were weighted equally.

What information is provided but not graded?

States received a grade for the four management areas that make up the Government Performance Project: Money, People, Infrastructure, and Information.

The two agencies that were surveyed, transportation and environment, did not receive explicit grades, but their survey answers were used to improve our understanding of the state management systems as a whole.

Why have the names of the grading areas changed from past GPP surveys?

Both the names and the number of grading areas have changed. The number of grading areas has been reduced from five to four because the Managing for Results and Information Technology sections have been merged into a single grading area: Information. The remaining three topics— Money, People and Infrastructure – concisely reflect the management areas within state government that the GPP evaluates.

Grading the States 2005

	Overall	Money	People	Infra-structure	Inform-ation
Alabama	C-	C	C+	D	C
Alaska	C+	C	C+	C+	C
Arizona	B	B	B	B-	B-
Arkansas	C+	B-	C	C+	C+
California	C-	D	C-	C	C
Colorado	C+	C-	C+	C+	C+
Connecticut	C+	C	B	C+	C-
Delaware	B+	A	B-	B+	B
Florida	B-	C+	B-	B+	B
Georgia	B	B-	A	C+	B-
Hawaii	C	C	B	C-	D
Idaho	B-	B+	B	C+	C+
Illinois	C+	B	C	C+	C+
Indiana	C+	C	C	B-	C
Iowa	B	B+	B	B	B
Kansas	B	B+	B-	B-	B-
Kentucky	B+	B+	B	B+	B
Louisiana	B	B+	B	C+	A-
Maine	B-	B-	B-	B	C+
Maryland	B	B	B-	A-	C+
Massachusetts	C+	C+	C+	C-	C+
Michigan	B+	B	B	B+	B+
Minnesota	B+	A-	B+	B	B+
Mississippi	C+	B-	C+	C+	C+
Missouri	B	B	B-	B-	A-

	Overall	Money	People	Infra-structure	Inform-ation
Montana	C+	C+	C+	B-	C
Nebraska	B	B+	B-	B+	C+
Nevada	B-	C+	C+	B+	B-
New Hampshire	C	C	C+	C+	C-
New Jersey	B-	C+	B	B-	C
New Mexico	C+	B	C+	D+	B
New York	B-	C+	B-	B+	C+
North Carolina	C+	B-	C+	C+	C+
North Dakota	B-	B-	B-	B-	C
Ohio	B	B+	B-	A-	C+
Oklahoma	C+	B-	B-	C-	C
Oregon	C+	D	B-	B	B
Pennsylvania	B	B+	B-	B+	B
Rhode Island	C+	C+	D+	B-	C+
South Carolina	B	B+	A-	C+	B
South Dakota	B-	B+	B-	B	D
Tennessee	C+	B-	C-	B-	C+
Texas	B	B	B	B-	B
Utah	A-	A	B+	A	A-
Vermont	B	B+	B	B-	B-
Virginia	A-	A	A-	A-	A-
Washington	B+	A-	B+	B	A-
West Virginia	C+	B-	C	C	C+
Wisconsin	B-	B-	B	C	B-
Wyoming	C	B	D+	C	C

More on the Web...

To view the full *Grading the States 2005* report and other GPP resources, please visit <http://results.gpponline.org>

States

Select a state and be taken directly to the GPP's portal for state-specific information on grades, specific performance on each grading criterion, background .pdfs and more

- State Summary
- Category Summaries and Criteria Narratives
- Category Criteria
- Ask the GPP Links

Categories

Select a categories and navigate through innovations, sources and charts on each of the surveyed management areas

- Category National Stories
- Leading Category Sources
- Category Charts
- Category Innovations

Newsroom

Enter the GPP Newsroom for access to state press kits, which include press releases, state reports, grading methodology sheets, and the GPP Fact Sheet

- State Press Kits
- Media Sources
- GPP in the News

GPP Research

Visit here for more details on the survey methodology, a library of state documents and other resources that the GPP will be rolling out in the coming months

- Project Methodology
- Data Request Form – coming soon
- Library – coming soon
- Analytic Papers – coming soon

Compare States

Choose from three different ways to compare state grades and criterion narratives

- Compare States Overview/Instructions
- Simple Compare
- Narrative Compare
- Better Performers

Community

Participate in web forums with different members of the GPP grading team as well as connect with practitioners in other states...all coming soon!!

- Web Forums
- Network of Practitioners

The Government Performance Project

The Government Performance Project is a non-partisan, independent research program focused on state governments and the public's interest in improving their management capacity and performance. The Government Performance Project gives state governments information and data they can use to improve management and achieve goals. For more information on the Government Performance Project, please visit <http://www.gpponline.org>.

The Government Performance Project is supported by The Pew Charitable Trusts.

1150 18th Street, NW, Suite 975
Washington, DC 20036-3865
202.862.9875