

Colorado Office of State Planning and Budgeting Overview

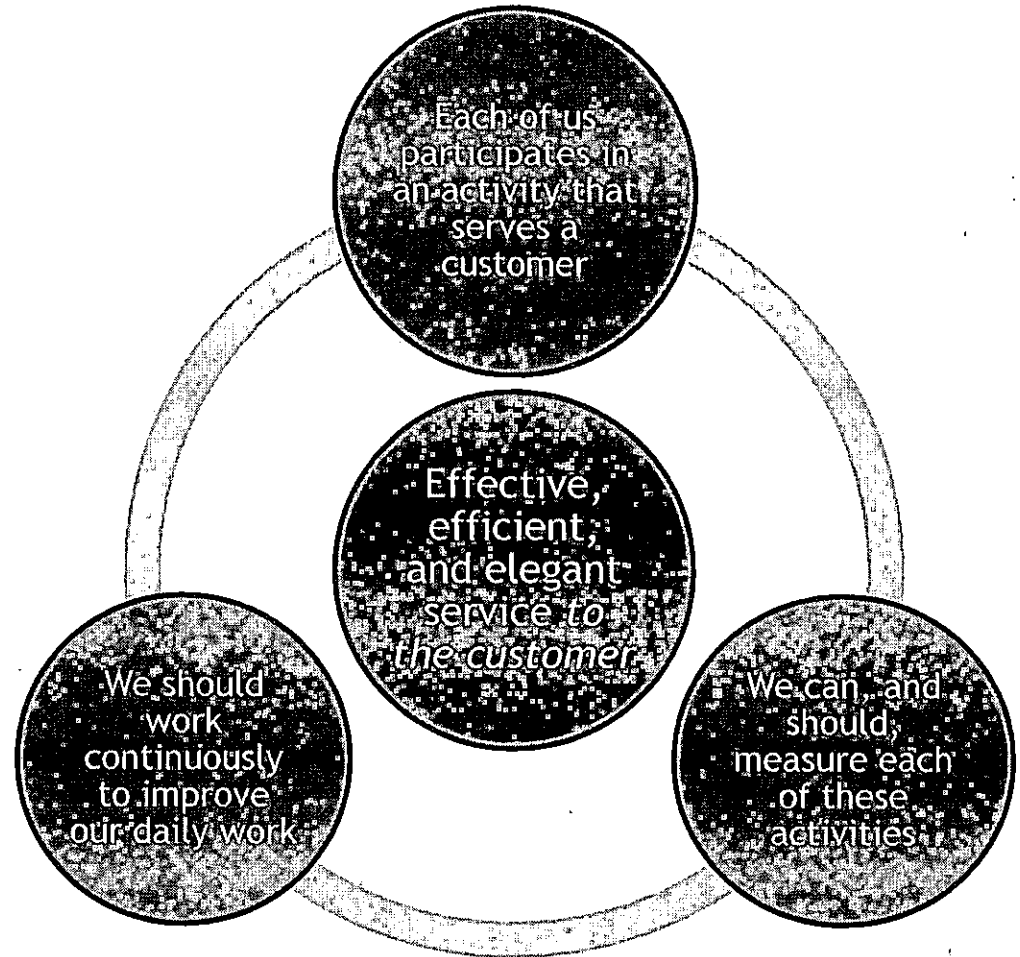
***Joint Finance Committee
January 21, 2016***

Henry Sobanet
Director
Erick Scheminske
Deputy Director

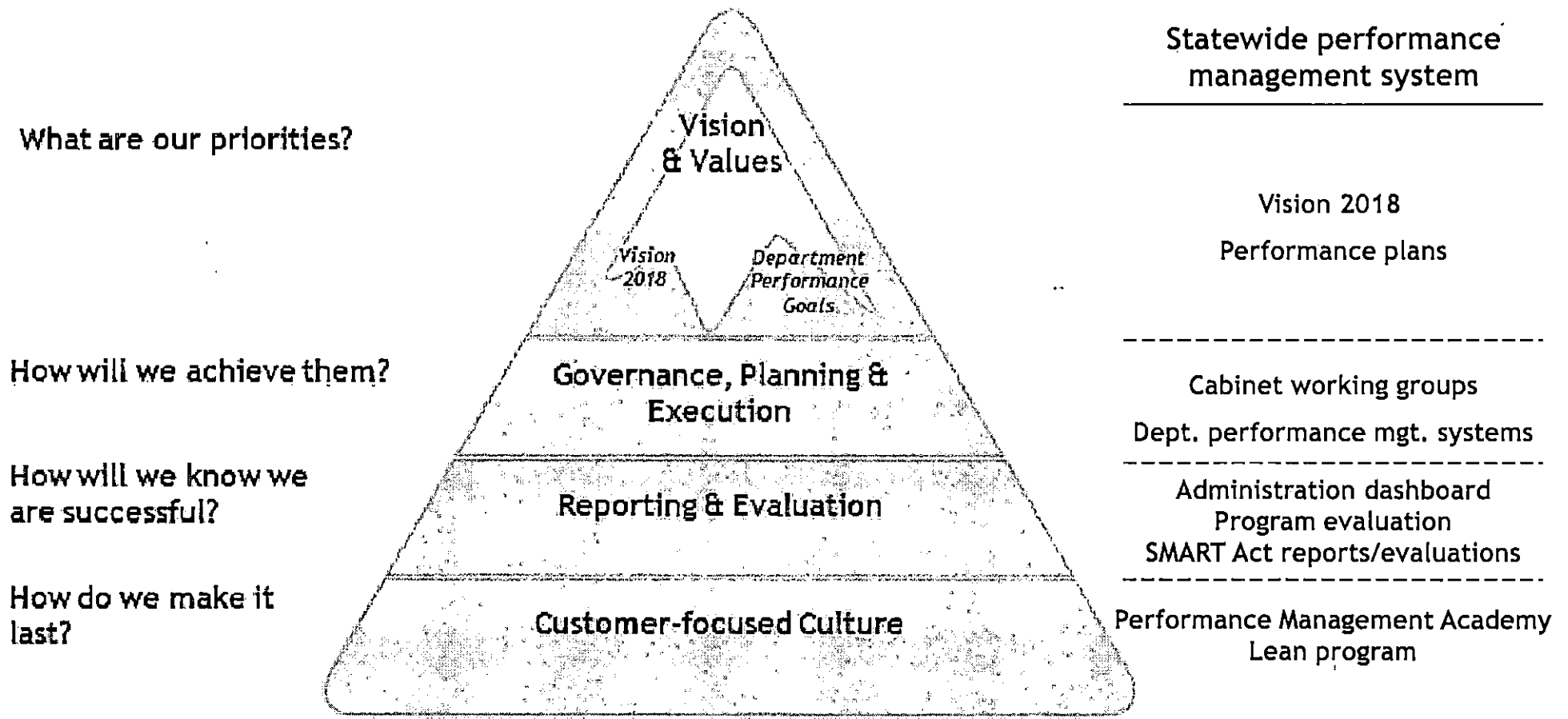


Guiding Principles of Colorado's Performance Management System

- Every employee in Colorado State Government participates in at least one *process* that delivers a good or service to a *customer*
- Each discrete process is *measurable* in a *meaningful* way
- Every State agency should *work continuously* to improve their processes in order to better serve their customers



Performance management framework



Governor's Priority Areas

"Vision 2018"

Five Major Priority Areas



- Cross-Departmental Focus
- 3-5 specific, achievable goals in each priority area
- Cabinet-level working groups assigned to each area
- Regular reviews of "lead metrics" that tell us whether or not we're successfully working toward meeting our goals
- Each goal links to "Strategic Policy Initiatives" in departments' performance plans



The SMART Act and Performance Management

The State Measurement for Accountable, Responsive, and Transparent Government (SMART) Act was revised in 2013 to formalize a performance management system in Colorado by providing broad parameters for planning, management, and evaluation. It contains three basic requirements:

Performance Management Guidance

- “Instructions” issued by Gov’s Office each year
- Must focus on productivity, efficiency, cost reduction, and eliminating waste
- Encourages Lean
- Encourages training

Department Performance Plans

- Mission / Vision
- Major Function Description
- Performance measures for major functions
- 1- and 3-year goals for performance measures
- Strategies to meet goals

Performance Evaluation

- Required twice-yearly published evaluations of progress toward goals (we prepare quarterly reports)
- Annual Four-Page Performance Report for all departments
- Annual meetings with committees of reference

Performance Management Team exists to support Departments across all facets of SMART Act implementation and broader performance efforts



Lean Process Improvement Projects in Colorado

Between October 2011 and now, Colorado's Lean Program provided resources to support 94 Lean projects in 19 of our Executive Branch agencies. Departments have independently completed more than 100 additional projects.

We have trained over 3,000 State employees in Lean methodologies.

- **Local Affairs – Housing Choice Voucher Program**
 - Number of forms used by the program reduced by 56 (or 50 percent)
- **Education – Educator License Evaluation**
 - Improved cycle time by 50 percent
- **Regulatory Agencies – Call Center**
 - Achieved a 60 percent reduction in initial call connection time
 - Improved first-call resolution of issues by 90 percent



Lean in Colorado - where are we now?

Accomplishments

- State employees believe in Lean and are hungry for more
- Executive managers (including cabinet members) are realizing the value of continuous process improvement, and are excited to keep momentum rolling
- The General Assembly provided an ongoing appropriation for Lean and Performance Planning within OSPB

Challenges/Opportunities

- State employees need greater understanding of process and system improvement methodologies beyond Lean
- “Obvious” projects are complete, and more complex remain – where do we spend the next Lean dollar?
- Exploring options for leveraging the successes in certain departments across a broader spectrum in other departments.



Performance Management Academy Vision & Objectives

Vision

The Academy supports the development of a sustainable, customer-focused culture that drives continuous performance improvement and operational excellence

Academy Objectives

In its six-day curriculum, the Academy aims to provide State government leaders with the knowledge, skills, tools and network to:

- Create and implement high quality Performance Plans
- Lead the change necessary to improve processes and performance

- Three separate Academy classes in the last two years
- Nearly 200 State employee attendees
- The first Academy class comprised primarily executive leaders in departments (deputy directors, CFOs, budget directors). Subsequent classes have also brought in middle managers and program leaders



Results First in Colorado

- Results First is an initiative, begun by the Pew Charitable Trusts and the Catherine T. and John D. MacArthur Foundation, to provide states with a benefit-cost tool to compare its programs. Colorado is one of 20 participating states.
- The Colorado Results First project started as a partnership between the Governor's Office and the Legislature in July 2014
- Colorado has reviewed programs offered in the following systems:
 - Adult Criminal Justice
 - Juvenile Justice
 - Child Welfare
- The Results First team is currently reviewing programs offered in Colorado's behavioral health systems.
- Findings from Results First have informed the Governor's budget submission in the areas of Community Corrections and Drug/Alcohol Addiction treatment.

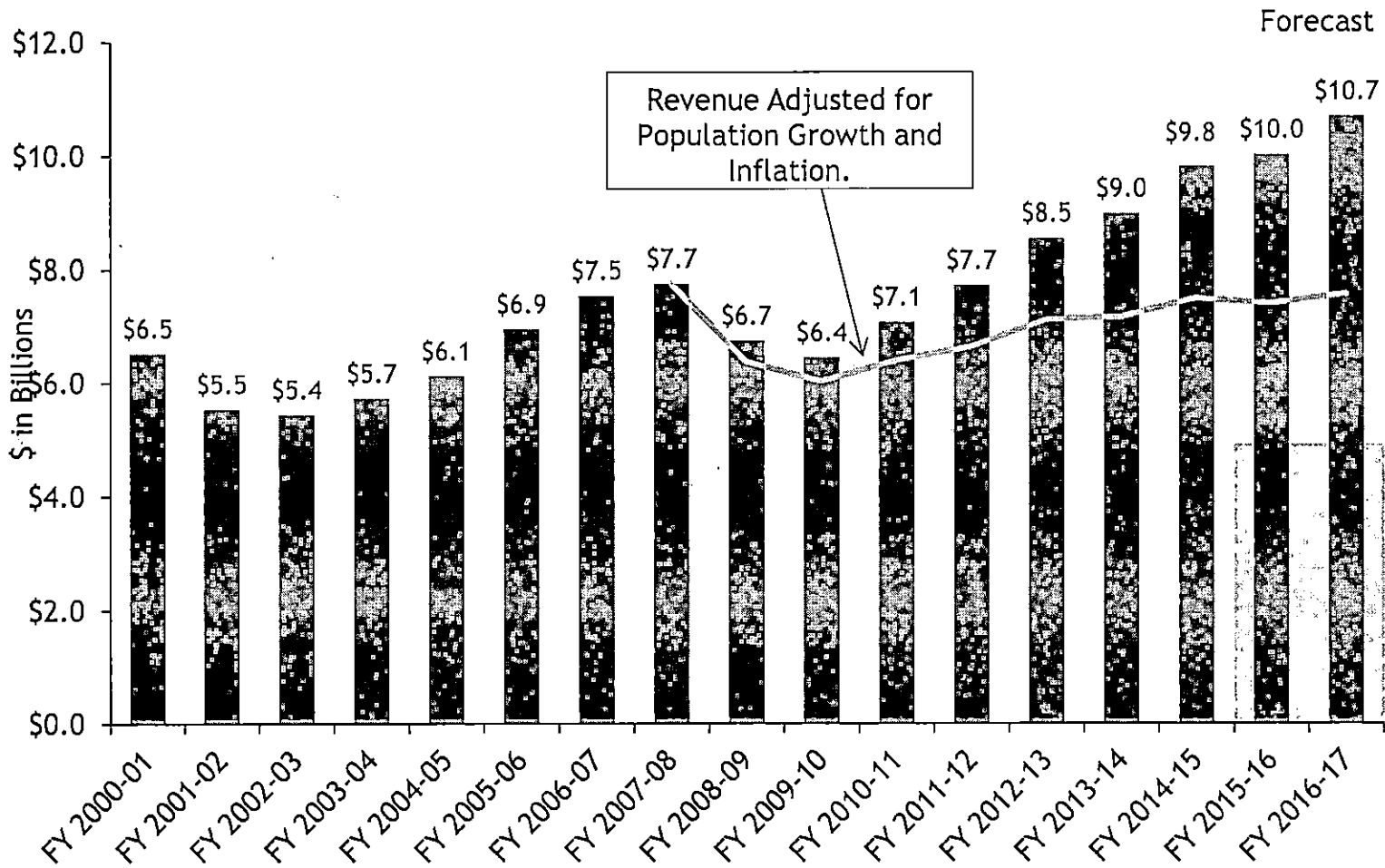


Other Key Accomplishments and Items of Interest

- OSPB has successfully implemented a new electronic budgeting tool in association with the Colorado Operations Resource Engine (CORE) to improve the link between the budgeting and accounting functions of Colorado government
- Slower economic growth as well as new liabilities in the General Fund required significant steps to balance the FY 2016-17 budget request:
 - Increase in the K-12 Education “Negative Factor” of \$40.7 million to \$871.5 million
 - Reduction to Higher Education of \$20 million
 - Reduction in rates paid to medical providers, private prisons, and community corrections facilities totaling \$52.6 million total funds (\$19.6 million General Fund)
 - \$100 million reduction to the Hospital Provider Fee
 - Approximately 50% cut in funding for controlled maintenance of State buildings, and recommendation of only those capital construction projects continuing from prior years’ appropriations



General Fund Revenue, Actual and Forecast



Source: OSPB December 2015 Forecast



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