Department of Administrative Services
Annual Performance Progress Report (APPR)
for Fiscal Year 2005-06

2007-09 Budget Form 107BF04c

Due: September 30, 2006
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Agency Mission
Lead the pursuit of excellence in state government.

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ABOUT THIS REPORT

Purpose of Report
The purpose of this report is to summarize the agency’s performance for the reporting period, how performance data are used and to analyze agency performance for each key performance measure legislatively approved for the 2005-07 biennium. The intended audience includes agency managers, legislators, fiscal and budget analysts and interested citizens.

1. PART I: EXECUTIVE SUMMARY defines the scope of work addressed by this report and summarizes agency progress, challenges and resources used.

2. PART II: USING PERFORMANCE DATA identifies who was included in the agency’s performance measure development process and how the agency is managing for results, training staff and communicating performance data.

3. PART III: KEY MEASURE ANALYSIS analyzes agency progress in achieving each performance measure target and any corrective action that will be taken. This section, the bulk of the report, shows performance data in table and chart form.

KPM = Key Performance Measure
The acronym “KPM” is used throughout to indicate Key Performance Measures. Key performance measures are those highest-level, most outcome-oriented performance measures that are used to report externally to the legislature and interested citizens. Key performance measures communicate in quantitative terms how well the agency is achieving its mission and goals. Agencies may have additional, more detailed measures for internal management.

Consistency of Measures and Methods
Unless noted otherwise, performance measures and their method of measurement are consistent for all time periods reported.
<table>
<thead>
<tr>
<th>2005-07 KPM#</th>
<th>2005-07 Key Performance Measures (KPMs)</th>
<th>Page #</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>RENT COSTS – Uniform rent costs per square foot as a percent of private market rates.</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>STATE VEHICLE COSTS – Cost of state vehicles per biennium as a percent of contracted rental rates.</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>STATE WORKFORCE TURNOVER – Annual turnover rate for the state workforce.</td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td>STATE WORKFORCE DIVERSITY – Racial/ethnic diversity in the state workforce as a percentage of the total civilian labor force.</td>
<td>14</td>
</tr>
<tr>
<td>6</td>
<td>IT PROJECTS – Number of state information technology projects with a 90% actual to expectations ratio measured by performance criteria</td>
<td>16</td>
</tr>
<tr>
<td>7</td>
<td>IT OWNERSHIP COSTS – Total cost of ownership for centrally provided technology services compared to 2000</td>
<td>18</td>
</tr>
<tr>
<td>8</td>
<td>E-GOVERNMENT – Percent of all targeted agencies who have successfully completed an E-Government launch with IRMD Assistance</td>
<td>20</td>
</tr>
<tr>
<td>9</td>
<td>FORECAST RELIABILITY – Percent of members of Governor’s Council of Economic Advisors who rank the reliability of the economic forecast as very good to excellent.</td>
<td>22</td>
</tr>
<tr>
<td>10</td>
<td>PEBB CUSTOMER SERVICE – Average employee satisfaction with PEBB benefit program in annual survey (scale of 1-10.)</td>
<td>23</td>
</tr>
<tr>
<td>11</td>
<td>PEBB CONTRACTS MANAGEMENT - Percentage of performance standards met by contractors.</td>
<td>25</td>
</tr>
<tr>
<td>12</td>
<td>RISK MANAGEMENT – Annual number of workers’ compensation, liability, and property claims per 100 FTE.</td>
<td>27</td>
</tr>
<tr>
<td>13</td>
<td>RISK CLAIMS COSTS – Percent reductions/increase in current claims cost compared to previous biennium</td>
<td>29</td>
</tr>
<tr>
<td>14</td>
<td>RISK MANAGEMENT COSTS – Cost of risk per $1,000 of operating budget.</td>
<td>31</td>
</tr>
<tr>
<td>15</td>
<td>FINANCIAL REPORTING – Number of years out of the last five that State Controller’s Division wins GFOA Certificate of Achievement.</td>
<td>33</td>
</tr>
<tr>
<td>16</td>
<td>PROCUREMENT EFFECTIVENESS – Estimated savings resulting from price agreement pricing compared to prices that would be paid without the benefit of a price agreement.</td>
<td>35</td>
</tr>
<tr>
<td>17</td>
<td>INFORMATION SECURITY - Percentage of actions identified in HB 3145, or the resulting Enterprise Security Office Strategic Plan, completed on time.</td>
<td>37</td>
</tr>
<tr>
<td>18</td>
<td>INFORMATION SECURITY BUSINESS RISK– Percentage of identified business risk that is remediated.</td>
<td>39</td>
</tr>
<tr>
<td>19</td>
<td>HEALTH POLICY – Percent of key healthcare policy stakeholders who rate the a) usefulness, b) objectivity, c) reliability of healthcare data provided by Office for Health Policy and Research (OHPR) as good or excellent.</td>
<td>41</td>
</tr>
</tbody>
</table>

Note: Measures in italic text are listed in the 2007-09 budget forms as measures to be eliminated as key performance measures. Measures in bold text were presented to JLAC on September 14, 2006 and moved to the November 2006 consent calendar where they are expected to be adopted for the 07/09 biennium.
1. SCOPE OF REPORT

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

   Goal 1:  Excellent customer service
   •  Strategy: Foster excellent customer relations
   •  Strategy: Deliver timely and accurate information

   Goal 2:  Effective policies with clear direction
   •  Strategy: Involve key stakeholders in policy development
   •  Strategy: Use information to improve policies

   Goal 3:  Efficient and effective government infrastructure
   •  Strategy: Ensure appropriate oversight and cost containment
   •  Strategy: Optimize performance

   Goal 4:  Adaptable government for future generations
   •  Strategy: Lead efforts to define and implement statewide visions
   •  Strategy: Ensure state government’s workforce needs are met
   •  Strategy: Protect the state’s information assets and systems
   •  Strategy: Advance sustainable business practices in government.

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

2. THE OREGON CONTEXT

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

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

3. PERFORMANCE SUMMARY

The table that follows groups performance results into four categories: making progress, not making progress, progress unclear and not formally approved. KPMs listed in the making progress category are those where a performance target was met or exceeded; those in the not making progress category are KPMs that did not meet targeted performance. KPMs not formally approved are on the consent agenda for November 2006, and are expected to be adopted for the 07/09 biennium. All other KPM situations are listed in the progress unclear category.

The majority of current measures are in the making progress category. A request for elimination for 2 of the 7 KPMs in this category is listed in the 07/09 budget forms. 3 of the 5 KPMs in the not making progress category are listed in the 07/09 budget forms as measures to be eliminated; as are 3 of the 4 KPMs in the progress unclear category; this is not that unexpected given that DAS just re-vamped its performance measurement system. The other factor is that in many cases DAS chose to disinvest in maintaining data tracking systems to report on KPMs that had become less meaningful over time.

<table>
<thead>
<tr>
<th>KPM Progress Summary</th>
<th>Key Performance Measures (KPMs) with Page References</th>
<th># of KPMs</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMs MAKING PROGRESS</td>
<td>RENT COSTS (page 8), STATE VEHICLE COSTS (page 10), FORECAST RELIABILITY (page 22), RISK MANAGEMENT PER 100 FTE (page 27), RISK MANAGEMENT COSTS PER $1,000 (page 31), FINANCIAL REPORTING (page 33), PROCUREMENT EFFECTIVENES (page 35)</td>
<td>7</td>
</tr>
<tr>
<td>at or trending toward target achievement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPMs NOT MAKING PROGRESS</td>
<td>STATE WORKFORCE TURNOVER (page 12), STATE WORKFORCE DIVERSITY (page 14), IT PROJECTS (page 16), E-GOVERNMENT (page 20), RISK CLAIMS COSTS CLAIMS COST (page 29)</td>
<td>5</td>
</tr>
<tr>
<td>not at or trending toward target achievement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPMs - PROGRESS UNCLEAR</td>
<td>CUSTOMER SERVICE (page 6), IT OWNERSHIP COSTS (page 18) PEBB CUSTOMER SERVICE (page 23), PEBB CONTRACTS MANAGEMENT (page 25)</td>
<td>4</td>
</tr>
<tr>
<td>target not yet set</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPMs NOT FORMALLY APPROVED-</td>
<td>INFORMATION SECURITY (page 37), INFORMATION SECURITY BUSINESS RISK (page 39), HEALTH POLICY (page 41)</td>
<td>3</td>
</tr>
<tr>
<td>target not yet set</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Number of Key Performance Measures (KPMs)</td>
<td>19</td>
</tr>
</tbody>
</table>

4. CHALLENGES

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

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

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

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

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 INCLUSIVITY</strong>&lt;br&gt;Describe the involvement of the following groups in the development of the agency’s performance measures.</td>
<td>This last year, DAS developed a strategic plan and took steps to align the KPMs to the plan. The strategic plan was developed with input from internal staff and manager, and with feedback from a small group of state agency heads. A draft plan was also shared with a state government strategic planning peer group.</td>
</tr>
<tr>
<td><strong>2 MANAGING FOR RESULTS</strong>&lt;br&gt;How are performance measures used for management of the agency? What changes have been made in the past year?</td>
<td>The department’s focus for the last year has been on developing the tools and processes required to manage for results. With a strategic plan in place, the realignment of KPM, and division level plans with related agency-wide and program level performance measures, the agency is now poised to begin having progress and performance evaluation discussions. These sessions will be designed to be a forum for resolving issues, learning, and making adjustment critical to ensuring continued success.</td>
</tr>
<tr>
<td><strong>3 STAFF TRAINING</strong>&lt;br&gt;What training has staff had in the past year on the practical value and use of performance measures?</td>
<td>Over the last year, two separate training sessions were conducted at quarterly manager meetings—a forum open to all DAS supervisory managers. The first session covered components of a system of managing for results and launched the strategic and business planning processes. A second session discussed customer satisfaction survey results and the process for reporting on this KPM. Planning and performance measurement consulting services were also made available to DAS division as they worked on developing division business plans that align to the DAS strategic plan.</td>
</tr>
<tr>
<td><strong>4 COMMUNICATING RESULTS</strong>&lt;br&gt;How does the agency communicate performance results to each of the following audiences and for what purpose?</td>
<td><strong>Staff:</strong> DAS staff receives personal feedback on performance from their managers at least annually as part of the performance appraisal system. The DAS Executive Leadership Team report periodically on the agency measure, percent of due performance appraisal that have been completed. The target is to operate at 100%.&lt;br&gt;&lt;br&gt;<strong>Elected Officials, Stakeholders and Citizens:</strong> The Annual Performance Progress Report is the primary vehicle that DAS uses to communicate performance results to external stakeholders and is posted online at: <a href="http://www.das.state.or.us/DAS/about_us.shtml">http://www.das.state.or.us/DAS/about_us.shtml</a></td>
</tr>
</tbody>
</table>
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #1</th>
<th>CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”; overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information.</th>
<th>Measure since: 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Excellent customer service</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>DAS’ Annual customer satisfaction survey</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Mini Kobbervig, Director’s Office, 503-378-3156 x276</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

4. HOW WE COMPARE
   The 2006 survey was the first conducted under the new customer service guidelines, so there is no historical data to use as a comparator. While other state and federal agencies do customer satisfaction surveys, there is no known comparable agency that aligns with department’s customer pool and survey methodology.

5. FACTORS AFFECTING RESULTS
   The methodology used gave the entire selected customer population the opportunity to evaluate the service criteria for all applicable department service areas. This introduced some self-selection bias into the survey. It is impossible to know the impacts of this bias on the survey results.

6. WHAT NEEDS TO BE DONE
   The survey results have contributed to the department defining two strategies for ensuring excellent customer service. The first is to foster excellent customer relations, which includes activities designed to improve the way in which the department relates to its customers. The second is to focus efforts on delivering timely and accurate information. All DAS divisions have developed customer service action plans to make improvements considering the disaggregated survey results for their area.
III. KEY MEASURE ANALYSIS

7. ABOUT THE DATA
The Department has committed to conducting an annual customer satisfaction survey. The next survey is scheduled to be administered in January 2007. The population is defined as the direct users of DAS services, which for most divisions is state agency heads, managers and administrative services staff. The survey is administered using SurveyMonkey, with a link being sent to the entire population. This methodology is selected because of the department’s commitment to allowing all customers the opportunity to evaluate services. More information about the survey methodology and data collection methods is available in the DAS Combined Customer Service Survey Results at: http://www.das.state.or.us/DAS/directors_survey.shtml
III. KEY MEASURE ANALYSIS

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

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

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

3. HOW WE ARE DOING
The target was achieved for 2005, as Uniform Rent costs were 1% below the target. The Uniform Rent rate has stayed relatively level, which will cause the rates to broaden their disparity and reach or exceed the target in future years.

4. HOW WE COMPARE
The private industry is constantly comparing their rates to stay competitive through private survey mechanisms. This measure allows us to check our internal rates against theirs to ensure we are providing good value to state agencies. There are some challenges with making a straight comparison because DAS provides more services, such as more responsive building maintenance and security systems, for their rent cost. There is not a better state government comparator that Facilities might use.

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

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

7. ABOUT THE DATA
The Uniform Rent rate is developed biennially through the budget process, approved by the Legislature, then published in the Price List of Goods and Services. Industry rates are taken from the a PGP Valuation Inc. report that is published annually in March or April; therefore, the 2006 data will not be available until the Spring of 2007. They build the data through annual studies of commercial leasing rates and have become an established resource for the public and private sector. DAS selected the Salem study due to the fact the majority of DAS buildings that are charged the Uniform Rent rate reside in the Salem area. More information about PGP is available at http://www.pgpinc.com/pgpvaluation/history.htm.
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #3</th>
<th>STATE VEHICLE COSTS – Cost of state vehicles per biennium as a percent of contracted rental rates.</th>
<th>Measure since: 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficient and Effective Government Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>OBM #35 – Governing Magazines ranking of public management quality</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>Total actual State Fleet costs for daily rental and permanently assigned vehicles divided by quoted annual Private Fleet costs for daily and long term rentals. Enterprise rates were used because the State has a contract with this carrier.</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>State Services Division</td>
<td></td>
</tr>
</tbody>
</table>

1. OUR STRATEGY
   The measure links to the agency goal of efficient and effective government infrastructure. This measure provides information on whether state agency vehicle transportation needs more efficiently and effectively than commercial car rental companies do.

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

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

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

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

6. WHAT NEEDS TO BE DONE
   Continue to make operational improvements and to monitor commercial car rental company rate structures. To this end, Fleet Administration has requested that this measure be replace in 2007-09 with a measure of the results of a third part evaluation of Fleet Administration.
III. KEY MEASURE ANALYSIS

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

III. KEY MEASURE ANALYSIS

### KPM #4
STATE WORKFORCE TURNOVER – Annual turnover rate for the state workforce.

<table>
<thead>
<tr>
<th>Measure since:</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Adaptable government for future generations</td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality</td>
</tr>
<tr>
<td>Data source</td>
<td>Reports taken from the statewide position and personnel database (PPDB)</td>
</tr>
<tr>
<td>Owner</td>
<td>Denise Hall, Human Resource Services Division, 503-373-7320</td>
</tr>
</tbody>
</table>

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

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

#### 3. HOW WE ARE DOING
The state’s resignation rate of 6.3% is above the target of 5.5%. A total of 1,969 employees resigned during fiscal year 2005-06. The overall trend for this rate is up, which is of concern. However, the overall turnover-rate, which includes retirements, is 10% and has been declining for the past 2 years.

#### 4. HOW WE COMPARE
Oregon compares favorably with turnover data from the Central States Compensation Survey (CSCS). The CSCS is made of 25 states from the central U.S. to the west coast. The CSCS voluntary resignation rate for public sector for 2005 was 7.2% compared to Oregon’s 6.1% in 2005 and 6.3% in 2006 (2006 data for CSCS is not available at this time). The voluntary resignation rate from Central states for 2003 and 2004 was 7.0% and 6.9% respectively.

#### 5. FACTORS AFFECTING RESULTS
The growing economy is a factor affecting the results. Companies have been hiring more as is evidenced by the low national and Oregon unemployment rates of 4.8% and 5.6% respectively. The demand for workers to fill jobs has been very high for the past 2 to 3 years, which has put pressure on compensation market labor rates. The primary reasons for leaving are shown in Table 1 (next page). The top 5 secondary reasons for leaving are shown in Table 2 (next page).
III. KEY MEASURE ANALYSIS

6. WHAT NEEDS TO BE DONE
Agency-wide committees should be formed to study and determine the root cause of the Work/Life, Compensation/Benefits, Health and Wellness, and Changing Job Duties issues. The committee members should be a cross-section of agency management and human resource professionals. Based on the results of the studies, the committees should provide a recommended course of action to State policymakers. Root Cause Analysis is recommended at this juncture to identify the most optimal and affordable alternatives for consideration.

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

7. ABOUT THE DATA
Oregon’s turnover ratio is based on voluntary separations (excluding retirement) between July 1, 2005, and June 30, 2006. Six hundred sixty (660) of 1,969 employees who voluntarily left state service provided the reason for his or her leaving in an exit survey. 1,309 employees chose not to identify his or her reason for leaving state service. Obtaining a higher percentage of completed exit surveys will increase the Division’s confidence level in what issues need to be addressed. However, information gathered through responses to the exit surveys is sufficient to support further study in the areas outlined above.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Table 2 (Top 5 Reasons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Reason for Leaving</td>
<td>Secondary Reason for Leaving</td>
</tr>
<tr>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>In-State Public Sector</td>
<td>12.6</td>
</tr>
<tr>
<td>In-State Private Sector</td>
<td>13.7</td>
</tr>
<tr>
<td>Out-of-State Public Sector</td>
<td>3.5</td>
</tr>
<tr>
<td>Out-of-State Private Sector</td>
<td>1.9</td>
</tr>
<tr>
<td>Education</td>
<td>4.1</td>
</tr>
<tr>
<td>Relocation</td>
<td>9.2</td>
</tr>
<tr>
<td>Military Service</td>
<td>0.2</td>
</tr>
<tr>
<td>Stay Home</td>
<td>7.6</td>
</tr>
<tr>
<td>Resign w/o Reason</td>
<td>47.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #5</th>
<th>STATE WORKFORCE DIVERSITY – Racial/ethnic diversity in the state workforce as a percentage of the total civilian labor force.</th>
<th>Measure since: 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Adaptable government for future generations</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>Reports taken from the statewide position and personnel database (PPDB) and Oregon Employment Department workforce analysis report.</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Denise Hall, Human Resource Services Division, 503-373-7320</td>
<td></td>
</tr>
</tbody>
</table>

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

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

3. HOW WE ARE DOING
   Between 2000 and 2003, the State made steady progress toward reaching its target. The representation of minorities in the State’s workforce was increasing slightly more than in the statewide labor force. In 2004, the increase in the state’s minority population continued to show a modest increase (+0.3%), while the minority representation in the State’s workforce had a significant decline (-3.1%). In 2005, the State’s minority representation rebounded to the level experienced in 2003 (11.8%). Labor force statistics for 2005 are not yet available. If the trend of the past four years continues in the diversity of the labor force, it is estimated that the diversity of the State’s workforce as a percentage of the civilian labor force for 2005 will be 70.2%.

4. HOW WE COMPARE
   We are unable to identify private or public employers who maintain comparable statistics.

5. FACTORS AFFECTING RESULTS
   The growing economy is one factor affecting the results. A stronger economy attracts a larger and presumably more diverse labor force pool. However, a stronger economy also increases competition between employers for workers of all ethnicities. In addition to the growth due to the strong economy, members of minority groups, especially those of Hispanic origin, are projected to continue to increase their presence in the state’s labor force.
III. KEY MEASURE ANALYSIS

6. WHAT NEEDS TO BE DONE
   The Division needs to do a better job of recruiting, hiring, and retaining workers in minority groups. We need to continue to increase our outreach efforts to let minority groups know of open recruitments and increase availability of diversity training in state agencies. The Division needs to consider developing structured internal and external task forces that represent the different constituencies of the state of Oregon. The purpose of the task forces should be as follows: to reach the state’s broad and diverse population; to gain feedback into the key issues of the various constituencies; and to identify programs that the State can implement. The Division also needs to consider including exit survey questions that identify reasons employees may be leaving that are related to a work environment that does not support cultural differences.

7. ABOUT THE DATA
   The state government workforce data is from the statewide employee information database – the Position and Personnel Database (PPDB). It represents employee data for all state agencies other than the Oregon University System (OUS). The percentage of the State’s workforce identified in a minority group on December 31, 2004, was 11.5%.

   The Oregon labor force data is obtained from the Oregon Employment Department’s annual workforce analysis report and is representative of the statewide labor force - it is available by the end of each October for the prior year (e.g., 2005 data will be available late October 2006). The percentage of Oregon’s civilian labor force identified as in a minority group in 2004 was 16.5%.
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #6</th>
<th>IT PROJECTS – Number of state information technology projects with a 90% actual to expectations ratio measured by performance criteria. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficient and Effective Government Infrastructure</td>
</tr>
<tr>
<td>Oregon Context</td>
<td>OBM #35 – Governing Magazines ranking of public management quality</td>
</tr>
<tr>
<td>Data source</td>
<td>Database in IRMD Quality Assurance Program used for tracking state information projects over $500K.</td>
</tr>
<tr>
<td>Owner</td>
<td>Scott Riordan, 503-378-3385, Enterprise Information Strategy &amp; Policy Division (EISPD) formerly IRMD</td>
</tr>
</tbody>
</table>

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

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

3. HOW WE ARE DOING
Data through 2004 was gathered through assessment of state information technology projects over $500,000 that were tracked through the IRMD Quality Assurance function as mandated by state IT policy. Criteria considered included whether the project was on time and within budget, whether the business needs were met, and the level of user satisfaction. From December 2004 forward, the information required to assess projects to this level of detail was not continuously collected nor was the project tracking database updated on a regular basis. No meaningful value could be calculated for 2005.

In October 2005, a new set of project-related performance criteria was established under the direction of the State CIO and State Chief Information Officer Council. These project-related performance criteria focused primarily on assessment of project budget and schedule. In December 2005, IRMD conducted a pilot assessment of 10 of the 20 major IT projects being tracked at the time. With a few exceptions, the major IT projects being tracked exceed $1M. In March 2006, after additional refinement of the project rating criteria, IRMD conducted an assessment of 14 of the twenty-three 23 projects being tracked at that time. In May and again in August 2006, 100% of the 19 major IT projects being tracked during those reporting periods were assessed using the refined project rating criteria. On average, in the assessments conducted between December 2005 and August 2006: 1) all critical path deliverables were, or were expected to be, on schedule 53.2%* of the time; and 2) actual budgets for the projects were, or were expected to be, no more than 10% above the approved baseline budget 88.7%* of the time. The criteria for assessing project budget and schedule has been modified further in response to requests by members of the Joint Legislative Committee on Information Management and Technology (JLCIMT) as they have refined their expectations for periodic project reporting in the future.”
III. KEY MEASURE ANALYSIS

4. **HOW WE COMPARE**

   While the 2004 and 2006 data is not directly analogous, the general trend is positive regarding project cost/budget during the intermittent reporting periods (88.7%). Adherence to project timelines overall is more problematic (53.2%). Project performance related to schedule can be attributed to unanticipated/unplanned delays in the completion of project work or planned re-baselining of project schedule to ensure that project budget and quality objectives/targets could be achieved.

   Public and private sector organizations across the nation have had significant challenges in meeting originally stated budget, schedule and quality objectives for large IT projects. An article concerning project performance across the US in 2002 published by MIT’s Sloan Management Review estimated that 68% of corporate IT projects were neither on time or on budget, and didn’t deliver on originally stated business goals. According to a July 2004 Computerworld article “…72% of large projects are late, over budget or don’t deliver anticipated value…a 28% chance of success.”

5. **FACTORS AFFECTING RESULTS**

   Large information Technology projects that span multiple years are inherently risky and complex. The major IT projects assessed for this report (with few exceptions) exceed $1M and span multiple years, sometimes multiple biennia, in duration. In alignment with state biennial budget development processes, the original budget and schedule estimates for these projects were, in most cases, established twelve to fifteen months prior to the biennium in which the agency plans to initiate the project assuming funding is granted by the legislature. As such, they are often rough estimates based on the best information available at the time. As agencies initiate projects and proceed through the project lifecycle (initiation, planning, execution, control, closeout) more information becomes known and estimates of budget and schedule become more refined and accurate. That said, it is prudent from time to time for agency project managers to go through a formal re-baselining of project schedule and budget with approval from their executive sponsors and steering committees. The performance results reported for 2006 in section 3 and 4 above reflect this reality.

6. **WHAT NEEDS TO BE DONE**

   As stated above, large information technology projects that span multiple years are inherently risky and complex. They must be professionally managed and actively overseen by agency program and executive-level management, as well as by independent third party quality assurance vendors. The State of Oregon has recognized these needs as evidenced by its 10-year commitment to independent quality assurance oversight and its Oregon Project Management Associate training program (700 certified project managers since 1998).

7. **ABOUT THE DATA**

   DAS anticipates measure #11 will be abolished and new measures will be incorporated into future legislative reporting that more accurately portrays the performance, quality assurance and risk status of IT projects in the state.
III. KEY MEASURE ANALYSIS

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

<table>
<thead>
<tr>
<th>KPM #7</th>
<th>IT OWNERSHIP COSTS – Total cost of ownership for centrally provided technology services compared to 2000. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</th>
<th>Measure since: 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficient and Effective Government Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>OBM #35 – Governing Magazines ranking of public management quality</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>Division records.</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Scott Riordan, 503-378-3385, Enterprise Information Strategy &amp; Policy Division (EISPD) formerly IRMD</td>
<td></td>
</tr>
</tbody>
</table>

1. **OUR STRATEGY**
The measure links to the agency goal of efficient and effective government infrastructure.

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

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

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

5. **FACTORS AFFECTING RESULTS**
It is impossible to factually explain the significant reduction in cost over the last year given because of the undefined interplay between the cost-base, pass through expenditures, and changes (+/-) in demand.
III. KEY MEASURE ANALYSIS

6. WHAT NEEDS TO BE DONE
   The value of the measure is diminished because it does not also contemplate +/- shifts in corresponding expenditures within agencies.

7. ABOUT THE DATA
   The data is consistent since 2000. The re-organization of IRMD with the transfer of operational units to other DAS division requires a change in the methodology used to calculate the results in the future. That action should not be necessary since the measure is scheduled to be deleted.
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #8</th>
<th>E-GOVERNMENT – Percent of all targeted agencies who have successfully completed an E-Government launch with IRMD Assistance. This measure is listed in the 2007-09 budget form as a measure to be eliminated as a key performance measure.</th>
<th>Measure since: 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficient and Effective Government Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>Division records.</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Scott Smith, Office of the State CIO, 503-378-2973</td>
<td></td>
</tr>
</tbody>
</table>

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

This measure links to an old IRMD strategy to help agencies complete e-government projects, and the implementation of the Oregon.gov Web site. This is not longer the focus of the E-government program, so new measures are being proposed for the 2007-09 biennium.

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

3. HOW WE ARE DOING
Progress is being made in the content management area, with 100 agencies now in the system and 15 e-commerce applications available to the public. While the number of agencies increased, two factors impeded attainment of the target: the migration of all Web sites and E-commerce applications to a new data center, and an important e-commerce application upgrade.

4. HOW WE COMPARE
Oregon was ranked third best in the nation in the 7th annual Brown University study, while other studies rank us in the top third. Oregon’s rate of new e-commerce applications is low. Four new applications were made available in 2006, while some other states made as many as 20 available in the same time frame. For this reason, the new measure being proposed for the 2007-09 biennium is “percent of agency business processes that have been automated: a) customer to agency; b) customer to agency to accounting system (end-to-end).”

5. FACTORS AFFECTING RESULTS
The two major factors affecting results are the data center migration and e-commerce application upgrades.
III. KEY MEASURE ANALYSIS

6. WHAT NEEDS TO BE DONE
   The E-government program needs to continue the effort to standardize and modularize e-government components. This will enable more agencies to be targeted and completed within shorter time frames. New funding/revenue strategies need to be examined if we are to keep pace with other state’s progress in this area.

7. ABOUT THE DATA
   The e-government data covers the time period from September 2005 to September 2006. What is reported is percent of planned actions that are completed. Data integrity is compromised by the fact that the E-government Program may not have access to all relevant data. The data for the planned component were taken mainly from coordinating body request lists for both e-commerce and content management and requests made by the Governor’s Office. Instead of tracking actual verses planned, it would be better to track the overall outcome, e.g., percent of all agency customer business processes automated and online.
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #9</th>
<th>FORECAST RELIABILITY – Percent of members of Governor's Council of Economic Advisors who rank the reliability of the economic forecast as very good to excellent.</th>
<th>Measure since: 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficient and effective government infrastructure</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>Annual survey completed by the Office of Economic Analysis</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Dae Baek, Chief Economist, 503-378-3452</td>
<td></td>
</tr>
</tbody>
</table>

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

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

3. **HOW WE ARE DOING**
   The survey is conducted in October, so results for 2006 will not be available until January 2007. Previous results suggest that the Governor’s Council of Economic Advisors is very satisfied with the reliability of the economic forecast. Unfortunately, the sample size is too small to draw such conclusions.

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

5. **FACTORS AFFECTING RESULTS**
   The population for this particular survey is too small to draw any reliable conclusions from the data.

6. **WHAT NEEDS TO BE DONE**
   OEA has requested a wording change which would increase the population size of the survey group to include all advisory committees and councils that OEA works with. The survey for the 2006 CY will remain for the smaller survey group, but will expand in 2007. OEA anticipates that our customer satisfaction for the smaller survey group will remain similar.

7. **ABOUT THE DATA**
   These results are from an annual survey conducted by OEA. Starting in January 2007, the questions used to gather this information will be incorporated in the DAS annual customer satisfaction survey, which will substantially increase the survey sample.
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #10</th>
<th>PEBB CUSTOMER SERVICE – Average employee satisfaction with PEBB benefit program in annual survey (scale of 1-10)</th>
<th>Measure since:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Excellent Customer Service</td>
<td>2002</td>
</tr>
<tr>
<td>Oregon Context</td>
<td>OBM #54 – Percentage of Oregonians without health insurance</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>Annual Survey Conducted by PEBB</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Lydia Lissman, PEBB, 503-373-0800</td>
<td></td>
</tr>
</tbody>
</table>

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

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

3. HOW WE ARE DOING
   Several methodological shifts in the survey conducted in 2005 make it difficult to report a performance value that might be trended against historical results. The survey asked customers to evaluate service on a 5 point instead of a ten point scale, and a “not sure” value was introduced with a 3 point score. Recalculating scoring would be a very labor intensive process. The 2005 survey was done electronically, and the corresponding response rate was significantly higher than in years past. Key findings from the 2005 report are: 1) 70% of respondents were satisfied or very satisfied with the benefits program; and 2) of the 31% who indicated they had contacted PEBB for assistance during open enrollment, 80% indicated they were able to get their questions answered or the issue resolved to their satisfaction.

4. HOW WE COMPARE
   There are no relevant public or private industry standards for comparison. In the future the PEBB survey will include questions from the Customer Satisfaction Guidelines. This will permit service comparrison for PEBB’s two primary customer bases: benefit recipients and agency benefit coordinators (which are surveyed as part of the DAS Customer Service Survey.).

5. FACTORS AFFECTING RESULTS
   A lack of consistency in applying the same scales and asking consistent questions has plagued the data collection processes for this measure. A request has been made to eliminate this measure for the 2007-09 biennium since PEBB participates in the DAS customer satisfaction survey process.
III. KEY MEASURE ANALYSIS

6. **WHAT NEEDS TO BE DONE**
   PEBB is implementing strategies to improve customer service and to respond to suggestions and concerns expressed in the 2005 survey. PEBB has implemented an advisory committee to bring more customer involvement into enrollment processes. The committee is developing recommendations for improvements to the on-line enrollment system and enrollment process, reviewing and improving the readability of the administrative rules, and rewriting the Open Enrollment materials. PEBB will make modifications to the 2006 survey so that it is more aligned with the Customer Service Guidelines and a consistent methodology is applied over time.

7. **ABOUT THE DATA**
   The survey results are compiled by an independent source, but PEBB reviews all comments. The data for 2005 is not a reliable measure of customer service due to the mix of questions and the scoring system. PEBB finds value in being compared against other DAS divisions on common customer service indicators.
III. KEY MEASURE ANALYSIS

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

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

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

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

4. HOW WE COMPARE
There are no relevant public or private industry standards for comparison.

5. FACTORS AFFECTING RESULTS
This data is marginally of value. It measures a narrow contract element. PEBB has experienced turnover in staff responsible for monitoring contract compliance.

6. WHAT NEEDS TO BE DONE
PEBB is developing a monitoring tool that will track both the submission of reports by contractors and the completeness of the information. In addition, PEBB is focusing on the development of meaningful measures of clinical outcomes, progress in achieving the PEBB Vision elements, and administrative effectiveness. DAS is recommending this measure be eliminated in 2007-09.
III. KEY MEASURE ANALYSIS

7. ABOUT THE DATA
   Historically, PEBB tracked the percentage of reports submitted on a quarterly basis, and summed this value to calculate an annual total. PEBB is no longer tracking this data to support this measure.
III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #12</th>
<th>RISK MANAGEMENT – Annual number of workers’ compensation, liability, and property claims per 100 FTE.</th>
<th>Measure since: 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficient and effective government infrastructure</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>Program reports on number of claims; target is average of last 5 years (industry standards) for WC and liability; 3 years for property</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Bob Nies, Risk Management Program, 503-378-5521</td>
<td></td>
</tr>
</tbody>
</table>

1. **OUR STRATEGY**
   The strategy is to minimize the number of claims overall, and reduce level of injuries and related workers compensation costs. This KPM measures the claims rate of state agencies compared to previous years.

2. **ABOUT THE TARGETS**
   Desired performance would be less than the target, so a downward trend is preferred. A request has been made to adjust the target downward for the 2007-09 biennium.

3. **HOW WE ARE DOING**
   The rate has generally stabilized between 6 and 6.5 over the last four years. The rate reduction in 2003 is attributed to a property loss deductible increasing from $500 to $2500. In 2006, claims rose slightly. This increase is mostly due to increased vehicle accidents.

4. **HOW WE COMPARE**
   The measure is used generally to compare our current rate to our history. The workers compensation part of the rate compared favorably in the 2004 State Risk Cost Survey published by ArmTech, an Aon Company, in Sept 2005. The rate was 20% below the median rate of participating state governments.

5. **FACTORS AFFECTING RESULTS**
   This measure rolls up results from workers’ compensation, liability and property claims. Unusual events in any given year in any one of these categories will results in atypical results. For example, the auto liability (AL) part of the rate in 2005 was half what it was in 1999. After bottoming out in 2005, the AL rate is trending back up. A request has been made to the Legislature to disaggregate this measure and report on each of the components individually. This will create the opportunity for discussion about factors impacting results for each component.

6. **WHAT NEEDS TO BE DONE**
   Risk management is working to develop strategies and implement new programs to decrease the number of workers’ compensation (WC) “time-loss” claims. Emphasis will be given to WC because the costs associated with “time-loss” claims are expensive, especially related medical costs. A reduced AL rate may also result from a renewed emphasis on reducing workers’ compensation claims.
III. KEY MEASURE ANALYSIS

7. ABOUT THE DATA
   Reporting cycle is based on the fiscal year. Data is available annually by the end of August. Beginning in 2007, the data will be disaggregated into the individual components, workers’ compensation, liability claims and property claims.
Department of Administrative Services
Agency Mission: Lead the pursuit of excellence in state government.

III. KEY MEASURE ANALYSIS

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

1. OUR STRATEGY
The measure links to the agency goal of efficient and effective government infrastructure. This KPM measures the percent reduction or increase in current total state agency claims cost compared to previous biennia.

2. ABOUT THE TARGETS
The measure gives an indication of how fast claim costs are increasing. Claim costs are “cash flow” expenditures that occur during the biennium, regardless of claim loss dates. The target is to minimize the cost of claims. A low to moderate upward trend is good. Claims costs are increasing steadily, due largely to raising medical cost, not increased number of claims.

3. HOW WE ARE DOING
Total claims costs are increasing steadily but slowed in 2005 (7%) compared to 2003 (27%). 2007 results will not be available until the end of August, 2007.

4. HOW WE COMPARE
This measure is not used to compare to others, but to the past cost of state government claims. It has no available comparisons to an industry standard or to other like entities.

5. FACTORS AFFECTING RESULTS
Cost increases are largely due to raising medical costs, not increased numbers of claims. The measure calculation includes claim settlement payouts from previous fiscal years, which can make costs vary greatly and overstate them. This happened in 2003.

6. WHAT NEEDS TO BE DONE
Strategize and implement new programs to decrease the number of workers’ compensation “time-loss” claims. DAS currently has three Risk Management Key Performance Measures (KPM), this overstates the emphasis of the program’s work. This measure is not currently being used internally. A request has been made to the Legislature to eliminate this measure as a KPM.
7. **ABOUT THE DATA**
   Reporting cycle is biennial and data is available by August/September of odd-numbered years. Because the results are measured by biennium, they are not timely for reporting to the legislature.
III. KEY MEASURE ANALYSIS

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

1. OUR STRATEGY
The measure links to the agency goal of efficient and effective government infrastructure. This KPM measures the cost of risk as a dollar rate of the state budget. Since FY 2002, it has been based on total budget of the state. Prior to that, it was based on operating budget alone.

2. ABOUT THE TARGETS
The measure gives an indication of the total cost of the state risk management program. Costs consist of claim payments, legal fees, commercial insurance premiums, claims administration and other operating costs of the DAS Risk Management program compared to the state budget. The target is to minimize the cost of risk. A stable flat rate is good.

3. HOW WE ARE DOING
Except for the up tick in 2006, costs are trending down and that is very good.

4. HOW WE COMPARSE
In the past, we have very favorably compared to a survey of governmental bodies, generally a rate of two-thirds or less of the national rate. This survey is no longer a good one for comparison. It now heavily focuses on “insured” entities whereas we are “self-insured.”

5. FACTORS AFFECTING RESULTS
Primary factors causing the up tick in 2006 are increases in property excess insurance premiums after Hurricane Katrina and increases in workers’ compensation costs (both in losses and in the basic premium).

6. WHAT NEEDS TO BE DONE
Strategize and implement new programs to decrease the number of workers’ compensation “time-loss” claims. Unfortunately, we have little influence on the property commercial insurance market.
III. KEY MEASURE ANALYSIS

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7. ABOUT THE DATA
   Reporting cycle is based on the fiscal year. Data is available annually by the end of August. More details can be obtained from Robert Nies, DAS State Services Division.
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III. KEY MEASURE ANALYSIS

<table>
<thead>
<tr>
<th>KPM #15</th>
<th>FINANCIAL REPORTING – Number of years out of the last five that State Controller’s Division wins GFOA Certificate of Achievement.</th>
<th>Measure since: 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Efficient and effective government infrastructure</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government; OBM #35 and #36</td>
<td></td>
</tr>
<tr>
<td>Data source</td>
<td>GFOA coordinates the review and awards the certificate. GFOA data lags a year, so 2005 data is available in the Fall of 2006.</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Jean Gabriel, State Controller’s Division, 503-373-7277 ext. 253</td>
<td></td>
</tr>
</tbody>
</table>

1. OUR STRATEGY
The strategy is to optimize performance.
Successful statewide financial reporting is a cooperative effort between the State Controller’s Division (SCD) and fiscal offices in all state agencies.

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

3. HOW WE ARE DOING
The SCD has met the target every year since this measure was adopted. The Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting award signifies that the State’s Comprehensive Annual Financial Report (CAFR) meets the high standards of the GFOA program including receiving an unqualified audit opinion and demonstrating a constructive spirit of full disclosure to clearly communicate financial results. Earning the certificate demonstrates fiscal accountability and compliance with accounting and financial reporting standards.

4. HOW WE COMPARE
Participation in the GFOA Certificate of Achievement program is voluntary. Currently, 41 state governments submit their annual financial report to GFOA for review. For fiscal year 2003, 95% of the states that submitted their reports for review were awarded the Certificate of Achievement for Excellence in Financial Reporting. The percentage for fiscal year 2002 was 95%, and the percentage for 2001 was 98%. Thus, a very high percentage of those states that submit their CAFR earn the award. This is consistent with Oregon’s performance.

5. FACTORS AFFECTING RESULTS
The extent and complexity of new accounting and financial reporting standards promulgated by the Governmental Accounting Standards Board (GASB) affects our results. Implementation of new standards on a statewide basis requires focusing resources to plan, modify systems as needed, update policies,
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and provide training to state agencies. Other factors affecting results include fiscal staffing levels at state agencies, level of staff expertise, turnover, and the ability of each agency to provide timely and accurate information for fiscal year end closing.

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

7. ABOUT THE DATA
   The data is reported based on Oregon’s fiscal year, which ends June 30. Results of the GFOA review are based on an independent, objective analysis by members of the Special Review Committee using a comprehensive checklist. Data lags a year, so the 2005 results are not available until the Fall of 2006.
III. KEY MEASURE ANALYSIS

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

1. OUR STRATEGY
   The strategy is to contain procurement costs through the use of negotiated price agreements.
   State agencies under the purchasing authority of DAS participate in the use of price agreements, as well as other local governments and educational entities whenever feasible.

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

3. HOW WE ARE DOING
   Targets have been met for all years that market data was captured. For FY2006, a spike of savings is observed which can be partly attributable to the effects of the Oregon Smart Buy Program now well under way, market pricing on the rise while the pricing structure of existing agreements remains fixed, and high volumes of sales in categories of spend with a high or relatively high percentage of savings. The savings and rate of savings experienced to date continue to increase. It is uncertain whether the unusually good results for FY2006 may be sustained in subsequent years.

4. HOW WE COMPARE
   A market basket of five commodities - vehicles, computers, office supplies, janitorial supplies, and cellular phones - was compared against other state pricing when available (California, Washington, Colorado), pricing available under the federal General Services Administration (GSA) agreements, and pricing from competitors to the existing vendors for the statewide contracts. All five commodities reflect positive savings which all contribute to the composite savings of 18.7%. In some cases the strength of sales to local governments and educational organizations is another indicator of Oregon’s competitive pricing for its statewide contracts. Cellular phones showed the lowest percentage of savings at 5.2% while janitorial supplies indicate a huge savings percentage of 57.6% over GSA pricing, perhaps attributable to the vendor’s many distribution warehouses in Oregon.
III. KEY MEASURE ANALYSIS

5. FACTORS AFFECTING RESULTS
   The more aggressive strategic sourcing approach of the Oregon Smart Buy Initiative is likely reflected in the results for 2006, given two full years of operation. Re-negotiated contract pricing based on the analysis of available historic sales data, volume and other type of discounts, demand management all contribute to savings overall. The presence of fixed discounts on sales of personal computers (desktops, laptops, servers) is another contributor to the savings.

6. WHAT NEEDS TO BE DONE
   The current procurement methodology is essentially sound. To the extent that results are positive, only minute adjustments are required, if at all. The knowledge gained through the individual and combined research efforts of this analysis needs to be used in the decision-making process for subsequent contracts or contract re-negotiations. Continual capture, monitoring and methodical analysis of sales data is necessary. Successful approaches need to be integrated in other procurement strategies and activities.

7. ABOUT THE DATA
   The reliability of the data is fair. Using a diverse array of five categories of contracted goods with individual cumulative sales data guarantees a fair representation and accuracy. By virtue of the many different products offered even within a single category, further efforts still need to be exerted in selecting for comparison as similar items as is possible (e.g. a computer with specific parameters and configuration), selecting as large a sample of items to be compared as is possible (e.g. three or more different desktop models or products instead of fewer), and comparing against as many other sales vehicles as is possible (e.g. vendors, states, GSA). Market data for FY 2005 was not captured and it can’t be determined at this late date what the prices from the other institutions would have been for all the different commodities and item configurations analyzed.
### III. KEY MEASURE ANALYSIS

**KPM #17**  
**INFORMATION SECURITY** - Percentage of actions identified in HB 3145, or the resulting Enterprise Security Office Strategic Plan, completed on time. This measure was presented to JLAC on September 14, 2006 and moved to the November 2006 Consent Calendar where it is expected to be adopted for the 07/09 biennium.  
**Measure since:** 2006

<table>
<thead>
<tr>
<th>Goal</th>
<th>Adaptable government for future generations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Oregon Context</strong></td>
<td>Agency Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality</td>
</tr>
<tr>
<td><strong>Data source</strong></td>
<td>Enterprise Security Office (ESO) Business Plan and progress reports</td>
</tr>
<tr>
<td><strong>Owner</strong></td>
<td>Theresa Masse, State Chief Information Security Officer, 503-378-4896</td>
</tr>
</tbody>
</table>

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

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

2. **ABOUT THE TARGETS**  
House Bill 3145 and the resulting Strategic Plan provide direction to meet the goals identified in the Bill and resulting plan. By measuring progress against these actions, the agency can measure its success in developing the infrastructure and frameworks to assist state agencies and partners in reducing risk to information assets and systems. The target is ultimately set at 100%. The first year is set lower to allow for identification of realistic and reasonable goals to be accomplished in a year timeframe.

3. **HOW WE ARE DOING**  
House Bill 3145 was passed in the 2005 Legislative Session. Work is currently underway to identify quantifiable actions in the legislation and establishing tracking and reporting mechanisms. This measure was presented to JLAC on September 14, 2006 and moved to the November 2006 consent calendar where they are expected to be adopted for the 07/09 biennium. Data will be available for this measure beginning next year.

4. **HOW WE COMPARE**  
There are no industry standards or comparable measures to compare against.
5. **FACTORS AFFECTING RESULTS**
   Factors will be identified as actual measurements are made and analyzed.

6. **WHAT NEEDS TO BE DONE**
   Actions necessary to respond to the results will be identified as actual measurements are made and analyzed.

7. **ABOUT THE DATA**
   Plans are already in place; however, ESO needs to quantify how this measure will be calculated. More specific information will be provided next year.
III. KEY MEASURE ANALYSIS

KPM #18
INFORMATION SECURITY BUSINESS RISK—Percentage of identified business risk that is remediated. This measure was presented to JLAC on September 14, 2006 and moved to the November 2006 Consent Calendar where it is expected to be adopted for the 07/09 biennium

<table>
<thead>
<tr>
<th>Measure since:</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Adaptable government for future generations</td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Agency Mission: Lead the pursuit of excellence in state government; OBM #35 – Governing Magazines ranking of public management quality</td>
</tr>
<tr>
<td>Data source</td>
<td>Enterprise Security Office (ESO) assessment reports and data reports pulled from ESO’s Assessments Database</td>
</tr>
<tr>
<td>Owner</td>
<td>Theresa Masse, State Chief Information Security Officer, 503-378-4896</td>
</tr>
</tbody>
</table>

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

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

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

3. HOW WE ARE DOING
   A contract is in place with a third party vendor, as required by HB3145 (2005 Legislative Session) and assessments will be conducted over the next few months. Results of the early assessments will provide a baseline for future measurements. This measure was presented to JLAC on September 14, 2006 and moved to the November 2006 consent calendar where they are expected to be adopted for the 07/09 biennium. Data will be available for this measure beginning next year.

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

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5. FACTORS AFFECTING RESULTS
   Factors will be identified as actual measurements are made and analyzed.

6. WHAT NEEDS TO BE DONE
   Actions necessary to respond to the results will be identified as actual measurements are made and analyzed.

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

<table>
<thead>
<tr>
<th>KPM #19</th>
<th>HEALTH POLICY – Percent of key healthcare policy stakeholders who rate the a) usefulness, b) objectivity, c) reliability of healthcare data provided by Office for Health Policy and Research (OHPR) as good or excellent.</th>
<th>Measure since: e.g. 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>Effective policies with clear direction</td>
<td></td>
</tr>
<tr>
<td>Oregon Context</td>
<td>Mission: Lead the pursuit of excellence in state government; OBM #54 – Percentage of Oregonians without health insurance</td>
<td></td>
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<tr>
<td>Data source</td>
<td>Biennial survey data gather by OHPR staff.</td>
<td></td>
</tr>
<tr>
<td>Owner</td>
<td>Jeanene Smith, Office for Health Policy and Research, 503-378-2422 ext. 420</td>
<td></td>
</tr>
</tbody>
</table>

1. OUR STRATEGY
The Office for Oregon Health Policy and Research (OHPR) has the statutory responsibility to develop reliable health care data and policy analysis as part of an overall legislative policy goal of containing health care costs and increasing Oregonian’s access to affordable healthcare. (ORS 442.025) The strategy is to involve key stakeholders in developing policies. Our proposed key performance measure is to gather systematic, reliable feedback from key constituents about the information provided by OHPR. Those stakeholders/constituents include the Governor’s staff, legislators and legislative staff, the Division of Consumer Business Services (DCBS) and the Department of Human Services, particularly the Division of Medical Assistance Programs (DMAP), Public Health and Seniors and People with Disabilities (SPD). In addition, we work on an ongoing basis with key healthcare stakeholders outside state government, including consumers, hospitals, providers, and advocates.

2. ABOUT THE TARGETS
In developing a measure of OHPR’s progress toward this goal, the Office was guided by the following:

- **Measurable**: Is it measurable?
- **Sensitive/responsive**: Will the indicator change over time and in response to organization changes?
- **Realm of control**: Is it within the manageable interest of the Office?
- **Meaningful**: Is it meaningful to and understandable by constituents and stakeholders?

OHPR would be seeking a higher percent of key healthcare policy stakeholder rating the healthcare data as a) useful, b) objective, and c) reliable with each biennial survey. Absent a baseline value, it is difficult to speculate on a realistic target. The target for 2006 is an 80% rating for the first measurement period and 85% in the second.
III. KEY MEASURE ANALYSIS

3. **HOW WE ARE DOING**
   This measure was first presented to JLAC on September 14, 2006 and moved to the November 2006 consent calendar where it is expected to be adopted for the 07/09 biennium.

4. **HOW WE COMPARE**
   Assessments are subjective in nature and there are no industry-specifed categories or measurement scenarios that can be used to measure results as there are no similar organizations in the state or in other states. DAS and OHPR will continue to work with state and national partners to identify best practices on providing healthcare data and involving key stakeholders in the development of state health policy that can be incorporated into the DAS model.

5. **FACTORS AFFECTING RESULTS**
   Factors will be identified and addressed when data is collected and analyzed.

6. **WHAT NEEDS TO BE DONE**
   Actions necessary to respond to the results will be identified as actual measurements are made and analyzed.

7. **ABOUT THE DATA**
   This data will be collected through a biennial survey conducted by OHPR staff in the fall of 2007. In order to minimize error and bias in the results, well-established survey methodology and protocols will be applied. However, all surveys are subject to some bias and those limitations will be made explicit in the discussion of survey results. Details of the study and the final analysis will be available on OHPR’s website.