

Improving Accountability and Performance in Government

Testimony on HB 1064 and SB 5124 provided to:

House of Representatives State Government Committee and
Senate Government Operations and Accountability Committee by
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As you know, Governor Gregoire expressed her commitment to improving management, accountability and performance in state government in her inaugural address last week. The Governor agrees that citizens deserve accountability of public programs, and that public programs must continuously improve in quality, efficiency and effectiveness in order to increase the public trust. Programs must be able to demonstrate that citizens are getting maximum value for their tax dollars. And to do that, they must continually improve the way that they manage themselves.

We agree that it is essential to engage citizens in assessing government performance in a meaningful way so that we can know three things:

- Are we focusing on the right results - the ones that are priorities to citizens?
- Are we measuring our progress in terms that are meaningful to them?
- Are we doing our work the right way - the way that strikes the best balance between customer preferences, cost-effectiveness and the public trust?

Whatever process we use to do this should be cost-effective - and it should reinforce the continued adoption of good management practices in the public sector.

We invite you to work with this administration in crafting an accountability process that will meet those criteria. Those are the criteria we are using in reviewing this bill, and other alternatives currently under consideration.

This bill would schedule all state programs to be audited in turn against an extensive list of assessment criteria. Such comprehensive audits are very expensive. To complete a full performance audit in one small agency alone would cost hundreds of thousands of dollars. It is also expensive to the customers of the agency being audited, which, during the weeks of the audit, must devote staff time to supporting the audit instead of serving their customers.

And, in the end, we have no guarantee that a wholesale review of every agency will generate sufficient real savings to justify the cost. This seems like conducting exploratory surgery on every organ just to see if they are all functioning optimally. Are the cost -and the risk to your health- justifiable? We have real questions about that.

The priorities of government budget approach tells us that we should fund the activities that provide the most bang for the buck. That applies to the money we spend on accountability. We invite you to ask with us: "What is the most cost-effective way to improve performance? Is there a more cost-effective way than scheduling full performance audits of all government programs?"

Many people say 'government should act more like a business.' Although government does not have profit as its ultimate objective, we think we CAN learn from business about how to

improve the way we manage ourselves. If top to bottom performance audits really delivered the returns that their proponents promise, we would expect to see businesses doing them! But what we found is that businesses do not use regular full performance audits to improve performance, or to save money. Instead, we find that businesses use performance audits in a very limited and focused way, to examine specific issues about which they have reason to be concerned.

So, at this point, it seems like performance audits might best be used the way a physician would use surgery - only when the less invasive tests give the doctor real reason to believe that the cost and risk was justified.

So we are not sure that performance audits are the 'silver bullet.' They might be part of a package, but we think that there are more cost-effective options to improve how public programs are managed now - and into the future. We are still reviewing the alternatives, but here is what we are finding so far:

We've turned to some respected private and public management gurus, such as Jack Welch, Rudi Giuliani, and Bob Behn at the Kennedy School. They and others agree that the best way to improve performance in a way that STICKS is through:

- Clear and disciplined leadership that
- Listens intently to its customers,
- Articulates a vision and action plan,
- Constantly and visibly measures results against targets,
- Takes steps to address gaps, and
- Engages staff in solving the performance problems.

These principles are the foundation of a good performance management system - it's not Rocket Science, but it works - in business and in government.

We've been looking at places where we can see results in government programs - to see what they did right. Many agencies in the Governor's cabinet have been using a variety of proven management tools for the last 8 years to identify opportunities to improve. Agencies like the Department of Revenue, which nearly doubled the productivity of its auditors and increased revenue collections by \$13 million per year in one project alone; Labor and Industries, which increased collections on construction accounts by 50% while simultaneously improving customer satisfaction; Department of Licensing, which reduced FTEs' by 31% in the Uniform Commercial Code program, while cutting customer wait time by 75%. These are just a few examples of real results agencies are generating - on their own, within existing resources.

We're also taking a look at agencies like the State Patrol, which has adapted the same COMPSTAT process used by New York City's Police Department to drive down fatalities and drunk driving. Disciplined leadership has helped the State Patrol develop innovative responses to public safety issues - such as the Amber Alert and the EI Protector program.

We agree with you - we must be able to demonstrate accountability. We invite you to work with us to craft an approach that we can present to the citizens of this state in good conscience - an approach that is well-considered and cost-effective and that will keep government programs moving in the direction of world class management.