

For almost a decade, the Pew Center on the States, Governing Magazine and a group of academic experts have collaborated on this project to assess the quality of management in state government.

CHARTING THE COURSE FOR EXCELLENCE IN GOVERNMENT PERFORMANCE

Alabama

C+

Amid growing concerns among Americans about job stability, health care and education, there is a new demand for government to work better and cost less. Innovative solutions, particularly at the state level, are driving reform and progress. Alabama's leaders sensed this urgency and formed the SMART (Specific, Measurable, Accountable, Responsive, Transparent) Governing performance measurement system to provide its citizens the services they need.

Alabama has demonstrated its willingness to take the necessary first steps to improve key areas of management. Sustained progress in capital planning and maintenance, workforce improvement and long-term budgeting could position Alabama as a new leader in government reform.

Executive Summary

A performance measurement program long required by law has led to numerous pilot efforts in Alabama. The state has made significant progress in improving and institutionalizing the collection of performance data through the SMART Governing (Specific, Measurable, Accountable, Responsive, Transparent) program. Alabama was willing to trade slower program implementation for better agency cooperation. As a result, four years into the program, agencies are producing strategic plans, quarterly performance reports and budget requests bolstered by performance information. There are not yet large, quantifiable results in terms of service delivery, but data quality is improving, and policy makers seem confident that real-world benefits will follow.

Alabama is taking the steps necessary to improve its capital planning process. The finance office has tied its requests for more information on capital requests to SMART. Agencies must now provide detailed and prioritized project requests, including justification, operating and maintenance costs, and possible alternative funding sources. Each capital request must be linked to one of the governor's policy priorities. These plans will give the finance director information to guide capital planning, which rarely was available in the past.

TAKING ACTION

Key Recommendations

The Government Performance Project's team of management analysts offers the following suggestions. State policy makers and business leaders may wish to consider:

People

- Creating a workforce planning initiative that specifically addresses executive branch needs
- Developing a competency management system and integrating it into candidate selection and employee development
- Increasing flexibility of employee benefits
- Developing a senior leadership program for executive branch employees

Information

- Requiring agencies to use performance information when justifying budget increases or trade-offs
- Conducting performance audits of major programs
- Introducing performance-based contracting and establishing contracting guidelines
- Implementing the statewide information technology plan

Money

- Focusing on multiyear budgeting and implementing a consensus revenue forecasting process
- Reducing earmarks
- Addressing long-term liabilities, including pension obligations
- Updating procurement and contracting frameworks

Alabama's financial situation is complicated by its bifurcated budget system, with one budget for education and one for the general fund. Because nearly all of Alabama's income and sales tax revenues are directed to the education budget, the state's growing economy of the past few years has fueled the rapid growth of that fund. The general fund budget grew at a slower pace during the same period, making it difficult to fund widely agreed-upon services.

In the area of human resources, Alabama is working its way out of two federal court orders that have affected both the timing and scope of hiring.

THE PEW CENTER ON THE STATES' Government Performance Project

The Pew Charitable Trusts applies the power of knowledge to solve today's most challenging problems. Pew's Center on the States identifies and advances effective policy approaches to critical issues facing states.

The mission of the **Government Performance Project**, an initiative of the Pew Center on the States, is to improve service to the public by strengthening government policy and performance. The Project evaluates how well states manage employees, budgets and finance, information and infrastructure. A focus on these critical areas helps ensure that states' policy decisions and practices actually deliver their intended outcomes.

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TAKING ACTION

Key Recommendations (continued)

Infrastructure

- Developing a deferred maintenance estimate and increasing investment in maintenance, particularly for infrastructure not related to transportation
- Institutionalizing statewide capital planning
- Establishing a mechanism to coordinate infrastructure issues at the statewide level
- Increasing the frequency of reporting on cost overruns, delays and quality for non-transportation infrastructure

PEOPLE

B-

Strategic Workforce Planning

Alabama lacks a statewide human capital plan designed to drive workforce development within state government. Few state agencies conduct their own workforce planning.

Hiring

Alabama is working to extricate itself from two federal court orders (also known as consent decrees) to improve its hiring processes. The effect of one consent decree has been to slow time-to-hire to 71 days. (The national average is 68.) Officials are conducting extensive outreach to colleges and universities, as well as to bank employees affected by mergers and closings, to attract financial and information professionals. The Department of Corrections, which has the most severe human capital needs of the state's agencies, conducts recruitment fairs at military bases. Alabama's popular classification system for retired employees has allowed the state to fill temporarily vacant and seasonal slots with retirees.

There is neither an employee-referral program nor a sign-on bonus system.

Seven percent of new hires are dismissed from state employment during their probationary periods, slightly below the national average.

Retaining Employees

More than one-third of the state's total turnover comes from employees with more than 11 years of service, though the turnover rate among classified employees is equal to the national average. Overall, the percentage of state employees with salaries above market rate is above average, and the state pays 100 percent of health insurance costs. The flexible benefits program offers little but leave-sharing. Some agencies, notably the Department of Corrections and the Department of Mental Health and Retardation, have implemented flexible scheduling, which has been popular with employees.

Approximately 31 percent of state employees are at the top of their salary grades, which is about double the national mean of 14.8 percent.

PERFORMANCE

- Strategic Workforce Planning
- Hiring
- Retaining Employees
- Training and Development
- Managing Employee Performance

○ weakness ● mid-level ● strength

TAKING ACTION

Suggestions that state policy makers and business leaders may wish to consider:

- Creating a workforce planning initiative that specifically addresses executive branch needs
- Developing a competency management system and integrating it into candidate selection and employee development
- Increasing flexibility of employee benefits
- Developing a senior leadership program for executive branch employees

Training and Development

The state's human resources office develops manuals for agencies on such topics as performance appraisals but does not oversee such efforts. The statewide budget for training is small, and agencies are not always able to provide desirable training. There is an annual three-day conference for clerical staff.

A 2005 survey of those leaving state employment indicated that many supervisors lacked managerial skills. As a result, the state has initiated training in management and customer service.

The Department of Transportation has developed a successful Web-based training program, and the state is looking to outsource some of its training. The department is taking advantage of some training programs at nearby Maxwell Air Force Base; these are provided at no cost. State human resources officials are helping agencies develop "train the trainer" programs, and training increasingly is occurring online and through videoconferencing.

Managing Employee Performance

Competency benchmarks are not used to hire, develop employee skills or evaluate employee performance. No statewide grievance policy exists. The Department of Corrections has a grievance rate of 316 per 1,000 employees; the national rate for corrections is 78 per 1,000 employees.

PEOPLE

Perspectives on this area of state performance:

People form the living core of any organization.

To assess state performance in the People category, the Government Performance Project team examined how well a state manages its employees. Among many other factors, the team reviewed how states hire, retain, develop and reward high-performing employees.

Given the challenges of an aging workforce, new expectations of younger workers and competition for top performers with the private and nonprofit sectors, the ways in which a state conducts business in this crucial area are vital to its ability to serve the public.

Grades in the People category ranged from A in Virginia to D in New Hampshire and Rhode Island. The national average among the 50 states for the People category was C+, and ten states received that grade. Twenty-three states earned grades above the national average (grades of B- and above), and 17 states received grades below the national average (C and below).

A number of promising new practices in recruitment strategies and leadership development emerged from this year's study. The Project will provide additional detail on these practices in the coming months.

INFORMATION

C

Strategic Direction

The SMART Governing initiative requires strategic plans, objectives and quarterly performance reports from each agency. Agencies must link their goals to the governor's statewide policy priorities. The administration established definitions of commonly used terms and prescribed how agencies should report key measurable goals and final data, but it has left much of the actual planning to the agencies.

The administration has eased agencies into SMART and multiyear planning, adding planning and reporting requirements each year. The 2009 cycle, which began when the finance department received 2009 budget requests in November 2007, is the first year everything will come together.

Newly established policy councils—small groups comprising top agency officials working together toward common goals in such areas as children's services, public safety and transportation—have opened new lines of communication and helped managers redefine organizational direction.

Agencies issue quarterly performance reports based on their SMART plans. The reports are given to legislators and posted on the SMART Web site. In 2008, the state will release statewide indicators so that the public is better informed of progress, and policy makers are able to better identify priorities. The independent Public Affairs Research Council of Alabama, based at Samford University, is responsible for supplying the first round of data.

Information technology (IT) planning is closely aligned with SMART planning. Although agencies have largely been free to fulfill their technology needs, the central information technology office—which operates on a fee-for-service basis—is centralizing various processes to improve service and save money, particularly in the areas of networks, security and e-mail.

Budgeting for Performance

Alabama's finance director leads the state executive budget process. Information from the SMART program has begun to contribute useful data to the budgeting process, but it has yet to prove as useful as the administration would like. By fiscal year 2010, the finance office expects the budget process to be driven more significantly by performance data.

Agencies have embraced the chance to communicate what they are doing through their SMART plans. SMART is still

PERFORMANCE

- Strategic Direction
- Budgeting for Performance
- Managing for Performance
- Performance Auditing and Evaluation
- Online Services and Information

weakness mid-level strength

TAKING ACTION

Suggestions that state policy makers and business leaders may wish to consider:

- Requiring agencies to use performance information when justifying budget increases or trade-offs
- Conducting performance audits of major programs
- Introducing performance-based contracting and establishing contracting guidelines
- Implementing the statewide information technology plan

considered primarily an executive branch program, and legislators have yet to use the information available to them extensively in their budget deliberations. The finance office has offered to orient legislators in effective use of the data.

Managing for Performance

SMART includes agency operations plans, which officials write based on the legislative appropriations. They revise goals based on the level of funding the agency receives and measure these goals against the operations plan in their quarterly performance reports.

Use of performance data to aid agency management is improving but is not fully evolved. While agencies may be using SMART data to set goals, it is less clear that they are using them to improve performance.

Use of performance information lags in the area of contracting. Some agencies appear to be moving toward performance-based contracting, but Alabama lacks statewide data in this regard because agencies write and manage their own contracts for professional services.

Performance Auditing and Evaluation

Alabama lacks a performance audit function. The state auditor's office conducts only property audits for agencies, while the Public Accounts Office is largely a financial agency. It does have authority to conduct performance audits at the behest of the legislature's Joint Sunset Committee, but thus far it has audited only licensing and regulatory agencies.

Online Services and Information

Alabama state government operations are becoming more transparent. Citizens can access performance data and 110 online services on the state Web site. The state offers a portal that enables a citizen to answer 25 questions and be referred to the social services for which they are eligible. In addition, the governor's Web site details the use of his contingency fund.

The Web site allows citizens to complete many common transactions—from filing business and personal income taxes to purchasing hunting and fishing licenses. Citizens are unable to replace driver's licenses online and are directed to county Web sites for vehicle registration renewal. Users also may not renew boat registrations, apply for Medicaid benefits, report poor road conditions or reserve campsites online.

Performance information for schools and health statistics are found with relative ease, but information on the purity of drinking water is difficult to locate and is not apparently or readily available at municipal levels.

INFORMATION

Perspectives on this area of state performance:

Advances in information technology offer the promise of propelling every organization toward greater efficiency and accomplishment. Growing demands for public-sector transparency and for 24/7 public access to services are spurring a new level of creativity in meeting citizens' needs and improving internal business processes.

To evaluate performance in the Information category, the Government Performance Project examined how well state officials deploy technology and the information it produces to measure the effectiveness and results of state programs, make budget and other management decisions and communicate with one another and the public.

Grades in the Information category ranged from A in five states (Michigan, Missouri, Utah, Virginia and Washington) to D+ in New Hampshire and South Dakota. The national average among the 50 states for the Information category was B-, and 13 states received that grade. Fifteen states earned grades above the national average (grades of B and above), and 22 states received grades below the national average (C+ and below).

The study uncovered a number of promising new practices that are engaging the public, streamlining business processes, and improving the quality and utility of the information upon which state leaders rely to make policy and program decisions. The Project will provide additional detail on these practices in the coming months.

MONEY

C-

Long-Term Outlook

Alabama faces several long-term challenges, including an education budget that is growing much more rapidly than its general fund budget and a multi-billion-dollar unfunded liability for retired employees' health-care costs. None of its pension systems—for teachers, state employees and judges—has met its actuarial goal over the past ten years. Issuing general obligation debt requires a constitutional amendment; accordingly, the state carries a low debt burden. Alabama does not produce a tax expenditure budget.

Budget Process

There is no consensus revenue forecast; both the executive budget office and the legislative fiscal office prepare revenue estimates. All agencies submit strategic plans, performance measures and budget requests to the finance office for review. Legislative involvement begins with the transmittal of the governor's budget recommendation. The legislature holds public hearings before the budget is finalized and solicits citizen input, in some cases through advisory boards.

Structural Balance

Alabama has difficulty achieving structural balance. This is due in part to a bifurcated budget system that allocates the fastest growing revenues to the education budget and leaves the general fund underfunded. In the past, the state has relied on one-time sources of revenue, such as selling state assets, to fund ongoing expenditures. A dedicated budget stabilization fund protects the education budget, but efforts to establish a general rainy-day fund have been unsuccessful.

Contracting/Purchasing

Purchasing in Alabama is complicated by the state's restrictive and outdated laws. Agencies are permitted to spend up to \$500 per day for goods. For purchases between \$501 and \$7,500, agencies can solicit bids, but the central office awards contracts. Goods and services costing more than \$7,500 must be purchased centrally. State law prohibits the use of cooperative purchasing, which could save considerable money.

PERFORMANCE

- Long-Term Outlook
- Budget Process
- Structural Balance
- Contracting/Purchasing
- Financial Controls/Reporting

weakness mid-level strength

TAKING ACTION

Suggestions that state policy makers and business leaders may wish to consider:

- Focusing on multiyear budgeting and implementing a consensus revenue forecasting process
- Reducing earmarks
- Addressing long-term liabilities, including pension obligations
- Updating procurement and contracting frameworks

Service contracting is conducted at the agency level, with no central office oversight. Agencies can use requests for proposals, but officials receive no training in the process. The central office contracts for operational services, such as janitorial work, using a simple bid system. The state's legacy computer system for purchasing and contracting supports few Web-based applications and cannot adequately track statewide procurement data.

Financial Controls/Reporting

Alabama produced its Comprehensive Annual Financial Reports in a timely manner and remained in compliance with generally accepted accounting principles over the last three years. A comprehensive auditing process enhances tax compliance, and the state participates in streamlined sales-tax projects. Alabama uses limited cost data, which could help the state more accurately determine the resources necessary to produce desired results.

MONEY

Perspectives on this area of state performance:

Having adequate financial resources and managing them well allows states to turn policies into results that matter for people. A state's fiscal systems are especially important in navigating today's uncertain economic climate.

To gauge how well a state is functioning in the Money category, the Government Performance Project evaluated the degree to which a state takes a long-term perspective on fiscal matters, the timeliness and transparency of the budget process, the balance between revenues and expenditures, and the effectiveness of a state's contracting, purchasing, financial controls and reporting mechanisms.

Grades in the Money category ranged from A in Utah to D+ in California and Rhode Island. The national average among the 50 states for the Money category was B-, and ten states received that grade. Twenty states earned grades above the national average (grades of B and above), and 20 states received grades below the national average (C+ and below).

Transparent financial transactions and unfettered public access to fiscal information have become two of the leading indicators of a state that is functioning well in this area. Several promising new practices in real-time tracking of statewide expenditures and budgeting decisions, as well as joint executive and legislative revenue forecasting approaches, are highlighted in this year's study. The Project will provide additional detail on these practices in the coming months.

INFRASTRUCTURE

C+

Capital Planning

Alabama has used the SMART Governing initiative to improve its capital planning process. Agencies must now provide the finance department with detailed and prioritized project requests, including justification for the projects, forecasted operating and maintenance costs and possible alternative funding sources. As with agencies' SMART plans, capital project requests must be tied to one of the governor's priorities.

The finance director prioritizes the projects for inclusion in the governor's budget without the guidance of formal criteria. The agencies' requests are rolled into a statewide capital plan, but there is not a separate capital budget.

Transportation planning is done through a three-year State Transportation Improvement Plan, a five-year improvement plan and a long-range plan. As a result of SMART, the transportation department's budget now has appropriations for capital improvements, system improvements and maintenance. An infrastructure commission in 2006 recommended various changes to transportation department planning, including the establishment of a transportation commission with departmental oversight.

Alabama's Department of Transportation identifies future infrastructure needs by assessing changes in demographics, the economy and infrastructure condition. The most recent long-term statewide transportation plan on the state's Web site was last updated in 2000.

Project Monitoring

In the last few years, Alabama has concentrated on improving project monitoring, particularly of transportation projects. The speed at which the transportation department can correct problems has improved since 2005, thanks to increased latitude given to field managers. They now have authority to make decisions costing up to \$100,000; the previous threshold for gaining central approval was \$25,000.

For projects involving non-transportation assets, evaluations of project efficiency occur quarterly, while evaluations of quality, cost overruns, delays and safety occur monthly. The state typically addresses safety and quality issues in one day, cost overruns and inefficiencies in a week and project delays in two to three weeks.

PERFORMANCE

-  Capital Planning
-  Project Monitoring
-  Maintenance
-  Internal Coordination
-  Intergovernmental Coordination

 weakness  mid-level  strength

TAKING ACTION

Suggestions that state policy makers and business leaders may wish to consider:

- Developing a deferred maintenance estimate and increasing investment in maintenance, particularly for infrastructure not related to transportation
- Institutionalizing statewide capital planning
- Establishing a mechanism to coordinate infrastructure issues at the statewide level
- Increasing the frequency of reporting on cost overruns, delays and quality for non-transportation infrastructure

Maintenance

Building maintenance is severely underfunded. In 2007, the Department of Corrections sold about \$20 million in land to fund the maintenance needs of its buildings. Likewise, the transportation department reports \$3 billion in deferred maintenance, and since fiscal year 2001, its infrastructure maintenance budget has been underfunded by more than 50 percent. Recent news is encouraging, however: highway maintenance funds increased from \$64 million in 2002 to \$100 million in 2007, and the department has reduced its backlog of necessary resurfacing of interstate highways.

Internal Coordination

Alabama uses a planning system based on functional categories to facilitate statewide interagency coordination. In this process, agencies that provide similar services are clustered to address priorities. For infrastructure, those are economic development and transportation, which are responsible for pursuing the governor's priority of expanding economic growth.

Intergovernmental Coordination

As required by federal law, Alabama solicits applications from local governments and other state agencies. The Bureau of Multimodal Transportation has responsibility for coordinating rail and highway safety programs, managing rural and urban public transportation, and administering bicycle, preservation, and pedestrian projects that cross jurisdictional lines. The state uses ad hoc cross-divisional task forces when needed to coordinate activities.

INFRASTRUCTURE

Perspectives on this area of state performance:

A state's capital assets are the literal crossroads of the effects of the other three categories—People, Information and Money.

Incidents such as the Minneapolis bridge collapse and the levee failures in New Orleans after Hurricane Katrina prove that few functions of state government—in partnership with the federal government and other jurisdictions—have a greater impact on people's daily lives than maintaining and securing the state's infrastructure.

To assess how well a state is managing its roads, bridges and buildings, the Government Performance Project team factored the degree to which a state has transparent and effective capital planning and project monitoring processes, maintains its assets and coordinates this work within the state and with other jurisdictions.

Grades in the Infrastructure category ranged from A in Utah to D+ in Massachusetts and New Hampshire. The national average among the 50 states for the Infrastructure category was B-, and ten states received that grade. Seventeen states earned grades above the national average (grades of B and above), and 23 states received grades below the national average (C+ and below).

In assessing how states select, prioritize, monitor and maintain their infrastructure projects over the long term, the Project found a variety of laudable practices. The Project will provide additional detail on these practices in the coming months.

STATE	OVERALL PERFORMANCE GRADES									
Utah Virginia Washington										A-
Delaware Georgia Michigan Missouri Texas										B+
Indiana Iowa Louisiana Maryland Nebraska										B
Arizona Connecticut Florida Idaho Kansas Kentucky Minnesota New Mexico New York North Carolina North Dakota Ohio Pennsylvania South Carolina Tennessee Vermont Wisconsin Wyoming										B- — NATIONAL AVERAGE
ALABAMA Colorado Hawaii Mississippi Montana Nevada Oklahoma Oregon South Dakota West Virginia										C+
Alaska Arkansas California Illinois Maine Massachusetts New Jersey										C
Rhode Island										C-
New Hampshire										D+
	D	D+	C-	C	C+	B-	B	B+	A-	A
NATIONAL AVERAGE	B-									

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The Project grades but does not rank states. All states within a given grade category receive the same grade and are listed alphabetically.

Glossary

Following are some of the factors the Project team considered in evaluating state performance. For a list of the detailed criteria, visit www.pewcenteronthestates.org/gpp.

Asset Condition Index (ACI): A standard means of determining an asset's current and future physical condition. ACI is calculated by dividing the dollar amount needed for annual repairs by the amount that would be needed to replace the asset. There are three levels of condition: Good (0 to 5 percent), Fair (5 to 10 percent), and Poor (greater than 10 percent).

Benchmarks: Baselines against which the performance of government programs may be measured. The three most common types of benchmarks are past performance levels of the program, performance levels of similar programs in other states or agencies, and performance targets established by law or policy. Other possible types of benchmarks include targets set by federal regulations and standards prescribed by professional organizations.

Bidder preference: Advantage given to vendors meeting specific criteria in the bidding process for state product or service contracts.

Broadbanding: A technique that consolidates the number of salary grades into fewer but broader pay ranges. The spread of the pay ranges is wider, and there is less overlap among various pay ranges.

Capital budget: The spending plan for the year for building or acquiring major infrastructure projects, balanced against revenues or other financial resources. Although states often approve separate capital and operating budgets, capital projects also may be funded in the operating budget. For each item in the capital budget, costs may include those for the structure or land as well as related costs for original furniture and equipment.

Capital plan or capital improvement plan: A financial plan for the improvement of state-owned infrastructure assets over several years, including such proposed projects as buildings, roads, bridges, parks, dams and land.

Capital planning process: A formal assessment of a state's future infrastructure needs. The review may consider demographics, service demand, public input, federal regulations, health and safety concerns, resource availability and other factors.

Competency management system: A process by which an organization develops and manages specific models that include skills and behaviors needed for specific employee positions. These models may then be used in recruitment and hiring, performance appraisal criteria, and training and development.

Contracting: The process by which the state obtains necessary services from nongovernmental vendors. (Note: We consider contracting for services different from procurement of goods or products.)

Consensus forecasting: A process through which a panel of experts creates a forecast by mutual agreement. For a state's revenue forecast, included experts may include officials from the executive branch and legislature, as well as outside academic researchers, private consultants or citizens.

Earmarked revenue: A source of revenue designated by law or state constitution to support a specific program or agency. By definition, "earmarked revenue" cannot include taxes imposed on specific goods, services or businesses; taxes on sale of fuels other than motor fuels; or refunds of fuel taxes.

E-procurement: A system utilizing Internet technology to streamline the purchases of goods and products to reduce costs.

Human capital plan: A plan for employing, developing and evaluating the workforce of an organization to achieve the organization's strategic goals and objectives. The plan typically is broader than a strategic plan or workforce plan, though it contains elements of both.

Information technology (IT) plan: A statewide plan to improve the state's information technology systems that assesses future needs to achieve the state's overall goals and objectives.

Knowledge management system/strategy: The process of gathering, organizing, sharing and using the knowledge and experiences of employees within an organization to improve performance. Knowledge management includes a wide range of personal and technological approaches to sharing knowledge.

Leadership development program: A training and education program to prepare participants for leadership or senior management positions within the state or agency.

Glossary (continued)

Life-cycle approach: An approach to infrastructure maintenance that aims to keep capital assets in good working order for at least as long as they were originally designed to last.

Maintenance deferral: The act of postponing necessary operating and maintenance spending on an infrastructure asset.

Operating budget: The annual spending plan for the state's recurring expenses, including salaries, equipment and repairs (as distinct from expenses to build or acquire permanent infrastructure).

Performance: The accomplishments of an agency, program or employee relative to stated goals and objectives.

Performance appraisal: An evaluation of how well an employee performs his or her job in relation to a set of predetermined standards.

Performance-based compensation: A type of employee compensation based on demonstrated accomplishments on the job.

Performance audits: Audits that focus primarily on the effectiveness of an agency or program in meeting its objectives (rather than on legal or financial compliance issues).

Performance management system: A comprehensive process used to measure, improve and reward the performance of agencies, programs or employees.

Performance measures: Indicators of progress toward meeting prescribed objectives. Common measures for evaluating performance include outputs, outcomes and efficiency.

Procurement: The process by which the state obtains necessary goods or products from nongovernmental vendors. (Note: We consider procurement of goods or products different from contracting for services.)

Rainy-day fund: A type of contingency fund in which money is set aside to be drawn upon in case of a future budget deficit. It often is referred to as a budget-stabilization fund.

Salary compression: Inequity in employee pay occurring when the range of pay between the highest and lowest paid employees is unfairly small relative to their range of skills and experience.

Strategic plan: A comprehensive plan for accomplishment in relation to stated goals and objectives. Ideally, the plan should cover multiple years, include targets for expected accomplishments and propose specific performance measures to evaluate progress toward those targets.

Structural balance: A condition in which ongoing revenues meet ongoing expenses in a given fiscal year (excluding one-time expenses or revenues).

Succession planning: A process of systematically and deliberately preparing for future changes of leadership in key positions. The process may identify potential replacements and provide strategies for developing and/or hiring individuals to meet future needs.

Tax expenditure budget: A report showing the estimated reduction in state revenues attributable to tax credits, deductions and exclusions included in the state tax code.

Workforce plan: A plan assessing the current and future capacity of a state government or agency workforce, including actions necessary to meet future workforce needs.