



Management Brief

NGA Office of Management Consulting & Training

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Innovative Strategies to Achieve Better Results

Strategies from Iowa and Washington State

Iowa Charter Agencies - Increased Flexibility for Better Results

In spring 2003, Iowa embarked on a unique experiment to see if state agencies could achieve greater results if released from the burden of bureaucratic rules and requirements. Specifically, the main goal was to test a hypothesis: "Given greater operating flexibility, Charter Agencies will be able to produce better outcomes for their customers at less cost than under the standard bureaucratic system."

Why the Plan was Developed

The Iowa Charter Agencies plan was developed as a way to allow state agencies to stimulate innovation and focus more on outcomes than on process. It provided agencies with an opportunity to challenge current practices in a positive, constructive way to make improvements and achieve results.

How the Plan was Established

The Public Strategies Group (PSG), a private consulting firm was hired to assist the state with reorganizing to save money and identifying cost-cutting strategies in return for 5 percent of the achieved savings. The charter agency plan was one strategy developed by PSG and the Iowa Department of Management. Iowa's chief financial officer provided oversight for PSG's work and payment was made contingent on the success of the proposed reforms. The charter agency initiative was formalized through the enactment of the charter agency legislation and specific inclusion in Iowa Code Chapter 7J.

State agency involvement in this program was on a voluntary basis. By accepting 10 percent budget cuts (at a total value of \$15 million), six state agencies were given greater authority and flexibility over personnel, procurement, and information technology decisions in return for producing results by either cutting spending or generating new revenue. The agencies are required to collectively contribute \$15 million (in savings or revenue) each year.

Charter Agreements with Agencies

Each participating department entered a "charter agency agreement" which outlined specific parameters for their charter status and clearly defined performance requirements and measures. Each charter agreement was negotiated and signed by the agency director as well as the governor and lieutenant governor.

The six participating agencies are:

1. Department of Human Services
2. Department of Revenue
3. Alcoholic Beverages Division
4. Department of Natural Resources
5. Department of Corrections
6. Iowa Veterans Home

In return for their participation in the program, the agencies received greater flexibility to make decisions in a number of areas. Agency directors were given the authority to:

- **Make decisions and waive administrative rules** in the areas of personnel, general services, and information technology; and
- **Retain achieved revenue and savings gains** such as proceeds from asset sales, 80 percent of new revenue generated, and half of their year-end general fund balance.

Agency directors also benefited from relaxed requirements such as:

- **Exemption from administrative policies** such as statutory across-the-board budget cuts and full-time-equivalent employee caps;
- **Exemptions from travel rules** such as the ability to purchase travel tickets directly instead of using the state's travel contractor; and
- **Exemption from a structured approval policy** which requires out-of-state travel, conference attendance, and professional memberships to be approved by Executive Council.

Program Results & Additional Outcomes

The six charter agencies participating in this unique experiment have already show substantial gains in providing measurable results for the citizens of Iowa. Examples of improved outcomes include:

- **Increases in the number of citizens receiving needed benefits** such as children's health care, food and nutrition program benefits, and participation in child welfare services.
- **Cash savings through the implementation of programs** such as DHS' preferred drug list for Medicaid.
- **Increased General Fund revenue** contributed by the Alcoholic Beverages division (up \$9 million in FY04).
- **Improved target numbers in the corrections system** such as more probationers successfully completing probation periods and an increase in recommendations for release to the Parole Board (as a result of effective services).
- **More effective facilitated care** based on a reduction in the length of shelter care for children and in improved quality of long-term care provided by the Iowa Veterans Home based on comparisons to the measured performance of similar facilities.
- **Reduced turnaround times for services** such as fulfilling permits for air quality construction, wastewater construction, and landfill permits; issuing a greater percentage of tax refunds (from 75 percent to 94 percent) within 45 days; and a quicker admissions process (90 percent of admissions completed within 30 days) for the Iowa Veterans Home.

In addition to successful outcomes, the relaxed regulations afforded by the charter program led to a multitude of internal improvements and a better use of state resources. These operational benefits include:

- **Reduced turnaround time to purchase required equipment.**
- **Savings** on travel expenditures, pharmaceutical purchases for the corrections system, and by converting contracted positions back into full-time personnel.
- **Faster hiring of needed personnel** given an increased authority for agency directors to make personnel decisions (including on salary) and through streamlined hiring practices.

Overall, FY04 savings and additional revenue achieved through the charter agency initiative totals over \$22 million, far surpassing the \$15 million requirement. Savings and revenue contributions for FY05 are estimated to be approximately \$20 million. Furthermore, the charter agency program was embedded into ongoing state agency operations from the onset, so there have been no additional budget costs or programming requirements for this project. As a testament to all these achievements, Iowa was named the 2004 Midwest Innovations Award Winner by the Council of State Governments Innovation Awards.

Examining the Process & Continuing Challenges

The charter agency initiative aims to achieve greater progress and continued success in serving the citizens of Iowa. The Department of Management and PSG maintain support for the program by providing agency directors with coaching, technical assistance, problem-solving, documenting and publicizing achievements, as well as assisting with communications and building external relationships.

Some challenges that have arisen along the way (and that undoubtedly remain ahead) include media and legislative scrutiny as well as navigating existing relationships with the central state agencies that traditionally assume responsibility for personnel, procurement, and information technology decisions.

Of all the achievements realized through Iowa's charter agencies, one unexpected result of significant note is the culture change that occurred within agencies to develop new initiatives, provide better services, and save money. Charter agencies have created an entrepreneurial environment which "has energized agency staff, improved morale, and opened the door to creativity."

For more information: <http://charter.iowa.gov>

Washington State: GMAP Project

In Washington State, two notable programs have been implemented in recent years with the goal of getting better results by budgeting for outcomes and improving agency performance management. The Priorities of Government (POG) budgeting method was initiated in 2002 to prioritize state spending. POG achieved progress by providing Washington State with a method to better align government spending to citizen priorities. The initiative described below serves as a complement and a continuation of this effort.

GMAP: Government Management, Accountability and Performance

Governor Christine Gregoire initiated a new project in February 2005 to improve the quality and cost-effectiveness of services while promoting accountability in state government.

Government Management, Accountability and Performance (GMAP) is a performance management program used to hold state agencies directly accountable for achieving results and focusing on priorities that are important to citizens. GMAP consists of performance review sessions at both the agency and “enterprise” level in order for senior leaders, managers and supervisors, as well as staff at all levels to set and follow clear performance expectations, identify ways to improve decision-making, and better focus their own personal work contributions to achieve agency goals.

In order to ensure the success of GMAP, the Governor’s Office of Management Accountability and Performance provides guidance and oversight with the implementation of the project. They provide technical assistance for problem solving, business process redesign, as well as other services to help improve results. Two state agencies provide additional assistance: the Department of Personnel handles any training needs, and the Department of Information Services develops tools and technology needed to implement GMAP in the state agencies.

Governor Gregoire issued an executive order requiring all cabinet directors to conduct GMAP reviews in their agencies. Executive Order 05-02, which formalized the adoption of GMAP, states that agencies are required to:

1. Develop clear, relevant and easy-to-understand measures that show whether or not programs are successful;
2. Demonstrate how programs contribute to the priorities that are important to citizens;
3. Gather, monitor, and analyze program data;
4. Evaluate the effectiveness of programs;
5. Hold regular problem-solving sessions within the agency to improve performance;
6. Allocate resources based on strategies that work; and
7. Regularly report to the Governor on their performance.

As part of GMAP requirements, managers present operational reports to their directors at the agency level, and in turn, agency directors report to the governor on top management priorities and policy challenges. Since the GMAP sessions focus on priority areas of government, not specific agencies, each session typically includes participation by multiple agencies.

Preparations prior to the GMAP sessions with Governor Gregoire include the following steps: 1) agencies conduct work sessions to draft measures based on the agency’s strategic plan, budget activity, and benchmarks in other states; 2) a measurement team identifies a few key measures for discussion at the GMAP session, which can involve multiple agencies; 3) agencies submit a draft report which is reviewed by GMAP analysts to provide clarity on potential questions and areas of discussion during the session; and 4) the final report by the agency/agencies is submitted and a briefing is given to the governor prior to the GMAP sessions.

The GMAP sessions are interactive and focus on action items such as discussing identified barriers and resources needed to accomplish goals. The sessions serve to analyze the submitted data, engage in problem-solving, and find ways to provide assistance and achieve improved results. Based on these performance review sessions, Governor Gregoire issues regular reports to the public on the status of agency operations and performance with particular attention on service measures that are most valuable to citizens.

For more information: <http://www.governor.wa.gov/gmap/>

Additional Information

For more information on strategies for getting better results from state government and the management and streamlining of state government, please contact Barry Van Lare, Director of NGA's Office of Management Consulting & Training (202/624-7895; bvanlare@nga.org). For more detailed research on state initiatives described in this brief, please contact Christie Amberman, Management Analyst in NGA's Office of Management Consulting & Training (202/624-5370; camberman@nga.org).