OPERATIONAL PLAN

Format, Guidelines, and Instructions

FY 2000-2001

HELP   **HOW TO: Prepare an Operational Plan**

An operational plan is an annual work plan. It describes short-term business strategies; it explains how a strategic plan will be put into operation (or what portion of a strategic plan will be addressed) during a given operational period (fiscal year). An operational plan is the basis for and justification of an annual operating budget request. Therefore, a strategic plan that has a five-year lifetime would drive five operational plans funded by five operating budgets.

Basic Operational Plan Requirements

As required by Act 1465 of 1997, an operational plan (OP) must be prepared and submitted by each department/agency (or budget unit) as part of its "total budget request document." An OP draws directly from agency and program strategic plans to describe agency and program missions and goals, program objectives, and program activities. Like a strategic plan, an operational plan addresses four questions:

ſ   Where are we now?
ſ   Where do we want to be?
ſ   How do we get there?
ſ   How do we measure our progress?

To answer those questions, meaningful data must be included for prior fiscal years, the current fiscal year, and the ensuing fiscal year (the fiscal year for which funding is requested). The OP is both the first and the last step in preparing an operating budget request. As the first step, the OP provides a plan for resource allocation; as the last step, the OP may be modified to reflect policy decisions or financial changes made during the budget development process.

Because Louisiana appropriates funds to budget units by program, the operational plan (OP) is focused primarily on program level information. However, that program information must be placed in the overall context of the department/agency (budget unit) within which each program operates and must identify and describe the activities of which each program is composed. The OP must link department/agency goals, program goals and objectives, and program performance. To do this, the OP provides information about the department/agency (budget unit) submitting the budget request; the program or programs operated by the department/agency (budget unit); and activities included in each program. Specifically, the OP includes:

- Department/agency (budget unit) name, number, and description (mission and goals);
- Program name and authorization for each program in budget unit;
- Program description (including mission, goals, and activities) for each program in budget unit;
- Program objectives (with link to strategic plan) for each program in budget unit;
- Program performance indicators for each objective for each program in budget unit;
- Organization and program structure chart for budget unit; and
- Program contact person(s).

The OP is based on the premise that existing funding levels will be extended, with adjustments, into a continuation level budget. Therefore, the OP should describe a program as it currently exists and as it would be at a continuation budget level. (Continuation budget is defined as "that funding level for each budget unit and program that reflects the financial resources necessary to carry on all existing programs and functions of the budget unit at their current level of service in the ensuing fiscal year, including any adjustments necessary to account for the increased cost of services or materials due to inflation and estimated increases in workload requirements resulting from demographic or other changes.) Full justification, citing performance data, for any workload adjustments included in an agency's continuation level calculation must be provided in the Continuation Budget (CB forms). To implement components of their strategic plans, many agencies seek program enhancements in their operating budget requests. Program enhancements should be justified (complete with new or modified objectives and performance indicators) in New or Expanded Service Forms (NEs). If program composition or performance is affected by adjustments proposed in a Technical/Other Adjustment Package (T/OAP), these changes should be described in the T/OAP. Together, the OP, CB, NEs, and T/OAPs should reflect a program's mission, goals, objectives, activities, and performance at a total budget request level.

The Office of Planning and Budget (OPB) uses information from the OP, CB, NEs, and T/OAPs to evaluate performance, support budget decision making, and prepare the program information portions of the executive budget and the executive budget supporting document. Operational plans that do not comply with the guidelines established by the Division of Administration (and provided in this document) may be returned to the submitting budget unit for modification.

Once the OPB has reached a preliminary funding recommendation for each budget unit and program, draft program narratives and performance spreadsheets are provided to each budget unit so that the budget unit can add performance indicator values reflecting service levels at the budget level recommended by the OPB. At the same time, a budget unit may revise continuation level performance indicator values to reflect any changes to continuation level dollar amounts that may have been made by the OPB after submission of continuation level calculations by that budget unit. Any appeal of the OPB preliminary funding recommendation must be accompanied by a justification based on performance. (Guidelines for completion of recommended budget level performance indicator values and appeal of the OPB preliminary budget recommendations are provided by the OPB during the budget development process.)

Operational Plan Format and Components

The following outline of operational plan components is the basic format for an operational plan. Guidelines for operational plan components are provided after the outline.

Format: Outline of Operational Plan Components

Department/Agency Name
Department/Agency Number
Department/Agency Description:
  Department and/or agency mission statement
  Department and/or agency goals

  Program A Name
  Program A Authorization (Primary constitutional, statutory, and/or other citations)
  Program A Description:
    Program mission statement
    Program goals
    Description of program activities
    Programwide performance information (optional)
  Program A Objectives:
    Objective No. 1
      Strategic link
      Performance indicators
    Objective No. 2
      Strategic link
      Performance indicators
    Objective No. 3
      Strategic link
      Performance indicators
  Program B Name
  Program B Authorization: (Primary constitutional, statutory, and/or other citations)
  **Program B Description: (Mission statement, goals, activities description, and optional programwide
    performance information)**
  Program B Objectives:
   Objective No. 1
      Strategic link
      Performance indicators
    Objective No. 2
      Strategic link
   Performance indicators

Charts:
  Department/Agency Organization Chart
  Department/Agency Program Structure (with Activities) Chart

Contact Person(s): Name, title, and contact numbers (telephone, FAX, and e-mail)
  Department/Agency Contact Person (for entire operational plan); and/or
    Program A Contact Person
    Program B Contact Person
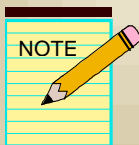
NOTE
This is a sample outline. Since the program structures of departments/agencies vary, some operational plans will include more programs and program information. In some cases, the department/agency may have only one program.
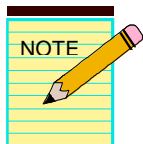
NOTE
The operational plan components and guidelines discussed in this document are basic, generic requirements. Please note that the OPB may require the submission of additional information to augment an OP or to explain issues identified during the analysis of the OP and other budget request materials.

# Department/Agency (or Budget Unit) Name, Number, and Description

The department/agency (or budget unit) submitting the budget request should be identified by name and agency number. Examples include:

Agency No. 04-141 = Department of Justice, Office of the Attorney General;
Agency No. 10-355 = Department of Social Services, Office of Family Support; and
Agency No. 13-853 = Department of Environmental Quality, Office of Waste Services

The department/agency (or budget unit) should be described simply and succinctly. This description, which should include the mission of the department/agency and its goals, describes the context within which agency programs operate. It identifies the common, organizationwide goals that should be reflected in program goals and objectives. (In a one-program budget unit, missions and goals at the agency and program levels are almost always identical.) The inclusion of departmentwide or agencywide performance information is sometimes appropriate but remains optional.

Program Name and Authorization

Each program should be identified by name. Examples include: Administration; Radiation Protection; Parks and Recreation; Licensing and Inspection; and Child Care Services. The primary constitutional, statutory, or other references (such as executive order or federal mandate) that pertain to the program and its activities should be cited. If these references include state law, use the statutory citation rather than the legislative citation (that is, give the Louisiana Revised Statutes reference rather than cite the legislative act and year). If these references include federal law, administrative procedure, program guidelines, or court order, cite the public law, code, rule, case, or consent decree.
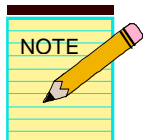
> **NOTE** Modifications in program names or structures must be approved by the Office of Planning and Budget (OPB). If you are contemplating such changes, be sure to discuss this with OPB analysts prior to submission of your budget request.

Program Description: Mission, Goal(s), and Activities

Prepare a program description for each program. This description should explain the need for the program and must include program mission and goal(s) as well as a description of the activities within the program.

Program Mission and Goals

Mission is a broad, comprehensive statement of purpose; it describes what an organization does and whom it serves. Goals are the intended broad, long-term results. Goals are clear statements of the general end purposes toward which efforts are directed. Program goals may be a component of broader department/agency goals. Program goals must be consistent with department/agency goals.

Programs should be described simply and succinctly. The narrative should be written with the assumption that the reader has no knowledge of the program, what it does, why it is needed, or how it works. The use of technical terminology, abbreviations, and acronyms should be avoided; if technical terms or jargon cannot be avoided, then these terms must be defined clearly. The information needed to complete the program description should already have been developed in the strategic planning process; in fact, most of the program description--certainly mission and goals--may be lifted directly from the strategic plan.

To develop the program description, use the following steps:

1. Consider the following questions:

   - What is the program's mission or purpose? That is: What does the program do and whom does it serve? Why is the program needed? Why was the program created? (Review the program's mission statement in its strategic plan.)

   - What are the program's goals? That is: What are the broad, long-range end results to be achieved by the program? (Review goal statements in the strategic plan.)

   - In broad terms, how does the program work? How does it go about accomplishing its mission and goals? (Review program strategies in the strategic plan.)

   (Do not repeat and answer each of these questions in your operational plan. These questions are a simple guide to help you prepare your program description.)

2. Imagine giving a one-minute explanation of the program to the legislature, general public, or community groups. Assume the audience knows nothing about this program. Think about how to best describe the program in terms they can understand.

3. Develop a paragraph that clearly identifies the mission and goal(s) of the program. (Example: The mission of the [name of program] is to . . . . ." The goals of the [name of program] are: . . . .") If necessary, add explanatory information.

Some programs are purely administrative in nature and involve funds that are "passed through" to other organizations or governmental units. Such a program is naturally concerned with competent oversight and administration of these funds, and performance indicators regarding such should be provided. However, state policy makers are also concerned with the results generated by the organizations that ultimately receive the funds. Some explanation of why the funds are passed through--that is, what benefits are derived and by whom--should be included in the program description. Performance indicators, verifying the results achieved and services provided, should be included in the program performance indicators.

Program Activities

An activity is a distinct subset of functions or services within a program. For example, the Civil Law Program (in the Department of Justice, Office of the Attorney General) has two activities: Civil Division and Public Protection Division.

Identify and briefly describe major program activities. Again, the narrative should be written with the assumption that the reader has no knowledge of the activity. The use of technical terminology, abbreviations, and acronyms should be avoided; if technical terms or jargon cannot be avoided, then these terms must be defined clearly. The activity structure for each program should also be illustrated in a program activity chart.
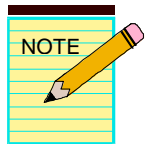
> NOTE
>
> The program activity structure identified in the operational plan should parallel the activity structure delineated for that program elsewhere in the total budget request package or the Discretionary/Nondiscretionary Activities Addendum.

Program Objectives

Objectives are intermediate outcomes--specific, measurable milestones along the road to accomplishing goals. They identify results or service levels to be achieved. Objectives should be SMART; that is, they should be: Specific; Measurable; Aggressive but Attainable; Results-oriented; and Time-bound.

To set program operational objectives, review the program's five-year strategic plan. The following questions should be addressed:

1. What are the program's strategic goals and objectives? What results are expected over the lifetime of the program's strategic plan and when during the plan are these results expected? What strategies will be implemented to achieve goals and objectives?

2. How does this operational plan relate to the program's strategic plan? What portion of the strategic plan will be undertaken during the upcoming fiscal year?

In the context of the program's strategic objectives, you may set incremental operational objectives. For example: If a strategic objective were to reduce the level of toxic air emissions by 10% by 2003, there might be a schedule of planned intermediate reductions. In this case, the strategic objective would remain focused on the outcome anticipated by the end of the strategic period, but operational objectives would reflect incremental changes.

Or operational objectives may parallel a logical progression of actions or events. For example, operational outcomes for a strategic objective about improved air quality might relate first to planning and organizing to reduce emissions. These would be followed in subsequent operational plans by objectives related to actions taken to reduce emissions; actual reduction of emissions; actual improvement in air quality; and, finally, improved health. In this case, operational objectives and performance measures would evolve and progress as program strategies and actual results evolve and progress. Often, in this situation, operational objectives are related to strategies set out in the strategic plan.

Determine the relationship between program activities and program objectives. For example, will an objective be achieved through a particular activity or a combination of activities? Since activities represent distinct subsets of functions or services within a program, does your plan include an objective for each activity in each program? Or cluster several activities under a common objective? Your operational plan should indicate which activities are related to which program objective(s).

As you draft program objectives:

➢ State each objective separately and show related information (strategic link, performance indicators, and explanatory notes) immediately following the objective. Do not submit objectives together as a list. Rather, present one objective with its related information before stating another objective.

➢ Present objectives in a logical sequence, preferably in numeric order. For example, all objectives related to a particular program activity should follow one another, rather than be scattered throughout the operational plan. If an objective relates to a specific program activity, identify that activity in the objective statement. If several activities share a common objective, cluster performance indicators by activity.
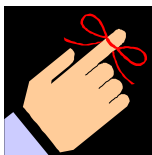
REMEMBER

An objective is a clear statement of a specific, measurable outcome to be achieved. It should not be a listing of strategies or actions that will be performed during the fiscal year. Remember, also, that the operational plan is constructed on a continuation basis. Some program strategic objectives may involve the creation of new activities or require enhanced funding to expand existing services. Such objectives, along with measures of increased performance and service levels, should be shown on New or Expanded Service Forms rather than in the operational plan.

➢ Identify the link or relationship between each operational objective and the program's strategic plan. Include a "strategic link" statement with each objective. Example:

Objective 1: Through the Appeals activity, to speed up the hearing process so that by June 30, 2000, there are no more than 40 unheard separation cases over 4 months old and no more than 120 other unheard cases over 6 months old.

Strategic Link: This operational objective is an incremental step toward accomplishing Strategic Objective V.1: To speed up the hearing process so that by June 30, 2002, there are no unheard separation cases over four months old.

➢ Be sure that the time frame for the operational objective is clear. Objectives in an operational plan should be achievable during the fiscal year covered by the operational plan. Therefore, if no time frame is mentioned in an operational objective, that objective is assumed to be bound by the fiscal year covered by the plan. If an operational objective has any other time frame (for example, school year, federal fiscal year, or calendar year), the objective statement should include a clear reference to that time frame. Or, if an objective is slated for accomplishment at some specific point within the fiscal year covered by the operational plan, that date may be cited. (Example: "By January 1, 2001. . . .")

➢ Label or otherwise identify those objectives that you consider to be key as opposed to supporting level. (The executive budget and appropriation bills contain key objectives; the executive budget supporting document has both key and supporting objectives.) When identifying key objectives, consider the following factors:

C Is achievement of this objective a critical success factor for the program?

C   Is this objective related to a "big ticket item" (a major or mandated activity that requires an extensive allocation of resources)? Is this objective related to the annualization of a recent, significant budgetary enhancement?

C   Is this objective related to a "hot button item" (a prominent or persistent issue or problem)?

C   Has this objective been identified as key in the past by (a) legislative committees and staff; (b) the OPB; (c) performance auditors; (d) your program managers and staff; and/or (e) other decision makers?
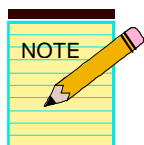
NOTE   The OPB has ultimate authority to determine which operational objectives will be included and assign the level at which they will be included in the executive budget and executive budget supporting document. However, the OPB gives careful consideration to the key or supporting designations in operational plans.

Program Performance Indicators

To justify funding for a program, it is necessary to demonstrate and document the effectiveness, efficiency, and excellence of the program. Performance indicators are the tools used to measure performance, progress, and accomplishments. They are reported in the operational plan and other budget forms.
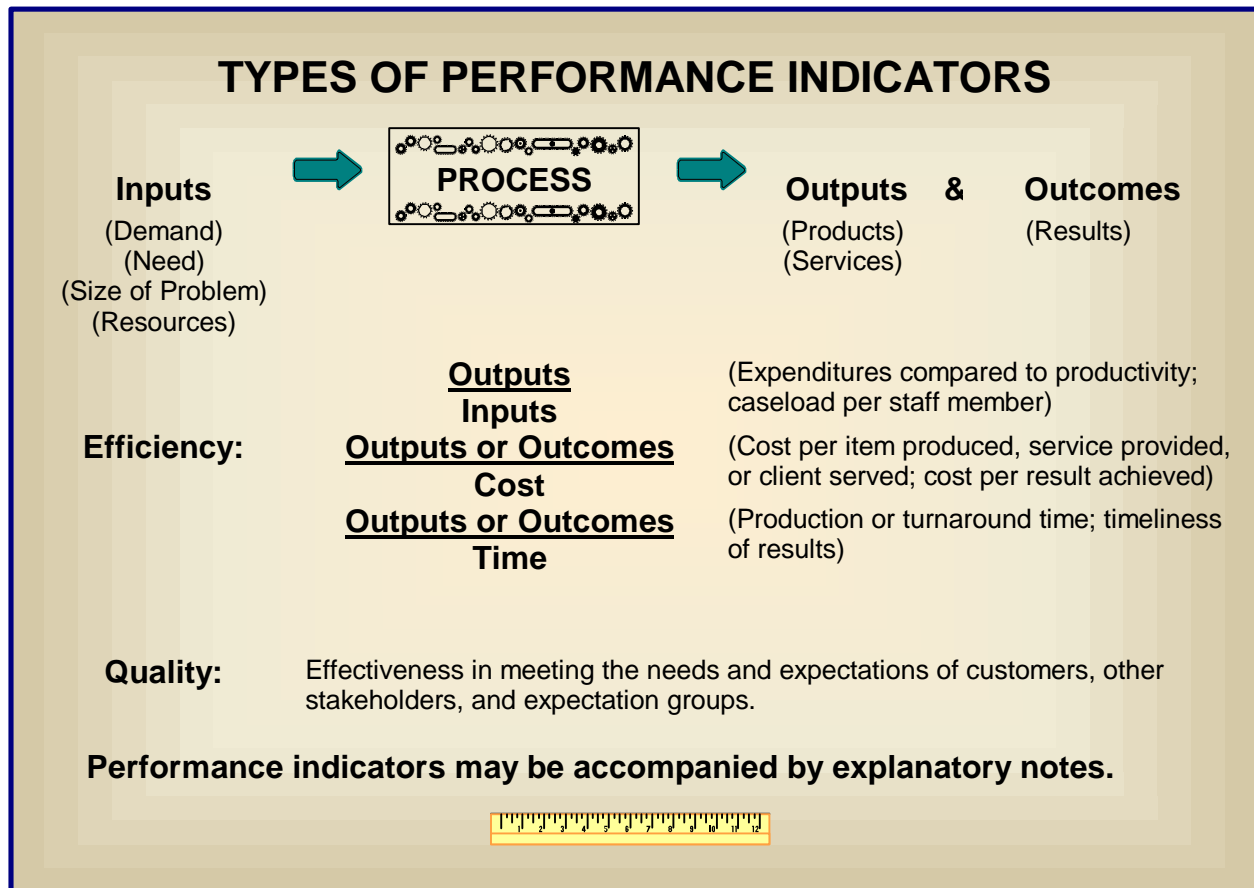
Performance indicators consist of two parts: indicator name and indicator value. The indicator name describes what you are measuring. The indicator value is the numeric amount or level actually achieved or to be achieved.

EXAMPLE   PARTS OF A PERFORMANCE INDICATOR

PERFORMANCE INDICATOR NAME   PERFORMANCE INDICATOR VALUE

Number of clients served   3,250

Performance indicator values for the fiscal year of the budget request become performance standards during the appropriation process. (See "Performance Standard" on page 12.)

Types of Performance Indicators

Louisiana's management processes use five types of indicators to measure performance: **input, output, outcome, efficiency, and quality**. These indicators are based on systems logic (how a process works) and each type is designed to answer different questions. Together, these indicators provide a balanced view of performance.

TYPES OF PERFORMANCE INDICATORS

Inputs → **PROCESS** → **Outputs   &   Outcomes**

(Demand)   (Products)   (Results)
(Need)   (Services)
(Size of Problem)
(Resources)

Efficiency: $\dfrac{\text{Outputs}}{\text{Inputs}}$ (Expenditures compared to productivity; caseload per staff member)

$\dfrac{\text{Outputs or Outcomes}}{\text{Cost}}$ (Cost per item produced, service provided, or client served; cost per result achieved)

$\dfrac{\text{Outputs or Outcomes}}{\text{Time}}$ (Production or turnaround time; timeliness of results)

Quality: Effectiveness in meeting the needs and expectations of customers, other stakeholders, and expectation groups.

Performance indicators may be accompanied by explanatory notes.

Input indicators measure resource allocation and demand for services. They identify the amount of resources needed to provide a particular service. Inputs include labor, materials, equipment, facilities, and supplies. They also can represent demand factors such as characteristics of target populations. Input indicators are useful in showing the demand for a service, the total cost of providing a service, the mix of resources used to provide a service, and the amount of resources used for one service in relation to other services. Input indicators are often paired with output and outcome indicators to develop an input/output comparison.

E X A M P L E S

INPUT INDICATORS

- Budget allocation
- Number of positions in Table of Organization (T.O.)
- Number of full-time equivalent (FTE) employees
- Current illiteracy rate in Louisiana
- Number of clients eligible for program
- Number of customers requesting service
- Number of environmental permit applications received
- Number of miles of roads in state system
- Current highway death rate
- Current state ranking as national and international tourist destination

Output indicators measure quantity. They measure the amount of products or services provided or number of customers served. Output indicators are volume-driven. They focus on

the level of activity in providing a particular program. Transaction numbers and workload measures, which are designed to show how staff time is allocated to respond to service demand, are most commonly reported. Output indicators are useful for resource allocation decisions (particularly for calculation and justification of workload adjustments in operating budget requests). However, they are limited because they do not indicate whether program goals and objectives have been accomplished; nor do they reveal anything about the quality or efficiency of the service provided.

OUTPUT INDICATORS

E X A M P L E S

- Number of students enrolled in an adult education course
- Number of pupils enrolled in state public schools
- Number of inmates housed in state correctional facilities
- Number of persons served by charity hospitals
- Number of vaccinations/inoculations given to children
- Number of environmental permit applications reviewed
- Number of miles of roads resurfaced by state
- Number of miles patrolled by Louisiana State Police
- Number of in-state and out-of-state tourists per year

Outcome indicators measure success. They measure results and assess program impact and effectiveness. Outcome indicators are the most important performance measures because they show whether or not expected results are being achieved. Policy makers are generally most interested in outcome indicators.

OUTCOME INDICATORS

E X A M P L E S

- Number of persons able to read and write after completing an adult education course
- High school graduation rate and ACT scores
- Corrections recidivism rate
- Mortality and recovery rates for index procedures at state charity hospitals
- Reduction in incidence of communicable disease
- Percentage change in toxic air and water emissions
- Percentage change in air and water quality
- Condition (safety and appearance) of highways maintained by state
- Percentage of highways providing satisfactory levels of peak hour service
- Percentage change in highway death rate
- Percentage change in state ranking as national and international tourist destination

Efficiency indicators measure productivity and cost-effectiveness. They reflect the cost of providing services or achieving results. Cost can be expressed in terms of dollars or time per unit of output (or outcome). Efficiency measures can also portray the relationship of inputs to outputs (or outcomes). Ratios are often used to express these relationships. Efficiency indicators can gauge the timeliness of services provided. Efficiency measures are important for management and evaluation. They help organizations improve service delivery. Often they are used to justify equipment acquisitions or changes to systems or processes.

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│  ┌───┐                                                                                 │
│  │ E │   EFFICIENCY INDICATORS                              [ruler image]              │
│  │ X │                                                                                 │
│  │ A │     ▪ Cost per student enrolled in an adult education course                    │
│  │ M │     ▪ Average expenditure per pupil in state public schools                     │
│  │ P │     ▪ Average cost per day per state inmate.                                    │
│  │ L │     ▪ Bed occupancy rates at charity hospitals                                  │
│  │ E │     ▪ Cost per vaccination/inoculation given                                    │
│  │ S │     ▪ Number of miles patrolled per state trooper assigned to traffic enforcement│
│  └───┘     ▪ Average processing time for environmental permit applications             │
│            ▪ Average cost per mile for construction or maintenance of state highways   │
│            ▪ Revenue return on every advertising dollar spent on promoting tourism     │
│            ▪ Number of clients receiving services compared to number of clients eligible for service │
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Quality indicators measure excellence. They reflect effectiveness in meeting the expectations of customers, stakeholders, and expectation groups. Measures of quality include reliability, accuracy, courtesy, competence, responsiveness, and completeness associated with the product or service provided. Lack of quality costs money. For example, resources devoted to performing rework, correcting errors, or resolving customer complaints can also be important to track. Quality measures are sometimes considered to be outcomes. However, quality indicators have been separately defined to reflect the importance of quality improvement.

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┌──────────────────────────────────────────────────────────────────────────────────────┐
│  ┌───┐                                                                                 │
│  │ E │   QUALITY INDICATORS                                 [ruler image]              │
│  │ X │                                                                                 │
│  │ A │     ▪ Number of defect-free reports as a percentage of total number of reports produced │
│  │ M │     ▪ Percentage accuracy of information entered into a database                │
│  │ P │     ▪ Compliance with error tolerance levels established by administrative guidelines │
│  │ L │     ▪ Accreditation of institutions or programs                                 │
│  │ E │     ▪ Number of corrections institutions under court supervision                │
│  │ S │     ▪ Costs associated with tort judgements against the state                   │
│  └───┘     ▪ Awards or recognition for service excellence                              │
│            ▪ Number of customer/client complaints filed                                │
└──────────────────────────────────────────────────────────────────────────────────────┘
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Sometimes performance indicators fall into more than one category. For example:

▪ Some outcome indicators are also quality indicators. If your objective is to retain an initial accuracy rate for disability determination that is higher than the national average, then performance would be measured by comparing your rate with the national average. The result of this comparison would be an outcome indicator as well as a measure of quality.

▪ Some output indicators are also outcome indicators. If your objective is to increase the number of clients served by 1,000, then performance would be gauged by the change in number of clients served. "Number of clients served" would usually be considered an output indicator, but in this case, it could be considered an outcome indicator as well. (An even better solution to this particular situation would be to target a percentage change in the number of clients served and to use "number of clients served" as an output indicator and "percentage change in number of clients served" as an outcome indicator.)

In general, the focus of the objective (that is, whether the objective is output-oriented, outcome-oriented, efficiency-oriented, or quality-oriented) affects the taxonomy of the performance indicator.

It is important to select a balanced set of meaningful indicators to measure program performance. The performance indicator matrix on page 13 shows examples of each indicator type for various kinds of programs. No minimum or maximum number of indicators is required per objective. Rather, you should have at least one outcome indicator and as many of the other indicator types as are appropriate to provide a clear view of performance progress.

Explanatory notes may accompany performance indicators. They help everyone gain a more complete understanding of performance indicators. They establish context and fill in the background. Explanatory notes identify input variables, program variables, and external variables and explain how those variables affect performance. They provide a link among indicators that should be used in tandem. So, feel free to footnote.

Performance Indicator Levels

Performance indicators may be key or supporting level. Key indicators are included in the executive budget and general or ancillary appropriations bill. For key indicators, interim targets and actual performance must be reported in each quarterly performance progress report. Supporting indicators are included in the executive budget supporting document but not in the executive budget and general or ancillary appropriations bill. For supporting indicators, interim targets and actual performance must be reported in only midyear and yearend performance progress reports. Performance standards for both key and supporting performance indicators are established during the appropriation process.
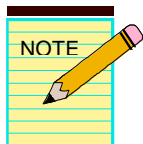
NOTE — The OPB has ultimate authority to determine which performance indicators will be included and assign the level at which they will be included in the executive budget and executive budget supporting document. However, the OPB gives careful consideration to the key or supporting designations in operational plans.

Performance Standard

A performance standard is the expected level of performance associated with a particular performance indicator for a particular fiscal year and funding level. Performance standards are proposed during the budget development process and established during the appropriation process. Performance standards are commitments for service; they identify the level of performance linked with the level of funding budgeted/appropriated.
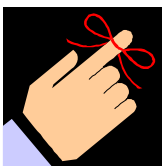
REMEMBER — After the OPB determines a preliminary budget recommendation for a budget unit, the OPB sends a draft program narrative, with performance spreadsheets, to that budget unit. The budget unit should carefully and thoughtfully fill in the blank "Recommended Budget" column with performance indicator values that accurately reflect anticipated performance/service levels at the budget level recommended by the OPB for the upcoming fiscal year. These recommended budget level performance indicator values are proposed performance standards.

EXAMPLES OF PERFORMANCE INDICATORS

PROGRAM	INPUTS	OUTPUTS	OUTCOMES	EFFICIENCY	QUALITY
ADULT LITERACY PROGRAM	Number of adults enrolled in literacy courses Louisiana's current illiteracy rate	Number of students completing adult literacy course	Number of students able to read at the sixth grade level upon completion of course Percentage reduction in rate of illiteracy	Cost per student Number of students completing course compared to number of students enrolled	Percentage of students satisfied with the instructor and content of the course
REHABILITATION SERVICES PROGRAM	Number of clients eligible for service	Number of clients served	Percentage of clients rehabilitated Percentage increase in incomes of rehabilitated clients	Cost per client served Number of clients rehabilitated compared to number of eligible clients	Average satisfaction rating for courteous service
REGULATORY/ PERMITTING PROGRAM	Number of permit applications received	Number of permits issued	Number of entities in compliance with requirements	Processing time for permit applications Cost per permit issued	Percentage reduction in processing errors
EMPLOYMENT PLACEMENT PROGRAM	Number of employment counselors Louisiana's current unemployment rate	Number of people served	Percentage of people placed in jobs above minimum wage Percentage reduction in unemployment rate	Number of people served per number of employment counselors Counseling hours per person served	Percentage of people indicating that counseling was responsive to their needs

Performance standards are as much a part of an appropriations act as the appropriation levels and authorized positions contained in the act. Performance standards may be revised only through the August 15 performance standard adjustment and BA-7 budget adjustment processes. In both instruments, performance standard revisions are linked to budget/appropriation changes.

See "Performance Standards: Guidelines for Development and Revision" for more information on performance standards.

Reporting Performance in the Operational Plan

Each objective should be accompanied by a balanced set of meaningful performance indicators. Performance should be reported in tabular format; indicator values should be numeric. Occasionally some performance information (such as one-time accomplishments) may be expressed in sentence form. However, tabular format with numeric values should be the norm. Performance data may be augmented with graphs, charts, and other materials.

Basic Performance Indicator Table Format

The basic performance indicator table (shown on page 15) includes columns for performance indicator level (key or supporting), performance indicator name, and performance indicator values for:

- Prior year performance standard. This is the performance standard shown in the Louisiana Performance Accountability System (LaPAS) for the end of the fiscal year just ended. If you are using a performance indicator that did not have a standard in the prior fiscal year, put "Not applicable" in the column. Add a footnote explaining why there is no prior year performance standard.

- Prior year actual performance. This is the actual performance achieved during the prior fiscal year. This figure should be the same as the yearend actual reported in your Yearend (or Fourth Quarter) Performance Progress Report (due September 8) for the fiscal year just ended. If it does not agree with the figure reported in LaPAS, add a footnote to explain the difference. All prior year actual performance indicator values should be real, hard numbers. If you report anything other than an actual figure (for example, "Not available" or an estimated figure) for a prior year, include a footnote to explain why an actual figure is not available.

- Performance standard at initial operating budget level. This is the performance standard shown in the general or ancillary appropriations act for the current fiscal year and in the performance spreadsheets provided by the OPB with your current year appropriation letter. If you are using a new performance indicator (one that was not used in budget development or appropriation for the current fiscal year and therefore does not have a performance standard or appear in the LaPAS database), put "Not applicable" in the column. Add a footnote explaining why the indicator does not have an initial performance standard.

BASIC PERFORMANCE INDICATOR TABLE FORMAT

PI LEVEL	PERFORMANCE INDICATOR NAME	PRIOR YEAR PERFORMANCE STANDARD (In LaPAS) FY 1998-1999	PRIOR YEAR ACTUAL PERFORMANCE FY 1998-1999	PERFORMANCE STANDARD AT INITIAL OPERATING BUDGET LEVEL (Under Act) FY 1999-2000	PERFORMANCE STANDARD AT EXISTING OPERATING BUDGET LEVEL (In LaPAS) FY 1999-2000	PROJECTED CONTINUATION BUDGET LEVEL PERFORMANCE FY 2000-2001
S	Total cost to provide service	$3,756,450	$3,756,000	$3,756,000	$3,846,000	$3,790,262
K	Percentage increase in number of clients served	1.25%	1.2%	0.0%	1.75%	1.75%
K	Number of clients served	25,043	25,040	25,040	15,438	25,438
K	Cost per client served	$152	$150	$150	$151	$149[1]
S	Percentage of clients rating services as "good or excellent"	96%	95%	97%	97%	97%

[1] A one-time grant of $90,000 from the Louisiana Charitable Trust (BA-7 No. 87 approved in September 1999) has enabled the program to purchase computer equipment and automate case management and histories. As a result, cost per client served will be reduced in FY 2000-2001 even though the number of clients served has grown and quality ratings have improved over prior year actual levels.

PI LEVEL = Key (K) or Supporting (S) level. Key indicators are included in the Executive Budget Supporting Document, the Executive Budget and general or ancillary appropriations bill. Supporting indicators are included in the Executive Budget Supporting Document but not in the Executive Budget and appropriations bills. Both key and supporting indicators have performance standards under an appropriations act, even though only key indicators appear in an appropriations act.

PERFORMANCE INDICATOR NAME = The name of the indicator you are reporting. The name describes what you are measuring.

PRIOR YEAR PERFORMANCE STANDARD (In LaPAS) = The performance standard shown in the Louisiana Performance Accountability System (LaPAS) for the end of FY 1998-1999. If you are using a performance indicator that did not have a standard in the prior fiscal year, put "Not applicable" in the column. Add a footnote explaining why there is no prior year performance standard.

PRIOR YEAR ACTUAL PERFORMANCE = Actual performance achieved during FY 1998-1999. This figure should be the same as the yearend actual reported in your Yearend (or Fourth Quarter) Performance Progress Report for FY 1998-1999. If it does not agree with the figure reported in LaPAS, add a footnote to explain the difference. All prior year actual performance indicator values should be real figures reflecting actual numbers. If you report anything other than an actual figure (for example, "Not available" or an estimated figure), include a footnote to explain why an actual figure is not available.

PERFORMANCE STANDARD AT INITIAL OPERATING BUDGET LEVEL (Under Act) = Performance standard shown in the general or ancillary appropriations act for FY 1999-2000 and in the performance spreadsheets provided by the OPB with your FY 1999-2000 appropriation letter. If you are using a new performance indicator (one that was not used in budget development or appropriation in FY 1999-2000 and therefore does not have a performance standard or appear in the LaPAS database), put "Not applicable" in the column. Add a footnote explaining why the indicator does not have an initial performance standard.

PERFORMANCE STANDARD AT EXISTING OPERATING BUDGET LEVEL (In LaPAS) = The most current FY 1999-2000 performance standard for the performance indicator; it reflects any changes associated with August 15 performance standard adjustments or BA-7 budget adjustments. For existing performance indicators, report the performance standard shown in the LaPAS database as of October 1. If the performance standard for an indicator differs significantly from what you believe actual yearend performance will be, you may add an explanatory note indicating what you anticipate yearend performance to be and why it varies so greatly from the standard. If you are using a new performance indicator for which there is no existing standard, provide an estimate of expected performance or service level through the end of FY 1999-2000. Add a footnote explaining that the existing operating budget level is an estimate and not a standard.

PROJECTED PERFORMANCE AT CONTINUATION BUDGET LEVEL = Projected performance indicator value at continuation budget level. This value may reflect adjustments requested in Continuation Budget forms but must not include enhancements requested in New or Expanded Service forms. Continuation level performance is not an automatic extension or duplication of the existing performance standard; it should reflect anticipated changes in external business environment or internal management.

- Performance standard at existing operating budget level. This is the most current performance standard for the performance indicator; it reflects any changes associated with August 15 performance standard adjustments or BA-7 budget adjustments. When a performance standard is adjusted by one of these instruments, the OPB revises that performance standard in LaPAS. When a performance indicator is created and a performance standard established as a result of an August 15 or BA-7 performance standard adjustment, that indicator and performance standard are added to LaPAS by the OPB. For existing operating budget values, report the performance standard shown in the LaPAS database as of October 1.
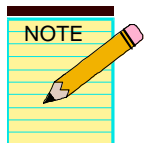
If the performance standard for an indicator differs significantly from what you believe actual yearend performance will be, you may add an explanatory note indicating what you anticipate yearend performance to be and why it varies so greatly from the standard. This situation may occur because of unanticipated external factors that significantly affect the performance environment or as a result of a poor projection made during the budget development process.   Regardless of the cause, you may use a footnote to explain the situation.   However, you <u>must</u> report the performance standard under the existing operating budget column.

If your operational plan includes a new performance indicator for which there is no existing standard, provide an estimate of expected performance or service level through the end of the current fiscal year.   Do not use a year-to-date actual number. (You may use year-to-date actual figures to help you estimate a yearend total, but do not put a partial year number in the existing operating budget column.) Add a footnote explaining that the existing operating budget level is an estimate and not a standard.

- Projected performance value at continuation budget level. Unless you are reporting data as general performance information (see section below), you must project a performance value for the ensuing fiscal year. This value may reflect adjustments requested in Continuation Budget forms but must <u>not</u> include enhancements requested in New or Expanded Services forms. Continuation level performance is not an automatic extension or duplication of the existing performance standard; it should reflect anticipated changes in external business environment or internal management. If you have indicated that the current estimate of yearend actual performance differs significantly from the performance standard for an indicator, your continuation level value should take that expected difference into account.
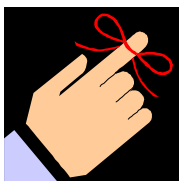
REMEMBER   If you are using a performance indicator that has no prior year or current year performance standard, it is appropriate to show "Not applicable" in those columns. Make a reasonable effort to gather and provide prior year actual data for a new performance indicator. In the existing operating budget column provide an estimate for the existing operating budget value for a new indicator. Basic performance indicator tables that show "Not applicable" or "Not available" in all prior year and current fiscal year columns raise the question: "If you have no baseline data, then on what basis did you set your objective and target your performance indicator value for the upcoming fiscal year?"

Do not submit performance indicator values for a "requested budget level" or a "recommended budget level" in your operational plan. You may document the performance impacts of enhancements on New or Expanded Services Forms. If these enhancements are part of the OPB preliminary budget recommendation, then you may include those performance impacts in the recommended budget level values you add to the OPB performance spreadsheets that accompany the OPB preliminary budget recommendation.

General Performance Information Tables and Other Materials

General performance information (historical or trend tables, charts, and graphics as well as external comparisons of performance) may be provided as appropriate. Not every performance indicator needs to be presented in a multiple-year setting. However, some indicators may be reported best in a historical or trend chart. For example, some performance indicators cannot be projected effectively and should be reported on a prior year actual basis only. To demonstrate performance trends, include three to five years (five is preferable) of actual data. Rankings and external comparisons may be included to show how Louisiana's programs and performance compare to those in other states or the private sector. However, most state rankings or ratings are reported only on an annual basis and cover only prior fiscal or calendar years. Sample layouts for historical or trend tables and external comparison tables are shown on page 18.

Explanatory material may be included to further clarify and explain performance, trends, or comparisons. Other materials may be used to support the operational plan. These may include: internal or outside statistical information, spreadsheets, surveys or rankings; internal plans, studies, evaluations, reports, and publications; or any other supporting materials.

Indicators included in general performance information do not become performance standards and are not tracked in LaPAS. General performance data tables may appear in the Executive Budget Supporting Document but are not included in the Executive Budget. General performance information appearing in an appropriations bill is not considered a part of the appropriations act. Because of different reporting requirements for general performance information and regular performance indicators, you should discuss changes in the way you report performance (shifting from regular performance indicator reporting to general performance information or *vice versa*) with OPB and legislative staff before you make those changes in your OP.

Additional Guidelines for Reporting Performance Information

It is essential that the performance indicators and other data cited in the operational plan be meaningful, clear, simple but informative, accurate, consistent, and verifiable. Further:

➢ Performance indicators should, of course, be related to the objectives under which they appear. If the relationship is not immediately apparent, explain why the indicator is shown under a particular objective and what it means.

➢ Performance indicators are measurements of the performance or service levels associated with budgets/appropriations. However, unless you are using your budget/appropriation amounts as input indicator values, it is not necessary to put the dollar amount of your funding in performance indicator tables.

TABULAR FORMATS FOR REPORTING GENERAL PERFORMANCE INFORMATION

GENERAL PERFORMANCE INFORMATION: NUMBER OF CLIENT SERVED, FY 1994-95 - FY 1998-99

PERFORMANCE INDICATOR NAME	PRIOR YEAR ACTUAL FY 1994-95	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99
Number of clients served	21,705	22,677	24,203	24,734	15,040

GENERAL PERFORMANCE INFORMATION: COMPARISON OF 15 SOUTHERN STATES IN COST PER CLIENT SERVED IN FY 1998-99

Alabama	$147
Arkansas	$164
Florida	$155
Georgia	$159
Kentucky	$160
LOUISIANA	$151
Maryland	$156
Mississippi	$150
North Carolina	$161
Arkansas	$152
South Carolina	$151
Tennessee	$156
Texas	$163
Virginia	$158
West Virginia	$146
AVERAGE	$155

➢ Although a balanced set of indicators is necessary for budget decision making, emphasis should be placed on outcome indicators. Labeling indicators by type is optional.

➢ To assist the OPB in pinpointing key performance indicators, label or otherwise identify those performance indicators that you consider to be key indicators as opposed to supporting indicators. When determining which indicators are key, consider the following factors:

   ▪ Is this indicator an outcome indicator?

   ▪ Is this indictor related to a key objective? Key objectives may have both key and supporting performance indicators. However, a supporting objective may have only supporting indicators.

   ▪ Is this indicator related to a "big ticket item" (a major or mandated activity or outcome requiring extensive allocation of resources)? Is this indicator related to the annualization of a recent, significant budgetary enhancement?

   ▪ Is this indicator related to a "hot button" item (a prominent or persistent issue or problem)?

   ▪ Who values the indicator? Has this indicator been identified as key in the past by (a) legislative committees and staff; (b) the OPB; (c) performance auditors; (d) your program managers and staff; and/or (e) other decision makers
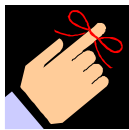
The OPB has ultimate authority to determine which performance indicators will be included and assign the level at which they will be included in the Executive Budget and Executive Budget Supporting Document. However, the OPB gives careful consideration to the key or supporting designations in operational plans.

REMEMBER

➢ Be sure that the performance indicator name clearly describes what you are measuring. Do not use acronyms unless you have first spelled out the complete name or title for which the acronym stands. Do not use technical terms or jargon unless absolutely necessary and then provide clear, simple definitions or explanatory notes.

➢ Report performance indicator values on a cumulative fiscal year basis. If there is a good reason to report on some other basis (calendar year, school year, federal fiscal year, program year, as of a particular date within the fiscal year, average daily count, etc.), identify the other reporting period and, if appropriate, explain why you are using it.

➢ When making a regional comparison of Louisiana and other states, the most common combination of 15 southern/south central states is: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia. If you are using some other combination of states, be sure to identify the makeup of the regional group. (For example, some federal statistical databases include Delaware in the southern region; the 16-state region of the Southern Legislative Conference includes Missouri.)

➢ If you are comparing Louisiana to a national average, median, or composite, be sure to provide any explanatory information necessary to explain the basis and result of the comparison.

➢ If you use and report data from some source outside your department/agency or program, be sure to cite the source fully. If your department/agency or program is a large one with many databases and data products, cite the particular in-house database or data product from which performance information is extracted.

➢ Be consistent in what you report and how your data are calculated and reported.

- Once meaningful performance indicators have been developed, use them consistently. Unless there is a valid reason to change, measure the same things and use the same terms, definitions, measurement periods, and sources each year. If, however, indicators that have been used in the past are no longer meaningful, reliable, or appropriate, do not repeat them needlessly. Confusion can be avoided if you discuss significant changes in performance information with OPB analysts before you submit your operational plan and/or if you provide a brief explanation for modifying or dropping long-used indicators in the operational plan.

- Programs that are reporting the same performance indicator must be uniform/consistent in how those indicators are named and defined and how values are calculated. (For example, each adult correctional institution in the Office of Corrections Services reports the same performance data in the same way at the same time.) This requirement crosses budget unit boundaries. (For example, there are various programs or activities in different budget units addressing aspects of the teen pregnancy issue. Workforce development activities occur in many different departments. Personnel, accounting, and procurement functions are present in most departments/agencies.) Programs that are providing the same type of service or addressing the same need or issue should work together to develop and report common indicators for common areas.

➢ To the maximum extent possible, use standard definitions and generally accepted or recognized calculation methods and formulas. For example: The definition and calculation method for incarceration rate are established by the U.S. Bureau of Justice Statistics; the calculation method for highway death rates is set by the National Highway Traffic Safety Administration. There are standard ways to calculate full-time equivalent employment, per capita expenditures and certain caseloads or workloads; there are also standard ways to adjust comparisons for population differences.

If there is no standard definition or generally accepted calculation methodology or formula, or if you have chosen not to use a standard definition or generally accepted calculation methodology or formula, then explain the basis on which you are defining terms and calculation rates. (Documentation of validity of performance indicators should have been prepared during strategic planning. If you are now using performance indicators that were not validated as part of your strategic plan, it is especially important that you give thought to this issue during operational planning.)

➢ Do not use the abbreviation "NA" since it can mean either "Not available" or "Not applicable." If you need to use either of these designations, spell out the entire phrase. If you use either "Not available" or "Not applicable" for a performance indicator value, then you must add a footnote explaining why the data are not available or not applicable.

➢ Do not include decimals in dollar figures; round to the nearest dollar. (There are some exceptions, such as average daily costs, which may differ by only pennies, or dollar amounts expressed in millions or billions, when it may be appropriate to carry the figure to at least one decimal place.) If you are expressing dollar amounts in millions or billions, indicate such in the name of the indicator (Example: Total tax collections [in millions]).

➢ Carry calculations and percentages to one decimal point only (example: 24.5%) unless there is a valid reason to do otherwise.

Organization, Program Structure, and Activity Structure Charts

The operational plan should include: (1) an organizational chart (showing organizational structure for the budget unit as a whole); (2) a program structure chart that identifies a budget unit's programs and each program's activities.

Program Contact Person(s)

Provide the name, title, and contact numbers (telephone, FAX, and e-mail) of the person(s) whom OPB analysts should contact if there are questions about the operational plan or if additional information is required. This contact should be the person who coordinated or prepared the operational plan. However, for budget units encompassing many programs, you may wish to provide a list of contacts, one for each program described in the operational plan, in addition to the principal or coordinating contact person.

Integration of Statewide Planning and Coordination Initiatives

Three statewide strategic planning processes are underway. Each of these efforts was established by the legislature, with the support of the governor.

❗ **State Master Plan for Economic Development** (Louisiana: Vision 2020) - Act 30 of the 1996 Special Legislative Session created the Louisiana Economic Development Council, which is responsible for the formulation and updating of a 20-year master plan for economic development. Beginning July 1, 2000, the council will submit an annual report and plan known as the Economic Development Action Plan to the governor, the president of the Senate, the speaker of the House of Representatives, the chairman of the Senate Committee on Commerce and Consumer Protection, and the chairman of the House Committee on Commerce.

❗ **Workforce Development Strategic Plan** - Act 1 of 1997 created the Louisiana Workforce Commission (LWC) and charged it with the development of a strategic plan

to establish the framework for the provision and coordination of services and resources for all workforce development programs. The commission's strategic plan was completed in 1997. The LWC reviews and approves annual operational plans of state departments and agencies that conduct workforce development programs and activities.

! **Children's Cabinet Comprehensive Plan** - Act 5 of the 1998 Special Legislative Session created the Children's Cabinet and directed it to develop and implement a comprehensive plan for coordination of policy-making and planning for all state agencies and programs responsible for services to children and families.
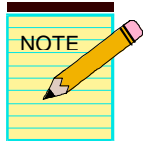
Operational Plan Requirements Related to the State Master Plan for Economic Development (*Louisiana: Vision 2020)*

Act 1036 of 1999 requires each department and agency of state government to incorporate, to the maximum extent possible, components of Louisiana: Vision 2020, the State Master Plan for Economic Development into their strategic plans. These components must be clearly delineated. In addition, each agency must incorporate within its operational plan, to the maximum extent practicable, components of the annual Economic Development Action Plan and must clearly delineate those components in its operational plan. Louisiana: Vision 2020 may be found on the Department of Economic Development website (www.lded.state.la.us/).

The State Master Plan for Economic Development (*Louisiana: Vision 2020*) has been adopted by the legislature and is ready for incorporation into agency strategic plans. However, the first Economic Development Action Plan is not scheduled until July 1, 2000. Although some agencies may already be reporting performance indicators related to the benchmarks identified in *Louisiana: Vision 2020*, delineation of Economic Development Action Plan components in agency operational plans will not be required until the FY 2001-2002 budget development cycle.

Additional Operational Plan Requirements of Louisiana Workforce Commission

Under the provisions of Act 1 of 1997, which created the Louisiana Workforce Commission (LWC), each agency responsible for workforce development programs is required to submit an annual operational plan for each workforce development program that it administers to the commission for review and approval. (Agencies specifically named in the act are: Department of Economic Development, Department of Public Safety and Corrections, Department of Social Services, Department of Labor, Department of Health and Hospitals, Department of Education, State Board of Elementary and Secondary Education, Board of Regents, Department of Veterans Affairs, and the Offices of Lifelong Learning, Workforce Development, Elderly Affairs, and Women's Services. Remember, however, that the act may cover budget units not specifically named in the act as well as those listed.) Agency operational plans are submitted to the commission along with their workforce development budget requests. The specific operational plan requirements of Act 1 exceed the basic OP requirements described above, and the LWC has developed forms and guidelines designed to gather the information it needs. A LWC addendum is included in the annual operating budget development materials sent to budget units by the Office of Planning and Budget or may be obtained directly from the commission.

> NOTE — The LWC addendum does not replace but supplements the basic operational plan requirements described above. Budget units subject to Act 1 of 1997 must submit the LWC addendum in addition to the basic operational plan.

Operational Plan Requirements Related to the Children's Cabinet

Children's Budget Forms, which are required by L.R.S. 36:2604(C) to identify and assemble all state programs and expenditures for children into a single document, must be completed by those budget units that have programs and expenditures for children. Each such service must be described, including a description of how the service fulfills the program's mission, who the principal users are, and who the primary beneficiaries of the service are. In addition, all related objectives and performance indicators from the budget unit's operational plan and other budget request forms, such as the New or Expanded Services Forms, must be shown on the appropriate Children's Budget form.

Following adoption of the Children's Cabinet strategic plan, additional information on delineation of related components in department and agency strategic and operation plans will be provided.

HELP Getting Help

If you have questions about preparing a basic operational plan, contact the Planning Section of the Office of Planning and Budget at telephone (225) 342-7410 or fax: (225) 342-0906.

Questions regarding Act 1 of 1997 or the Louisiana Workforce Commission budget addendum required by Act 1 of 1997 should be directed to the Office of Lifelong Learning/Workforce Development in the Office of the Governor. This office staffs the Louisiana Workforce Commission. The telephone number is (225) 342-2462 and the fax number is (225) 342-1494. The Office of Lifelong Learning/Workforce Development's webpage is located at http://www.gov.state.la.us/depts/lifelong.htm.

Questions regarding *Louisiana: Vision 2020*, the State Master Plan for Economic Development or annual Economic Development Action Plans should be directed to the Louisiana Economic Development Council (LAEDC). The LAEDC office is housed in the Department of Economic Development, One Maritime Place, Room 312, 101 France Street, Baton Rouge, LA 70804 (Post Office Box 94185). The council office telephone number is (225) 342-0215 and the fax number is (225) 342-5389. The LAEDC webpage and *Louisiana: Vision 2020* report are located at www.lded.state.la.us.

Questions regarding the Children's Cabinet should be directed to the Office of the Governor at (225) 342-7015.