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PUBLIC POLICY Studies

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Finding Efficiencies

Commission on Innovation, Efficiency and Transparency

July 19, 2013

"... to raise new ideas and improve policy debates through quality information and analysis on issues shaping New Hampshire's future."

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Disclaimer - Center's work is 'young' in this area

- Center was involved in 'failed' performance based budgeting initiative in late 1990s.
- "Room for Improvement" produced as an internal white paper by a summer intern to pose the question as to whether we should engage in this topic (2 years ago, so info is dated).
- Put this presentation/information together to ask questions about what it would mean to understand 'government efficiency' though the lens of the state budget.

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Historically, efficiency studies have focused on ...

- Structural Issues
  - Governor's term
  - Alignment of governor with executive agency heads
- Administrative
  - Consolidation and centralization of various administrative services
    - Accounting operations (accounts payable, payroll) → HB2 2012-2013 authorized DAS to move forwards
    - Human service operations (DAS also authorized to centralize)
    - Facilities management
    - Significant legislative (and executive) energy – including House Bill 635
  - Reporting requirements (and G and C, at $10,000 limit for contracts)
- Personnel
  - Hiring, Firing, Training, and Review
- Often unrealistic in scope and magnitude of impact

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What we learned

- Efficiency studies general focus on
  - small portion of spending,
  - Topics based on qualitative assessment of 'inefficiency' or 'best-practice' based on other states / private sector,
  - With the outcome (client) primarily being financial savings to the state (not efficiency of the provision of state services)
- Efficiency? How much does it cost to produce the outcome you are interested in producing?
  - What's the outcome? Who's the client?
  - What's the cost?
  - How is the cost changing?

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Performance Based Budgeting (late 1990s)

- Legislature piloted the implementation of performance based budgeting in two departments.
- Generally found that the agencies were not trained to identify good measures that linked effectively with outcomes that were responsive to the services being funded.
- Program eventually repealed.

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"one of the most difficult issues in achieving maximum efficiency is the lack of meaningful performance evaluations" for programs

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Thinking again about the Possibilities for 'efficiency'

- Could you build 'efficiency' considerations into the budget process?
- Requires linking
  - Information on spending
  - By state government function
  - With sufficiently related outcomes
  - Over time
  - Against appropriate benchmarks
- And ongoing vigilance and support by executive AND legislative actors.
- States that have done this? WA, MD, UT, IN, and NJ

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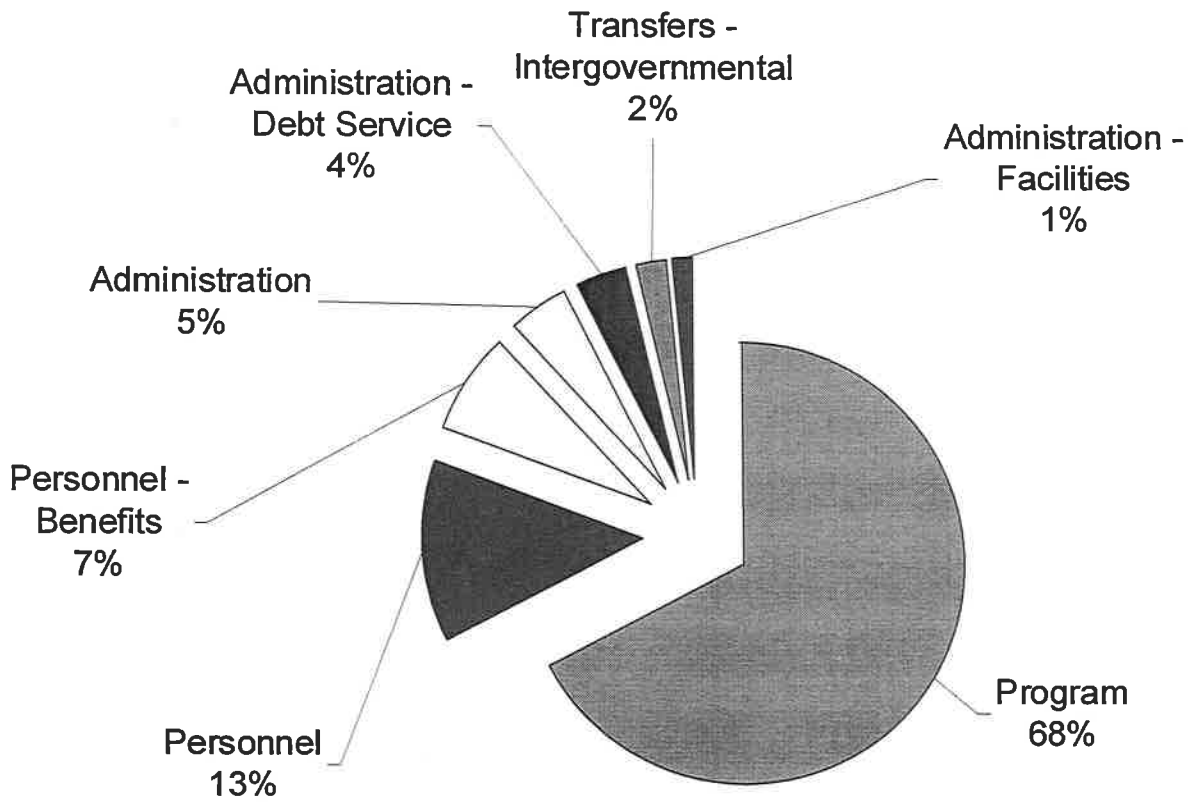
Where do we spend our money?

2013 Budgeted Expenditures based on HB 1
$5.2 Billion



NHCPPS Analysis of 2012-2013 Budget Documents

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Efficiency Savings estimates .... (Hypothetical)

HB1 As Passed by Type			
	Aggregate Spend	Share of Total	Hypothetical Impact of a 5% Efficiency Initiative
Program	$3,525,749,246	67.2%	$176,287,462.30
Personnel	$697,024,561	13.3%	$34,851,228.05
Personnel - Benefits	$392,825,260	7.5%	$19,641,263.00
Administration	$237,147,595	4.5%	$11,857,379.75
Administration - Debt Service	$203,139,042	3.9%	$10,156,952.10
Transfers - Intergovernmental	$118,557,195	2.3%	$5,927,859.75
Administration - Facilities	$68,364,624	1.3%	$3,418,231.20
Total	$5,242,807,523	100.0%	

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Where do we spend our money?

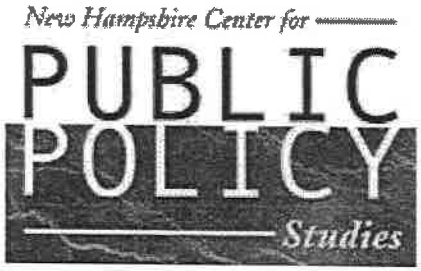
10 Largest Administrative Costs

Class Description	HB 1 - 2013 Budgeted
Current Expenses	$77,958,809
Heat- Electricity - Water	$29,434,090
Equipment New/Replacement	$16,440,099
Insurance Premium Pmts	$14,980,608
State Owned Equipment Usage	$14,237,197
Indirect Costs	$13,457,859
Technology - Software	$12,656,022
In-State Travel Reimbursement	$12,451,851
Promotional - Marketing Expens	$8,909,216
Technology - Hardware	$7,774,705

NHCPPS Analysis of 2012-2013 Budget Documents

Top 20 Program Budgeted Expenditures

Program	HB 1 - Budgeted 2013
Adequate Education Aid - State	$941,830,717
Medical Payments to Providers	$336,597,852
Grants-Federal	$231,777,082
Medicaid Waiver Services	$218,346,908
Contracts for program services	$195,726,784
Nursing Home Payments	$186,083,922
Prescription Drug Expenses	$140,516,376
Construction Repair Materials	$126,186,958
Payments To Providers	$113,859,791
Loans	$92,500,000
Outpatient Hospital	$77,903,050
Meals & Rooms Tax Distribution	$58,805,057
University System of NH Fundin	$54,650,000
Payments To Clients	$53,190,762
Hosp Uncompensated Care Pool	$52,889,190
Medicaid Quality Incentive	$51,638,288
Building Aid - Education	$47,076,655
State Phase Down	$39,007,228
Grants-Non Federal	$38,937,749
Grants for Pub Asst and Relief	$37,329,269



Outcomes, An Example

An Economic Development Dashboard

Indicator	NH Rank in US
Homeownership rates	2
Pollution Abatement / $ Value Added	3
High School grad rate	4
Regulatory Friendliness Rank	4
Voter turnout rate	4
Pct of pop in Science & Engineering workforce	5
Pct w/Associates+	6
Percent of children aged 3-4 in preschool	6
State/local tax burden	7
Public health/welfare spending per person in poverty	7
Family Insurance Premium as % of Household Income	7
R&D performed per $GDP (%)	7
Manufacturing Supercluster LQ	7
Consumption per Capita, Million Btu	8
Transportation energy expenditures as percent of personal income	8
VC Investment Dollars Per Capita 2011	8
Percent Uninsured 2011	9
Domestic tourism spending per capita	13
2011 Age Adjusted Mortality Rates	15
Ranking of State Liability Systems	16
Protected acres per capita	16
Business Churn	18
Volunteering rate	19
State Energy Efficiency Rank	19
Percentage of Hospitals that are "A" for Safety	19
Percent of Mandated Health Benefits	20
Percent of state with access to broadband	20
Water infrastructure needs per capita	21
Rate of HS grads going to degree-granting institution	24
Total Employment % Change 2007 to 2012	25
Expenditures per Capita, Dollars	26
Public govt & admin per capita	27
Rent more than 30% of income	28
Ratio Median Housing Price to Median Income	34
Portion of unacceptable rough roads	35
State spending on natural resources per capita	37
Top marginal corporate tax rate	38
Percent of bridges deficient or obsolete	39
Natural Gas Residential Prices, $/thousand cu ft	42
Owner costs more than 30% of Income	43
Health Care Expenditures per Capita by State of Residence, 2009	43
State debt per capita	44
Industrial electric Prices	46
Capital Investment Projects per 100,000 pop	46
Land Use Restriction	47
Change in 35-44 y.o share of population, 2000 to 2010	48
Average student debt	50

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Washington State, 'Balanced Score Card'

www.digitalarchives.wa.gov/governorlocke/improve/quality/tools/DSHS%20Accountability%20Scorecard%2009-13-02.pdf

Washington State Department of Social & Health Services

Dennis Braddock, Secretary

DSHS Accountability ScoreCard

July 2001 – July 2003

The mission of DSHS is to improve the quality of life for individuals and families in need. We will help people achieve safe, self-sufficient, healthy and secure lives.

Health and Safety of Washington's Children	Where We Started *Baseline Measures*	Where We Are *Current Data - 7/02*	Where We're Going *2003 Target*
Goal: *The health of Washington's children is maintained or improved.*			
• Reduce deaths of infants (deaths per 1,000 births)	5.0	5.8	*4.7*
• Reduce the death rate for African-American and American-Indian infants (deaths per 1,000 births)	11.4	11.2	*10.0*
• Reduce death rate for children who use DSHS services (deaths per 100,000 children ages 1 through 9 who received a DSHS service)	29.2	28.1	*18*
• Increase number of children receiving health coverage	494,700 30.5%	509,840 31.6%	*525,400* *32%*
Goal: *Children in DSHS care or referred to DSHS are safe from abuse and neglect.*			
• Quickly investigate claims of child abuse and neglect	84%	85.7%	*95%*
Goal: *DSHS services help children experience stable lives.*			

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NH DOT: Balanced Scorecard

www.nh.gov/dot/org/commissioner/balanced-scorecard/department/index.htm

- Home
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Balanced Scorecard > Department Scorecard

Mission, Purpose and Vision | Goals/Objectives | Department Scorecard | Division/Bureau Scorecards

The Department Scorecard summarizes the 2011 Actual, 2012 Expected, 2014 Projection and Goal, and 2016 Projection and Goal data for each of the thirty performance summaries.

- Understanding NHDOT's Balanced Scorecard

Each performance measure is linked to a performance summary which provides additional information for that measure.

- Understanding NHDOT's Performance Summaries

NHDOT Department Scorecard 2012 - DRAFT

2013 Expected - expected performance based on established 2013 budget, programs, staffing levels, advertising schedule.
2015 Projected, 2017 Projected - trended performance based on maintaining 2013 budget levels and funding splits, 2013 staffing levels, and 2013-2022 TYP priorities.
2015 Goals; 2017 Goals - the preferred level of performance.

* Measures that changed from 2011 Balanced Scorecard

Goal	Objective	Measure	Units	2011 Actual	2012 Actual	2012 Expected	2013 Expected	2015 Projection	2015 Goal	2017 Projected	2017 Goal
Customer Satisfaction	Increase Customer Satisfaction	Customer Satisfaction Transportation System*	percent satisfied	85%	67%	85%	75%	78%	100%	80%	100%
		Customer Satisfied NHDOT Performance*	percent satisfied				85%	86%	100%	87%	100%
Performance	Improve Asset Conditions	State Highway Pavement in Good or Fair Condition	miles	2,695	2,597	2,611	2,555	2,470	2,597	2,385	2,597
		Red Listed	number	149	140	152	145	148	140	151	140

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NH DHHS: Dashboard

www.dhhs.state.nh.us/ocom/operatingstatsdashboards.htm

an official NEW HAMPSHIRE government website

dhhs New Hampshire Department of HEALTH AND HUMAN SERVICES

Families & Children | Women | Teens | Adults | Seniors | People with Disabilities

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- Home
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- Divisions/Offices
- Media
- Statistics
- Online Tools
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- Job Opportunities
- Topics A to Z
- Contact

Operating Statistics Dashboards

Find

- Operating Statistics Dashboard, January 2013
- Operating Statistics Dashboard, October 2012
- Operating Statistics Dashboard, July 2012
- Operating Statistics Dashboard, June 2012
- Operating Statistics Dashboard, June 2011
- Operating Statistics Dashboard, June 2010

Adobe Acrobat Reader format. You can download a free reader from Adobe.

Program Information

- Office of the Commissioner
- Budget Update
- Care Management Documents
- Federal Health Reform
- DHHS' 2011 Legislative Briefing
- Senior Management Team
- Contact the Office of the Commissioner

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Linking Spending With Outcomes

What Would Your Fiscal Dashboard Look Like if You were NH's CEO		
	Various Measures	
General Spending	Value	Rank
Public Spending Per Capita	$4,910	37
Total Public Spending as a Share of Income	11%	45
Administration		
State Employees per 10,000 Residents	52.3	39
Public Government and Administration Per Capita	$197	24
Interest Per Capita	$303	5
Debt Per Capita	$6,508	7
Health and Welfare		
Public Health, Welfare, Hospital Spending Per Poverty	$15,757	7
Total Medicaid Spending Per Enrollee	$6,978	13
Infant Mortality	6.1	33
Total Health Care Spending	$7,839	43
Adjusted Adjusted Morbidity	710	15
Education		
Percent of Children 3-4 in Pre-School	52%	8
Total Spending Per Pupil on Elementary and Secondary	$12,383	11
State Only Spending Per Pupil on Education	$3,347	29
High School Graduation Rate	86.0%	4
Rate of HS grads going to degree-granting institution	64%	24
Transportation		
Public Transportation Spending Per Mile of Road	$34,520	17
Portion of unacceptable rough roads	22%	35
Percent of bridges deficient or obsolete	31%	39
Water Infrastructure		
Natural Resources and Parks Per Capita	$79	34
Water infrastructure needs per capita	$1,554.9	21
Per Capita Water Usage (Gallons Per Day)	375.6	45
Impaired Water Bodies (?)	NA	NA
Public Safety		
Police Spending Per Crime	$25,980	7
Corrections Spending Per Prisoner	$43,101	22
Violent Crime Rate per 10,000 Residents	137	48

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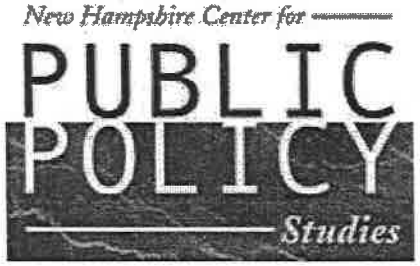
A Few (not in any way comprehensive) Additional Resources

- Kentucky study of Massachusetts, Texas among others. http://www.lrc.ky.gov/lrcpubs/RR302.pdf
- USC nationwide study of performance based budgeting at the state level: http://ipspr.sc.edu/ejournal/assets/performance%20based%20budgets.pdf
- Georgia State University review of legislative engagement in the performance based budgeting process. https://aysps.gsu.edu/sites/default/files/documents/frc/report128.pdf



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