



OPERATIONAL PLAN

Guidelines

An operational plan is an annual work plan. It tracks and projects progress toward achievement of strategic mission, goals, and objectives. 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.

HELP

HOW TO: Prepare an Operational Plan

As required by statute, an operational plan (OP) must be prepared and submitted by each agency (or budget unit) as part of its "total budget request document." An OP draws directly from strategic plans but provides data to document performance progress. Like a strategic plan, an operational plan addresses four questions:

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

To answer those questions, the OP must include meaningful data 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 step 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 and/or agency (budget unit) within which each program operates. The OP must link department and/or agency goals, program goals and objectives, and program performance. To do this, the OP provides information about the department and/or agency (budget unit) submitting the budget request; the program or programs operated by the department and/or agency (budget unit); and activities included in each program.

The OP provides program performance information for the prior fiscal year, current fiscal year, and continuation budget level for the ensuing fiscal year (the fiscal year of the budget request).

(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.")



The OP is not the only budget request component that must contain performance information. 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 must 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 Form and Components

Use the Operational Plan Form for submission of operational plans. The Operational Plan Form is an Excel workbook containing worksheets for various OP components. It includes program performance worksheets for objectives, standard performance indicator tables and general performance information. The form incorporates detailed instructions and comments on separate sample pages. The Operational Plan Form is available on the OPB website (<http://www.state.la.us/opb/index.htm>).

Outline of Operational Plan Components

Department Description (if applicable)

Department mission statement

Department goals

Agency Description:

Agency mission statement

Agency goals

Agency strategies for development and implementation of human resource policies that benefit women and families

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 Plan, *Louisiana: Vision 2020*, Children's Budget, and other links

Performance indicators

Objective No. 2

Strategic Plan, *Louisiana: Vision 2020*, Children's Budget, and/or other links

Performance indicators

Program B Name

Program B Authorization: (Primary constitutional, statutory, and/or other citations)

Program B Description:

Program mission statement

Program goals

Programwide performance information (optional)

Program B Objectives:

Objective No. 1

Strategic Plan, *Louisiana: Vision 2020*, Children's Budget, and/or other links

Performance indicators

Objective No. 2

Strategic Plan, *Louisiana: Vision 2020*, Children's Budget, and/or other links

Performance indicators

Charts:

Department and/or Agency Organization Chart

Department and/or Agency Program Structure (with Activities) Chart

Contact Person(s):

Name, title, and contact numbers (telephone, FAX, and e-mail)

Department and/or Agency Contact Person (for entire operational plan); and/or contact persons for each program



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.



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 Name, Number, and Description

Complete this part of the OP Form if the budget schedule under which your agency falls is comparable to one of the officially designated departments of state government. (For example: Schedule 05 is the Department of Economic Development; Schedule 06 is the Department of Culture, Recreation and Tourism. However, Schedule 01 is comprised of various entities in the Office of the Governor; Schedule 04 is made up of various state departments headed by statewide elected officials. Neither Schedule 01 nor Schedule 04 is itself a state department.) Budget schedules that should complete this form are: Schedules 05, 06, 07, 08A, 08B, 09, 10, 11, 13, 14, 16, and 19-Department of Education. If your schedule is not listed here and you believe you should complete a department description, contact the OPB to resolve the issue.

Identify the department submitting the budget request by name and budget schedule number.

Describe the department simply and succinctly. Include the strategic mission and goals of the department. The inclusion of departmentwide performance information may be requested by your OPB analyst.

Agency (or Budget Unit) Name, Number, and Description

Identify the agency (or budget unit) submitting the budget request by name and agency number.

Describe the agency (or budget unit) simply and succinctly. This description, which should include the strategic mission and goals of the agency, explains 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, as a general rule, should be identical.) The inclusion of agencywide performance information may be requested by your OPB analyst.

As required by Act 1078 of 2003, you must provide a statement of your agency's strategies for development and implementation of human resource policies that are helpful and beneficial to women and families. "Human resource policies beneficial to women and families" may include strategies, policies, or initiatives that affect internal human resource management (such as flexible work schedules and places, day care, and diversity training) or external service delivery (programs or services, such as TANF initiatives and food stamps that are directed toward, benefit or serve women and families).

Program Name and Authorization

Identify each program by name. Examples include: Administration; 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.



Program names must be identical to the program citations in the current appropriation act. Modifications in program names or structures must be approved by the OPB. If you are contemplating such changes, discuss this with your OPB analyst prior to submission of your budget request. Do not use your operational plan and/or budget request as first notification to the OPB that you would like to make program name or structure modifications.

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

Prepare a program description for each program in your agency. This description should identify the strategic mission and goals and major activities of the program.

- 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 and/or agency goals. Program goals must be consistent with department and/or agency goals.
- 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.

Describe programs simply and succinctly. Write the narrative with the assumption that the reader has no knowledge of the program, what it does, why it is needed, or how it works. Avoid the use of technical terminology, abbreviations, and acronyms should be avoided. If technical terms or jargon cannot be avoided, then define these terms 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. 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.
2. Use the mission and goal statements from the program's strategic plan.
3. Identify and briefly describe major program activities. The activity structure also may be illustrated in a program activity chart. 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, the Discretionary/Nondiscretionary Activities Addendum, and the Advantage Financial System.



Some programs involve administration of funds that are "passed through" to other organizations or governmental units. With such a program, competent oversight and administration of these funds naturally are of concern, and performance objectives and indicators regarding such should be provided. However, of equal concern are the results generated by the organizations that receive the funds.

Explanation of the purpose and results of the funds passed through—that is, what benefits are derived and by whom—must be included in the program description. Performance indicators, verifying the results achieved and services provided, must be included as well.

Under Louisiana's performance-based contracting provisions and procedures, contracts for professional, personal, consulting, or social services must include specific goals and objectives, measures of performance, and a plan for monitoring the services to be provided. "Pass through" funds distributed by contract often fall under these requirements. If so, information related to service provision and service beneficiaries should be available. Use this information to show the results generated by the administering program through contract service providers.

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.

Use the program's strategic objectives in the operational plan. Refer to the current strategic plan for the program and transfer the strategic objectives to your operational plan.

Some objectives may represent programwide efforts and accomplishments. Others may be directly related to a specific program activity. 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 major activity in a program? Or does it cluster several activities under a common program objective?

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.

REMEMBER

As you complete the objective worksheets of the Operational Plan Form:

- Use strategic objectives from your strategic plan. Use a separate worksheet (tab) in the Operational Plan Form for each objective.
- Complete the links paragraphs in order to demonstrate the relationship of the objective to various statewide initiatives. Completion of these links—even if the appropriate response is “Not Applicable”—is required.
 - Strategic Link: Because the operational plan now lifts strategic objectives directly from the strategic plan, it is no longer necessary to complete a “Strategic Link” in the OP form.
 - *Louisiana: Vision 2020* Link: Identify and explain the link or relationship between each objective and the annual *Louisiana: Vision 2020* Action Plan. This linkage should have been documented in your strategic plan. Put information in the “*Louisiana: Vision 2020* Link” row in the Operational Plan Form. 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. 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. Both *Louisiana: Vision 2020* and annual action plans are available on the Department of Economic Development website ([http:// www.lded.state.la.us/](http://www.lded.state.la.us/)). This requirement includes both components for which an agency has direct responsibility and those components for which an agency plays a contributory or indirect support role. Despite the fact that *Louisiana: Vision 2020* is designated as the state’s master plan for economic development, it is broad and includes goals, objectives, and/or benchmarks that relate to many policy areas, issues, and government functions. However, if a program objective is not related to *Louisiana: Vision 2020*, put “Not Applicable” in this link row.

The *Louisiana: Vision 2020* was completely revised and updated in 2003. Action Plans are prepared each year. *Louisiana: Vision 2020 Action Plan 2004* is the most current Action Plan. *Louisiana: Vision 2020* and all annual Action Plans are available on the Department of Economic Development’s website. Be sure to use the most recent documents when you complete this link.

REMEMBER

- Children’s Budget Link: Identify and explain the link or relationship between each objective and the Children’s Budget. Use the “Children’s Budget Link” row in the Operational Plan Form. 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 and who the principal users and 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. If an objective is not related, then put “Not Applicable” in this link row.

- **Human Resources Policies Beneficial to Women and Families Link:** Identify and explain the link or relationship between each objective and your strategies for development and implementation of human resource policies that are helpful and beneficial to women and children. Use the Human Resource Policies Beneficial to Women and Families Link to provide this information, which is required by Act 1078 of 2003. You must provide an entry in this cell. For purposes of this link, “human resource policies beneficial to women and families” may include policies that affect internal human resource management (such as flexible work schedules and places, day care, and diversity training) or external service delivery (programs or services, such as food stamps, that are directed toward, benefit or serve women and families). If an objective is not related, then put “Not Applicable” in this link row.
- **Other Link:** Identify and explain the link or relationship between each objective and any other statewide, multi-agency or agencywide master plan, comprehensive plan, or initiative. Examples include: Louisiana Workforce Commission, Homeland Security, Tobacco Settlement, or Temporary Assistance to Needy Families (TANF) initiatives. Use the “Other Link” row in the Operational Plan Form to identify and explain as many other links or relationships as appropriate. If there are no other links or relationships, then put “Not Applicable” in this link row.



It is possible that one objective may be related to several—or even all—of these links. For example, an objective related to or funded through a TANF initiative might be related to *Louisiana: Vision 2020*, Children’s Budget, Human Resource Policies, and Other (TANF) and Other (Workforce Commission) Links.

- Be sure that the time frame for the objective is clear. Cite the specific timeline/deadline for accomplishment of the strategic objective. If your strategic plan contains SMART objectives, then you already have a clear time frame for achievement of the objective.
- Label objectives as key (“K”) or supporting (“S”) level. (Use the box following the objective number in the Operational Plan Form objective tab.) Remember that key objectives are often those that:
 - X represent critical success factors for the program;
 - X are related to a "big ticket item" (a major or mandated activity that requires an extensive allocation of resources) or the annualization of a recent, significant budgetary enhancement;
 - X are related to a "hot button item" (a prominent or persistent issue or problem); and /or
 - X have been identified as key in the past by legislative committees and staff, the OPB, performance auditors, your program managers and staff, and/or other decision makers.

The executive budget and operating appropriations bills contain key objectives; the executive budget supporting document has both key and supporting objectives. The OPB has ultimate authority to determine which objectives will be included in executive budget documents and assign the level at which they will be included. However, the OPB gives careful consideration to the key or supporting designations made by the agency.

- If your objective is related to TANF initiatives, be sure that it is consistent with performance information required by and reported to the Division of Administration's TANF coordinator and with TANF performance objectives appearing in the TANF portion of the Department of Social Services performance information. The OPB develops TANF financial and performance portions of the executive budget in consultation with the TANF coordinator.

Program Performance Indicators

To justify the continuation or enhancement of funding for a program, the effectiveness, efficiency, and excellence of the program must be demonstrated and documented. Performance indicators are the tools used to measure performance, progress, and accomplishments. Balanced sets of performance indicators are developed during strategic planning and used in the OP and other budget forms to justify budget requests.

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:

EXAMPLE

PARTS OF A PERFORMANCE INDICATOR

PERFORMANCE INDICATOR NAME

Number of clients served

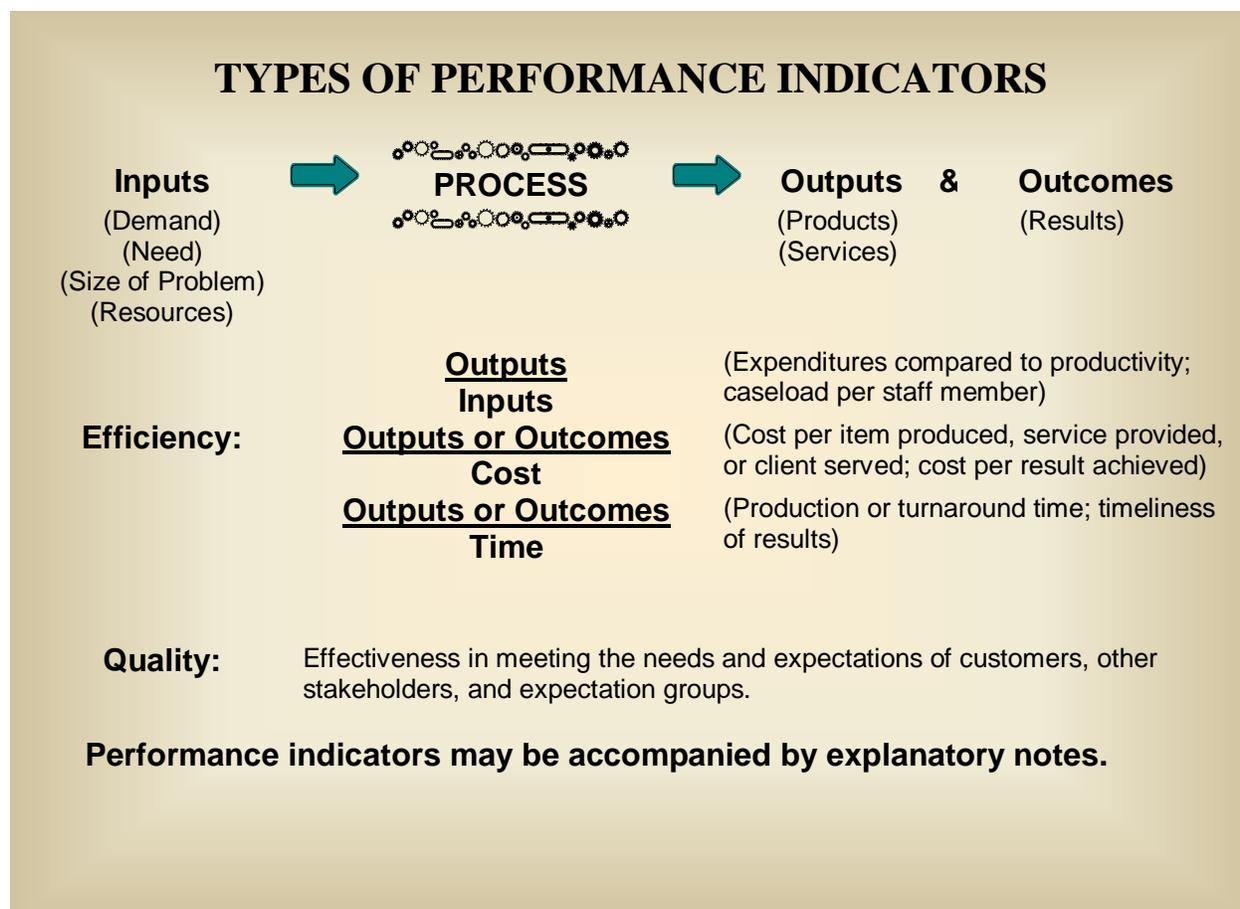
PERFORMANCE INDICATOR VALUE

3,250

Performance indicator values associated with the funding level recommended in the executive budget become performance standards during the appropriation process. (See "Performance Standard" below.)

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 or process logic (how a process works) and each type is designed to address different but complementary performance issues and perspectives. Together, these indicators provide a balanced view of performance.



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 or the size of an issue or problem that must be addressed. Input indicators are useful in showing the demand for a service, total cost of providing a service or the investment necessary to generate the expected return, 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. Input indicators may be good candidates for reporting at GPI level.

Examples:

- Current illiteracy rate in Louisiana
- Current incarceration 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 service. 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 results have been accomplished; nor do they reveal anything about the quality or efficiency of the service provided. Output indicators are sometimes good candidates for reporting at GPI level.

Examples:

- 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. They represent the return on investment—what we are getting for our allocation of resources. Policy makers are generally most interested in outcome indicators. Outcome indicators generally are reported at key level.

Examples:

- 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.

Examples:

- Cost per student enrolled in an adult education course
- Average expenditure per pupil in state public schools
- Average cost per day per state inmate.
- Bed occupancy rates at charity hospitals
- Cost per vaccination/inoculation given
- 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

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.

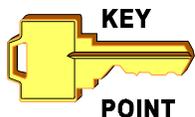
Examples:

- Number of defect-free reports as a percentage of total number of reports produced
- Percentage accuracy of information entered into a database
- Compliance with error tolerance levels established by administrative guidelines
- Accreditation of institutions or programs
- Number of corrections institutions under court supervision
- Costs associated with tort judgments against the state
- Awards or recognition for service excellence
- Number of customer/client complaints filed

Sometimes performance indicators fall into more than one category. For example:

- Some outcome indicators are also quality indicators. If your objective were 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 were 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 an 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 vital that you select a balanced set of meaningful indicators to measure program performance. 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. Performance indicator types work together to tell a performance story. Use as many as you need to tell a clear performance story.

Explanatory notes should 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, program, and external variables and explain how those variables affect performance. They provide a link among indicators that should be used in tandem. So, footnote.

Performance Indicator Levels

Performance indicators may be key (K), supporting (S), or general performance information (GPI) level. Remember, proposed performance indicator levels are part of the documentation information submitted by agencies in their strategic plans.

- Key indicators are included in the executive budget and general or ancillary operating appropriations bill. For key indicators, performance standards are established during the appropriation process. Key indicators are tracked for accountability purposes in the Louisiana Performance Accountability System (LaPAS); 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 and ancillary operating appropriation bills. For supporting indicators, performance standards are established during the appropriation process. Supporting indicators are tracked in LaPAS, but interim targets and actual performance must be reported in only second quarter (midyear) and fourth quarter (yearend) performance progress reports.
- General performance information (GPI) indicators provide data on an actual basis only. No performance standards are developed for GPI indicators. GPI indicators are reported in LaPAS so that history may be built. However, only actual data are reported at second quarter (prior year actual) and fourth quarter (yearend actual) progress reports.

The OPB has ultimate authority to determine which performance indicators will be included in the executive budget documents and assign the level at which they will be included. However, the OPB gives careful consideration to the indicator level designations in agency strategic and operational plans.

Performance Standard

A performance standard is the expected level of performance associated with a particular key or supporting 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.

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 Level" 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.

REMEMBER

Performance standards are as much a part of an operating appropriations act as the appropriation levels and authorized positions contained in the act. Performance standards may be revised only through the August 15th performance adjustment and BA-7 budget adjustment processes.

See “Performance Standards: Guidelines for Development and Revision” on the OPB website for more information on performance standards. Information on August 15th Performance Adjustment Request forms and guidelines may be found on the OPB website as part of the most recent appropriation letter package. The BA-7 form and questionnaire are available on the OPB website.

Reporting Performance in the Operational Plan

Each objective should be accompanied by a balanced set of meaningful performance indicators. Performance must be reported in tabular format with numeric indicator values. Performance data may be augmented with graphs, charts, and other materials. The Operational Plan Form contains program performance forms that include worksheets for basic or standard performance indicator tables as well as general performance indicator tables.

Basic or Standard Performance Indicator Table Format

The basic or standard performance indicator table includes columns for performance indicator LaPAS PI Code, level (key or supporting), performance indicator name, and performance indicator values for:

- **Prior year performance standard at yearend.** This is the performance standard shown in the Louisiana Performance Accountability System (LaPAS) at yearend of the prior fiscal year (the fiscal year just ended as you prepare your operational plan). LaPAS is the official source for this figure; that is, this OP figure must agree with the performance standard—not the fourth quarter target—in LaPAS. 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. “Not Available” is not an appropriate entry for this column.

- **Prior year actual performance at yearend.** This is the actual performance achieved during the prior fiscal year. For existing performance indicators, 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, you must add a footnote to explain the difference and request a change to official record in LaPAS. If you are introducing a new performance indicator, you must make all reasonable efforts to gather and report a prior year actual figure. 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, you must include a footnote to explain why an actual figure is not available.
- **Performance standard as initially appropriated.** This is the performance standard as enacted under the general or ancillary operating appropriations act for the current fiscal year. Initial performance standards appear 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 an appropriation act for the current fiscal year), put "Not Applicable" in the column. Add a footnote explaining why the indicator does not have an initial performance standard. "Not Available" is not an appropriate entry for this column.
- **Performance standard at existing level.** This is the most current performance standard for the performance indicator; it reflects the initial performance standard plus or minus any changes associated with approved 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 approved August 15 or BA-7 performance standard adjustment, that indicator and performance standard are added to LaPAS by the OPB. For existing operating budget (EOB) values, report the performance standard shown in the LaPAS database as of EOB cutoff date for budget requests. (The OPB will adjust EOB performance standard values to reflect any approved adjustments after budget request EOB cutoff date up to the date used for EOB appropriation amounts in the Executive Budget.)



If the current year performance standard for an indicator differs significantly from what you believe actual yearend performance will be, 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 must report the performance standard under the existing operating budget column; do not replace the standard with the anticipated yearend amount. Further, if the anticipated yearend actual performance identified and explained

in your footnote differs significantly from the interim targets and comments shown in LaPAS, reconcile those differences in your footnote.

If your operational plan includes a new performance indicator for which there is no existing standard, use the EOB performance standard column to provide an estimate of anticipated performance or service level through the end of the current fiscal year. You must make every reasonable effort to provide this yearend estimate. 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. Your footnote also must explain the basis for your estimate.

If you use a new performance indicator that has no prior year or current year performance standard, it is appropriate to show "Not applicable" in those columns. However, you must make a reasonable effort to gather and provide prior year actual data. In the existing operating budget column provide an estimate for the existing operating budget value. Basic or standard 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?"

REMEMBER

- **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 must reflect adjustments requested in Continuation Budget forms but must not 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 your continuation budget level performance figure is related to or dependent upon a particular Continuation Budget adjustment, add a footnote identifying the specific continuation adjustment or adjustments. 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. "Not Applicable" and "Not Available" (or "Cannot Project") are not appropriate entries for this column.

Do not complete the "Performance at Executive Budget Level" column in the standard performance indicator tables of the Operational Plan Form. You will complete that column after the OPB notifies you of the funding level being recommended in the Executive Budget for your budget units and programs.

Do not submit performance indicator values for a "requested 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 budget recommendation, then you must include those performance impacts in the recommended budget level values you add to performance spreadsheets after you receive the OPB Executive Budget recommendation.

General Performance Information Tables and Other Materials

Appropriate general performance information (historical or trend tables, charts, and graphics as well as external comparisons of performance) must be provided. Performance trends and external comparisons are an important gauge of program effectiveness, efficiency, and excellence and, therefore, are valuable for budget decision making.

If you develop your own trend charts or external comparisons, using a specific internal database or a specific external survey, cite that methodology in a source statement. General performance information gathered from a source external to your agency must have a source citation. When using an external source, please be alert to any institutional bias or agenda.

Not every performance indicator needs to be presented in a multi-year setting, but some performance data may be reported best in a historical or trend chart. In other cases, it is appropriate to show an indicator in historical perspective as well as at key or supporting level. (That is, an indicator may appear in both the standard performance indicator table as a key or supporting indicator as well as in a GPI trend table. In this case, the LaPAS PI Code for the performance indicator would be the same in both tables.) To demonstrate performance trends, include five years of actual data. (If you do not yet have five years of actual data, include those actuals that you do have.)

Rankings and external comparisons should be included to show how Louisiana's programs and performance compare to those in other states or the private sector. You may use external comparisons and/or rankings generated by the federal government (for example, government expenditure and employment comparisons, by function, from the U.S. Bureau of the Census), private research, policy, or "think tank" organizations (Morgan Quitno Press's annual ranking publications and Annie E. Casey Foundation's *Kids Count* report, for example), or national or regional associations of state government officials or agencies (National Governors Association, National Association of State Budget Officers, Conference of State Legislatures, Council of State Governments, Federation of Tax Administrators, and Southern Regional Education Board, for example) or accrediting organizations (American Correctional Association, for example). Sample layouts for historical or trend tables and external comparison tables are included in the Operational Plan Form.

Explanatory material should 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.

General performance information (GPI) indicators do not have performance standards and are reported in LaPAS only for prior year actual and yearend actual. General performance data tables may appear in the Executive Budget Supporting Document but are not included in the Executive Budget. GPI indicators appearing in an operating appropriations bill are not considered a part of the operating appropriations act. Because of different reporting requirements for general performance information and standard performance indicators, you must discuss proposed changes in the way you report performance (shifting from standard

performance indicator 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 valid, accurate and reliable. They must be clear and simple but informative as well as consistent and verifiable. Further:

- Performance indicators must 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.
- 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; this information should have been documented on the strategic plan performance indicator documentation sheets for the indicators.
- To ensure that performance indicators are successfully entered into the Louisiana Performance Accountability System (LaPAS) and tracked there over time for performance history and comparison, provide the LaPAS Performance Indicator (PI) Code for all performance indicators that have been reported at any level in LaPAS during any portion of Fiscal Years 1998-1999 through current fiscal year. (PI Codes for performance indicators in use in the current fiscal year were included in the performance spreadsheets that were included in your agency's current year appropriation letter package. PI Codes for indicators for all performance indicators reported in LaPAS during any of the fiscal years from FY 1998-1999 forward may be seen in the LaPAS View function.) For new indicators—that is, ones that have never been reported at any level in LaPAS—put “New” in the LaPAS PI Code column.
- Label performance indicators that you consider to be key indicators by putting “K” in the box provided on the OP Form; put “S” for supporting indicators. When determining which indicators are key, consider the following:
 - Is this indicator an outcome indicator?
 - Is this indicator 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) or 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 in the past as key by legislative committees and staff, the OPB, performance auditors, your program managers and staff, and/or other decision makers?

The OPB has ultimate responsibility and 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.
- Document changes in performance indicator name or method of calculation. If you are modifying the name of an existing performance indicator for clarity but not changing what the indicator measures or how it is measured, you are not creating a new performance indicator. However, you must include a footnote explaining the name change and verifying that the renamed indicator is not a new performance indicator. If you are retaining the name of an existing performance indicator but changing what the indicator measures or how it is measured, you are creating a new performance indicator and must provide a footnote explaining this situation and why you are making the change. This documentation enables OPB to ensure that performance indicators are appropriately coded and tracked across fiscal years in LaPAS.
- Report performance indicator values on a fiscal year basis. If there is a compelling 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 explain why you are using it. This information should be part of the strategic plan performance indicator documentation sheets for such indicators.
- 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, the Southern Region Education Board and some federal statistical databases include Delaware in the southern region; the 16-state region of the Southern Legislative Conference includes Missouri but not Delaware.)
- If you are comparing Louisiana to a national average, median, or composite, be sure to provide any explanatory information necessary to make clear the basis and result of the comparison. Identify the source of the comparative information. This information should be part of the strategic plan performance indicator documentation sheets for such indicators.

- If you use and report data from some source outside your department and/or agency or program, be sure to cite the source fully. If your department and/or 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. This information should be part of the strategic plan performance indicator documentation sheets.
- Be consistent in what you report and how your data are calculated and reported. When your agency strategic plan was formulated, performance indicators to measure progress were developed as well. Your agency committed to the use of those indicators for the lifetime of the strategic plan.
 - Once meaningful performance indicators have been developed and documented in the strategic plan, use them consistently. Unless there is a compelling, valid reason to change, you must measure the same things and use the same terms, definitions, measurement periods, and sources for each operational cycle during the lifetime of the strategic plan. Confusion can be avoided if you discuss proposed changes in performance information with OPB analysts before you submit your operational plan.
 - If your operational plan includes performance indicators that were not identified or documented in your current strategic plan, submit a Performance Indicator Documentation Sheet for each such performance indicator. The format for these documentation sheets is available in the “Guidelines for Applying the Strategic Planning Process” on the OPB Website, Strategic Planning Page.
 - 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. Museums are found in at least two different budget units. 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, accuracy, and reliability 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 and submit appropriate documentation to the OPB.)

- If your performance indicators relate to Temporary Assistance to Needy Families (TANF) initiatives, be sure that they are consistent with performance reported to the Division of Administration's TANF coordinator and with TANF performance indicators appearing in the TANF portion of the Department of Social Services performance information. The OPB develops TANF financial and performance portions of the executive budget in consultation with the TANF coordinator.
- 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.

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. (As indicated by the LWC, agencies required to submit a workforce development budget request are: Department of Economic Development, Department of Public Safety and Corrections–Corrections Services, Department of Social Services, Department of Labor, Department of Education, Board of Regents and higher education management boards, Department of Military Affairs, Offices of Workforce Development, and Office of Elderly Affairs.) Agency operational plans are submitted to the commission along with their workforce development budget requests. The specific operational plan requirements of Act 1 of 1997 exceed the basic OP requirements described above, and the LWC has developed forms and guidelines designed to gather the information it needs. LWC forms and guidelines appear on the OPB website with other budget forms and instructions.



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.

Getting Help

If you have questions about preparing a basic operational plan, contact the Office of Planning and Budget (OPB) at telephone (225) 342-7005 or fax: (225) 342-7220. Direct questions to the OPB budget analyst who is assigned to work with your agency.

Questions regarding the Louisiana Workforce Commission budget request forms should be directed to the Lifelong Learning/Workforce Commission Office in the Office of the Governor. The telephone number is (225) 342-1204 and the fax number is (225) 342-1494.