MANAGEWARE

INTRODUCTION
About Managing for Results and MANAGEWARE

Government is big business. When faced with government's price tag, Louisiana's decision makers—as well as Louisiana's taxpayers—must ask: "What results are we getting for our money?" With that question in mind, the management processes described in *MANAGEWARE* are based on the philosophy of **"Managing for Results"**—that is, decision making for, planning for, budgeting for, building for, and measuring results.

To manage for results, state government must anticipate the future, plan ahead, and make effective long-range policy decisions. State government must move from a reactive stance to one of stimulating change for the better. State executives and managers must be able to make well-informed decisions that will increase efficiency and effectiveness of services and satisfy the unrelenting need to do a better job with what we have. They must chart clear directions and target measurable objectives for achievement. They must measure results, and they must allocate human, capital, and financial resources to achieve results.

This is, of course, more easily said than done. However, since 1989 Louisiana has been working toward the implementation of "Managing for Results." This effort began with the move from line item budgeting to program budgeting. As part of that transition, Louisiana's Division of Administration used in-house expertise to develop practical processes geared toward Managing for Results. However, application of these processes for management and budget decision making remained inconsistent until the support and commitment of both executive and legislative leadership was secured. Now, under the aegis of legislation mandating performance-based budgeting (Act 1465 of the 1997 Regular Legislative Session), Louisiana is turning process design into reality. Further, the state is pioneering the use of performance measurements through an

innovative, paperless performance progress reporting and tracking system that makes performance information available to anyone interested in Louisiana state government.

Managing for Results

Many factors go into a determination of management excellence in government. The Government Performance Project (GPP) provides the most comprehensive evaluation of state management. The GPP, which is sponsored by a grant from The Pew Charitable Trusts, teams academics and journalists to research, analyze, and grade the states in several key management areas. In its 1998 and 2000 surveys of state governments, the GPP addressed five management functions (financial management, capital management, human resources management, information technology management, and managing for results) and also considered leadership, integration, and momentum. In its most recent state survey (2004), the GPP looked at four management categories: Money, People, Infrastructure, and Information (which combined aspects of managing for results and information management). Further, focus was placed on the ability of states to produce actual results, not just create processes. The results of these surveys were published in *Governing* magazine in 1999, 2001, and 2005.

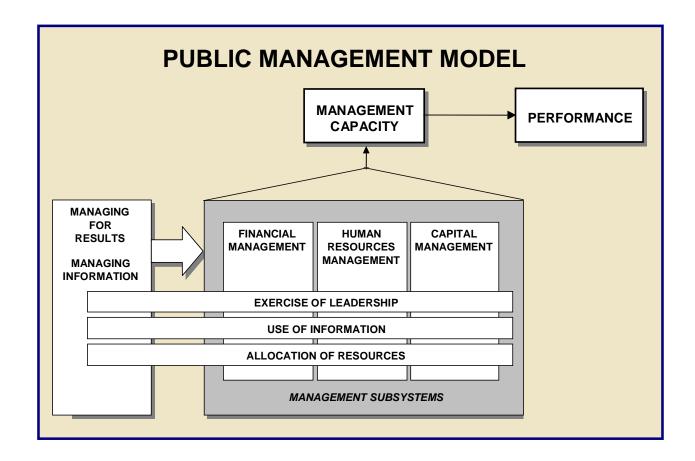### LOUISIANA'S SCORES ON GOVERNMENT PERFORMANCE PROJECT (GPP) STATE SURVEYS

Louisiana's Scores in Government Performance Project (GPP) State Surveys, as Reported in *Governing* "Grading the States"				
Component	**1999 Grade**	**2001 Grade**	**Component**	**2005 Grade**
Financial Management	B-	C	Money	B+
Capital Management	B	B	Infrastructure	C+
Human Resources Management	C+	B	People	B
Managing for Results	B	B+	Information	A-
Information Technology Management	C-	B-		
OVERALL GRADE	**B-**	**B-**	**OVERALL GRADE**	**B**

- The GPP cautions that scores from its various state surveys are not directly comparable because of differing management categories graded as well as the criteria and methodologies used in grading. However, it is clear that Louisiana has demonstrated steady improvement in several state management components.

The results of the GPP support a model for effective public management (shown below) that emphasizes the influence of managing for results and information management on other

management systems—and how those management systems combine to address management capacity, which enables performance.

PUBLIC MANAGEMENT MODEL

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                    ┌──────────────────┐          ┌──────────────────┐
                    │   MANAGEMENT     │ ───────▶ │   PERFORMANCE    │
                    │    CAPACITY      │          │                  │
                    └──────────────────┘          └──────────────────┘
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MANAGING FOR RESULTS MANAGING INFORMATION	FINANCIAL MANAGEMENT	HUMAN RESOURCES MANAGEMENT	CAPITAL MANAGEMENT

EXERCISE OF LEADERSHIP

USE OF INFORMATION

ALLOCATION OF RESOURCES

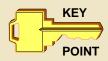*MANAGEMENT SUBSYSTEMS*

Louisiana's Management Processes

MANAGEWARE describes Louisiana's management processes for:

- ☑ Policy Development

- ☑ Strategic Planning

- ☑ Performance-based Operational Planning and Budgeting

- ☑ Capital Outlay Planning and Budgeting

- ☑ Performance Accountability.

> **KEY POINT**
>
> The underlying premise of Louisiana's management processes is that results are what matter. Therefore, these processes are centered on five basic questions:
>
> ➢ *Who are we?*
> ➢ *Where are we now?*
> ➢ *Where do we want to be?*
> ➢ *How do we get there?*
> ➢ *How do we measure our progress?*
>
> Long-time users of *MANAGEWARE* will note that a fifth question (Who are we?) has been added to the original four key questions. This does not represent a change in the process, but a confirmation that before you plan, you must analyze your organizational DNA and crystallize your unique organizational identity (vision, mission, and philosophy).

Authority

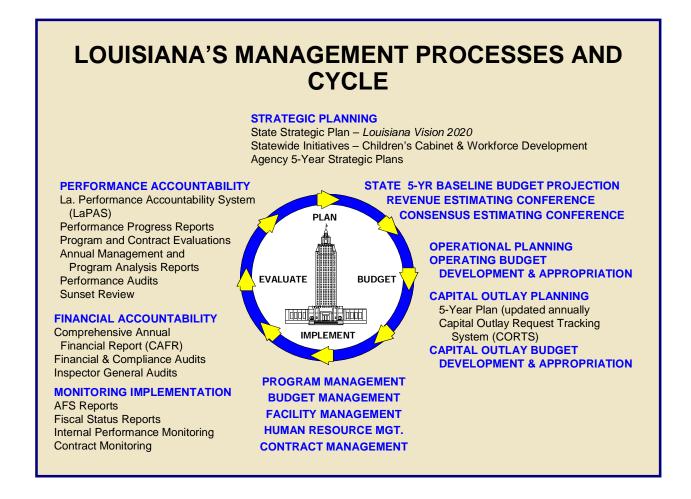Authority and requirements for Louisiana's management processes are established in:

- Constitution of the State of Louisiana
- Title 39 of the Revised Statutes of Louisiana (including the provisions of Act 1465 of 1997, as amended by Act 1169 of 1999)
- Act 1036 of 1999
- Act 1078 of 2003
- Act 1091 of 2001
- Act 111 of the First Extraordinary Session of 2002
- Acts 739 and 1424 of 1997
- R. S. 24:532 (Act 1100 of 1995)
- R. S. 49:190 *et seq.*, as revised by Act 712 of 1995
- R. S. 36:8 (Act 160 of 1982, as revised by Act 911 of 1995 and Act 20 of 2004)
- Policy and Procedure Memorandum Number 52, Revised
- Policy and Procedure Memorandum Number 61.

Louisiana's Management Cycle

If you think that managers in Louisiana state government sometimes seem to be going around in circles, you are right! Louisiana's management cycle is circular—rounding from planning to budgeting to implementation to evaluation (or accountability) and back to planning, and so on. All processes are linked; each builds upon the one that precedes and contributes to the one that follows. No matter where you enter the circle, you eventually will move through all the processes. The following graphic illustrates the management cycle, noting major processes and products, in Louisiana state government.

Further, at any given point in the management cycle, a state manager is working in three time phases. He or she is evaluating past performance, running a current operation, and looking ahead to the future. So a state manager is (at least symbolically) going in a circle and juggling several years worth of information at the same time.

LOUISIANA'S MANAGEMENT PROCESSES AND CYCLE

STRATEGIC PLANNING
State Strategic Plan – *Louisiana Vision 2020*
Statewide Initiatives – Children's Cabinet & Workforce Development
Agency 5-Year Strategic Plans

PERFORMANCE ACCOUNTABILITY
La. Performance Accountability System
  (LaPAS)
Performance Progress Reports
Program and Contract Evaluations
Annual Management and
  Program Analysis Reports
Performance Audits
Sunset Review

FINANCIAL ACCOUNTABILITY
Comprehensive Annual
  Financial Report (CAFR)
Financial & Compliance Audits
Inspector General Audits

MONITORING IMPLEMENTATION
AFS Reports
Fiscal Status Reports
Internal Performance Monitoring
Contract Monitoring

STATE 5-YR BASELINE BUDGET PROJECTION
REVENUE ESTIMATING CONFERENCE
CONSENSUS ESTIMATING CONFERENCE

OPERATIONAL PLANNING
OPERATING BUDGET
  DEVELOPMENT & APPROPRIATION

CAPITAL OUTLAY PLANNING
  5-Year Plan (updated annually
  Capital Outlay Request Tracking
    System (CORTS)
CAPITAL OUTLAY BUDGET
  DEVELOPMENT & APPROPRIATION

PLAN
EVALUATE
BUDGET
IMPLEMENT

PROGRAM MANAGEMENT
BUDGET MANAGEMENT
FACILITY MANAGEMENT
HUMAN RESOURCE MGT.
CONTRACT MANAGEMENT

About *MANAGEWARE*

This is the fourth version of *MANAGEWARE.* The first version was issued in November 1991. The basic processes created in 1989 for implementation of program budgeting in Louisiana remain fundamentally the same in all versions of *MANAGEWARE*. However, the application of these processes has been refined and some additional elements have been initiated since the passage of legislation mandating performance-based budgeting. Moreover, we have attempted to improve communication of these processes and their underlying concepts with each version.

HELP   HOW TO: Use *MANAGEWARE*

If you are looking for a quick list of requirements or a brief description of performance-based budgeting guidelines, then *MANAGEWARE* is not the publication for you. The OPB website includes summaries of requirements and guidelines for processes and procedures related to strategic planning, operational planning, and performance accountability. However, after you gain an overview of performance-based budget, you should come back to *MANAGEWARE* for the detailed information and guidance needed to put these processes and procedures into practice.

MANAGEWARE contains a chapter on each of the following state management processes— policy development, strategic planning, operational planning and budgeting, capital outlay planning and budgeting, and performance accountability. Each chapter provides basic information (definitions, procedures, and guidelines) as well as sources of help and references to additional books or materials. Step-by-step instructions are provided for most management processes and tools. Look for "HELP" keys throughout *MANAGEWARE*. In addition, a glossary is provided.

In some *MANAGEWARE* chapters, sample process forms and formats are provided. However, most performance-based budgeting forms and instructions (such as those for operating budget and capital budget requests) are not included. There are three reasons for this exclusion: (1) most performance-based budgeting forms and instructions are reviewed and modified, as appropriate, annually and, thus, may change more often than *MANAGEWARE* is updated; (2) all performance-based budgeting forms and instructions are readily available online; and (2) *MANAGEWARE* is long enough already.

Some material appears in more than one chapter. This duplication is intentional; it reinforces major management principles and minimizes referrals to other parts of the manual. Louisiana's management processes are integrated; as a result, many of the same terms and methods recur frequently. For example, performance indicators are mentioned throughout *MANAGEWARE*, and a section on them appears in two chapters (STRATEGIC PLANNING and PERFORMANCE ACCOUNTABILITY). Such information is repeated so that each chapter can stand on its own. This allows users to enter the circular management cycle at any given point and still have easy access to the information and help they need.

Terminology

Throughout *MANAGEWARE*, definitions for terms used are provided in the text (usually in bold letters). Also, a separate glossary is included in *MANAGEWARE*.

The management processes described in *MANAGEWARE* may be used for various organizational levels within state government. Perhaps the most difficult "terminology task" faced by *MANAGEWARE* developers was the clear identification of these governmental levels or units.

This seemingly simple chore was complicated by the fact that different terms are used throughout state statutes, organizational tables, and budgeting and accounting policies and procedures.

For expedience, the generic term "organization" often is used throughout policy development and strategic planning chapters to indicate a state entity, whether it is a department, office, institution, program, or other unit. This is done because these processes apply in the same general way to all levels of an organization.

Because many other terms are used throughout the state constitution and statutes to describe units or entities of state government, *MANAGEWARE* also uses these terms, as necessary or appropriate. For example, *MANAGEWARE* sometimes uses the term "agency." Officially, an "agency" is any state office, department, board, commission, institution, division, officer or other person, or functional group, that is authorized to exercise, or that does exercise, any functions of the government of the state in the executive branch.

MANAGEWARE employs other terms for budget and accountability procedures. In the chapter on operational planning and budgeting, the term "budget unit" is used to designate a spending agency of the state (one that prepares and submits a budget request document for one or more programs). "Budget unit" is also the level at which appropriations are made. A budget unit may be a department or an agency (office, institution, or board or commission) within that department. However, a "budget unit" always has a unique "agency number." "Department" in organizational terms is one of the twenty departments authorized by the state constitution. In budgeting terms, "department" generally equates to a budget schedule. Sometimes, the budget schedule will be an organizational department; for example, Schedule 11 Department of Natural Resources is the Department of Natural Resources. However, a budget schedule also may contain several organizational "departments;" for example, Schedule 01 Executive Department is not one of the twenty departments of state government but is instead made up of various "agencies" that fall under the Office of the Governor. In the chapter on accountability, *MANAGEWARE* employs the term "statutory entity" (any department, agency, or office of state government) for sunset review because that is the term used in statute.

MANAGEWARE Live Links

Web links appear throughout *MANAGEWARE*. However, internet technology and website design moves at a faster pace than the *MANAGEWARE* author. As a result, some of the links in *MANAGEWARE* may become dysfunctional. If you discover a broken link, please notify the OPB webmaster (see the OPB website to do this). However, since the number of links in *MANAGEWARE* far outnumbers the members of the OPB's special projects team, it may take a bit of time to make repairs. The search function on the state's web portal may enable you to find the entity or item when the link fails to function.

Accounting Policies, Procedures, and System

MANAGEWARE does not cover the policies and procedures used for financial accounting and reporting. Although this area plays a role in budget development and budget control, an explanation of these policies and procedures is beyond the scope of this publication. For information on statewide accounting policy and procedures, contact the Office of Statewide Reporting and Accounting Policy in the Division of Administration (OSRAP). Among other functions, this office oversees preparation of the state's comprehensive annual financial report. For information related to financial reporting and the state's accounting policies and procedures, contact the OSRAP at: telephone: [225] 342-0708 or fax: [225] 342-1053 or visit the OSRAP website: http://www.doa.la.gov/Pages/osrap/Index.aspx.

Administrative and Human Resource Management Policies and Procedures

MANAGEWARE does not attempt to address the myriad state administrative procedures governing such activities as purchasing, property control, travel, and payroll. Nor does *MANAGEWARE* address human resource management, contract review, or accounting policy.

The *Louisiana Administrative Code* is a state-certified publication that provides a set of permanent rules that have been formally adopted or amended with legislative authority and through legal rulemaking procedure. The *Louisiana Register* is a monthly publication that provides access to the certified regulations and legal notices issued by the executive branch of Louisiana state government. Proposed and final rules published in the *Louisiana Register* are codified for *Louisiana Administrative Code* research capabilities. The *Louisiana Administrative Code* and the *Louisiana Register* are available through the Office of the State Register in the Division of Administration (telephone: [225] 342-5015 or website: http://www.doa.la.gov/Pages/osr/Index.aspx).

Most human resource management matters are governed by state civil service policies and regulations. This includes job testing, classification and pay, performance planning and review, and appeals. Information on human resource management (including the new performance planning and review process) is available from the State Department of Civil Service (telephone: [225] 342-8274; fax: [225] 342-6074; website: http://www.civilservice.louisiana.gov/).

Questions about *MANAGEWARE*

Questions about the preparation, publication, or contents of this manual should be directed to:

> Office of Planning and Budget
> Division of Administration
> Post Office Box 94095
> Baton Rouge, LA 70804-9095
> Telephone: (225) 342-7005
> Fax: (225) 342-7220

Alternatively, use the website inquiry feature on the OPB website. Your inquiry will be directed to the appropriate OPB staff member.

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