

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 390**Session of
1977

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D. S. HAYES, ARMSTRONG, COHEN AND SWEET, MARCH 1, 1977

AS REPORTED FROM COMMITTEE ON FEDERAL-STATE RELATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, JULY 11, 1977

AN ACT

1 Providing for a productivity improvement program for the
2 development and utilization of productivity measurements in
3 the application of State resources; and requiring the
4 submission of productivity improvement reports by the
5 Governor to the General Assembly.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Short title.

9 This act shall be known and may be cited as the "Governmental
10 Productivity Act."

11 Section 2. Declaration of purpose.

12 In order to provide needed revenues to meet citizen needs,
13 while assuring that existing State resources are being used most
14 effectively and efficiently, it is the intent of the General
15 Assembly that all agencies of State Government now begin to
16 establish productivity improvement programs. To accomplish this
17 goal, the General Assembly hereby directs that an ordered
18 schedule and analysis of opportunities for improved productivity

1 within all Commonwealth agencies be prepared and annually
2 transmitted to the General Assembly by the Governor
3 simultaneously with the presentation by the Governor of the
4 capital and operating budgets of the Commonwealth.

5 Section 3. Definitions.

6 The following words and phrases when used in this act shall
7 have, unless the context clearly indicates otherwise, the
8 meanings given to them in this section:

9 "Capital investments." Includes State expenditures (other
10 than the cost of labor) for equipment, land, buildings,
11 furnishings, and other construction activities and includes any
12 building, structure, facility, or physical betterment or
13 improvement of any land furnishings; or any undertaking to
14 construct, renovate, improve, equip, furnish or acquire any of
15 the foregoing, as well as replacement or modernization of the
16 foregoing.

17 "Outputs." Either intermediate or final work products of an
18 organizational entity which are either quantifiable or at least
19 partially susceptible to qualification and measurable over a
20 period of successive years.

21 "Productivity." The ratio between intermediate or final work
22 products; that is, "outputs" and the units of capital investment
23 and labor necessary to produce them.

24 Section 4. Productivity improvement program and reports.

25 (a) At the time the Governor submits the proposed executive
26 budget for the ~~1978-79~~ 1979-80 budget year, he shall also submit ←
27 a productivity improvement report to the General Assembly
28 indicating a program of improvements in productivity to be
29 implemented in the coming fiscal year. This report shall be
30 submitted annually thereafter and shall present to the General

1 Assembly standards and benchmarks by which improvements in
2 productivity may be assessed over previous years.

3 (b) This productivity improvement program and all reports
4 based on the initiation of a productivity improvement program by
5 the Governor, shall use the ~~1977-78~~ 1978-79 budget year as the ←
6 base year in matters pertaining to the establishment of
7 productivity indices and reporting on trends and improvements in
8 productivity in subsequent years. The first report to be
9 submitted simultaneously with the Governor's proposed budget for
10 ~~1977-78~~ 1979-80 shall provide the standards, criteria and base- ←
11 line data for measurement of productivity in future years.

12 Reports thereafter shall include trend data, collected by
13 functions for the ~~1977-78~~ 1978-79 budget year and for subsequent ←
14 years, and other evidence incorporating all work measurements or
15 narrative assessments of State activities which are technically
16 feasible including but not limited to the following categories:

17 (1) Activities for which objective measurable data has
18 been collected.

19 (2) Activities for which partial or inferential
20 indicators are available including deployment of resources
21 and unit and aggregate changes.

22 (3) Activities for which processing and organizational
23 improvements can be assessed.

24 (4) Activities for which the application of
25 technological improvements can contribute to increased
26 productivity.

27 (5) Activities for which the State has indirect controls
28 such as grant assistance, capable of being measured in one or
29 more of the above categories.

30 The Governor shall devise annual target productivity increases

1 either in the aggregate or by subaggregates on quantitative
2 and/or qualitative bases, depending upon the State activity
3 involved, in accordance with the above categorization. Such
4 targets shall be contained in reports submitted to the General
5 Assembly.

6 (c) The following components shall be included in the annual
7 productivity program submitted by the Governor to the General
8 Assembly:

9 (1) The preparation of a statement of work objectives
10 and units of measurements to be used in productivity
11 determinations, by functions and/or program area.

12 (2) A timetable of proposed productivity subtargets
13 listed by method of implementation and the estimated savings
14 to be realized for each productivity improvement.

15 (3) Description and analysis of the principal factors
16 influencing the productivity level of each agency of State
17 Government and such actions as are required to increase
18 future governmental productivity.

19 (4) Recommendations for administrative and legislative
20 action to improve the performance, efficiency, and investment
21 opportunities in the use of State resources to improve
22 productivity.

23 Section 5. Productivity measurements.

24 It shall be the duty of the Governor through his Secretary of
25 Administration to establish and implement standards measuring
26 the productivity of agencies of the Commonwealth whenever an
27 agency engages in one or more of the categories of activities
28 outlined in section 4(b). Productivity measurement standards
29 shall be adopted on or before June 30, ~~1978~~ 1979; standards
30 measurement and productivity indices and the annual productivity

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1 improvement report shall be submitted initially with the
2 presentation of the executive budget for the ~~1977-78~~ 1979-80 ←
3 fiscal year and annually thereafter. Standards and their
4 measurement shall be established for all funds including, but
5 not limited to the General Fund, revenue programs, special
6 (Commonwealth) funds and Federal funds administered by the
7 Commonwealth, excepting only those funds established for the
8 servicing of debts: Provided, That productivity standards and
9 indices can be applied in at least one of the categories stated
10 in section 4(b).

11 Section 6. Productivity improvements.

12 The Governor shall have general flexibility in devising
13 methods for applicable productivity improvement including but
14 not limited to better deployment of resources, improved
15 operating procedures and processes, application of technological
16 devices, improved supervisory and management methods,
17 administrative and organizational structure reforms, improved
18 working environments, and performance incentives for workers.
19 The Governor may make recommendations to the General Assembly to
20 eliminate or change obsolete, conflicting or unclear laws and
21 regulations that affect productivity improvement. In making
22 these improvements the Governor may propose limited offsets to
23 the productivity savings based on target figures for investments
24 directly tied to improved productivity. The Governor shall make
25 a concerted effort to involve State employees in the development
26 and implementation of this program.

27 Section 7. Method of implementation.

28 The Governor, in implementing this productivity improvement
29 program, shall not propose elimination of services or programs
30 as sufficient justification for productivity improvement as the

1 intent of this program is to improve the efficiency of
2 governmental services, without reducing the level of essential
3 public services. The inputs to these services may be modified
4 and service consolidations considered as long as output levels
5 are maintained.

6 Section 8. Productivity assessment in capital investments.

7 In addition to the foregoing, the annual productivity report
8 required by this act shall include:

9 (1) Identification of the productivity potential of each
10 capital and operating budget item involving equipment, land,
11 buildings, furnishings, and other capital investments.

12 (2) An assessment and priority listing of those
13 investments with highest productivity potential.

14 (3) An indication of investment opportunities with high
15 productivity potential not included in the capital budget and
16 reasons for their non-inclusion.

17 (4) Recommendations for improving the productivity
18 potential of investments through improved scheduling,
19 tracking, and monitoring processes.

20 (5) Productivity performance evaluations over a period
21 of time of the productivity actualization of capital
22 investments made by the Commonwealth.

23 Section 9. Preservation of other activities.

24 Nothing in this act shall be interpreted as substituting the
25 measuring of productivity for other ongoing activities of the
26 Commonwealth to increase the coverage, scope, and adequacy of
27 cost accounting, work measurement, unit cost determinations and
28 performance effectiveness evaluations. The General Assembly
29 recognizes a need for productivity measurement and improvement
30 as a complementary effort with these other efforts to measure

1 the effectiveness and efficiency of the government of this
2 Commonwealth and not as a substitute for initiatives in these
3 areas.

4 Section 10. Effective date.

5 This act shall take effect immediately.