
THE GENERAL ASSEMBLY OF PENNSYLVANIA

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INTRODUCED BY RITTER, PARKER, WILT, PITTS, ZORD, PICCOLA, WISE,
HONAMAN, MELUSKEY, ZWIKL, D. R. WRIGHT, ZITTERMAN, BERLIN,
PYLES, DOMBROWSKI, D. S. HAYES AND ARMSTRONG, MARCH 1, 1977

REFERRED TO COMMITTEE ON FEDERAL-STATE-RELATIONS, MARCH 1, 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
19 within all Commonwealth agencies be prepared and annually

1 transmitted to the General Assembly by the Governor
2 simultaneously with the presentation by the Governor of the
3 capital and operating budgets of the Commonwealth.

4 Section 3. Definitions.

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

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

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

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

23 Section 4. Productivity improvement program and reports.

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

1 productivity may be assessed over previous years.

2 (b) This productivity improvement program and all reports
3 based on the initiation of a productivity improvement program by
4 the Governor, shall use the 1977-78 budget year as the base year
5 in matters pertaining to the establishment of productivity
6 indices and reporting on trends and improvements in productivity
7 in subsequent years. The first report to be submitted
8 simultaneously with the Governor's proposed budget for 1978-79
9 shall provide the standards, criteria and base-line data for
10 measurement of productivity in future years. Reports thereafter
11 shall include trend data, collected by functions for the 1977-78
12 budget year and for subsequent years, and other evidence
13 incorporating all work measurements or narrative assessments of
14 State activities which are technically feasible including but
15 not limited to the following categories:

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

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

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

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

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

29 The Governor shall devise annual target productivity increases
30 either in the aggregate or by subaggregates on quantitative

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

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

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

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

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

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

22 Section 5. Productivity measurements.

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

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

9 Section 6. Productivity improvements.

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

25 Section 7. Method of implementation.

26 The Governor, in implementing this productivity improvement
27 program, shall not propose elimination of services or programs
28 as sufficient justification for productivity improvement as the
29 intent of this program is to improve the efficiency of
30 governmental services, without reducing the level of essential

1 public services. The inputs to these services may be modified
2 and service consolidations considered as long as output levels
3 are maintained.

4 Section 8. Productivity assessment in capital investments.

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

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

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

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

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

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

21 Section 9. Preservation of other activities.

22 Nothing in this act shall be interpreted as substituting the
23 measuring of productivity for other ongoing activities of the
24 Commonwealth to increase the coverage, scope, and adequacy of
25 cost accounting, work measurement, unit cost determinations and
26 performance effectiveness evaluations. The General Assembly
27 recognizes a need for productivity measurement and improvement
28 as a complementary effort with these other efforts to measure
29 the effectiveness and efficiency of the government of this
30 Commonwealth and not as a substitute for initiatives in these

1 areas.

2 Section 10. Effective date.

3 This act shall take effect immediately.