

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

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COCHRAN AND D. R. WRIGHT, JUNE 1, 1981

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JUNE 1, 1981

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 1982-1983 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 1981-1982 budget year as the base  
5 year 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 1982-1983  
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 1981-  
12 1982 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 Budget and Administration to establish and implement standards  
25 measuring the productivity of agencies of the Commonwealth  
26 whenever an agency engages in one or more of the categories of  
27 activities outlined in section 4(b). Productivity measurement  
28 standards shall be adopted on or before June 30, 1982; 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 1982-1983 fiscal  
2 year and annually thereafter. Standards and their measurement  
3 shall be established for all funds including, but not limited to  
4 the General Fund, revenue programs, special (Commonwealth) funds  
5 and Federal funds administered by the Commonwealth, excepting  
6 only those funds established for the servicing of debts:

7 Provided, That productivity standards and indices can be applied  
8 in at 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.