
THE GENERAL ASSEMBLY OF PENNSYLVANIA

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INTRODUCED BY PARKER, A. P. KELLY, BUTERA, FISHER, D. S. HAYES,
LAUDADIO, McCLATCHY, VROON AND KLINGAMAN, FEBRUARY 4, 1975

REFERRED TO COMMITTEE ON STATE GOVERNMENT, FEBRUARY 4, 1975

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

10 Section 2. Declaration of Purpose.--In order to provide
11 needed revenues to meet citizen needs, while assuring that
12 existing State resources are being used most effectively and
13 efficiently, it is the intent of the General Assembly that all
14 agencies of State Government now begin to establish productivity
15 improvement programs. To accomplish this goal, the General
16 Assembly hereby directs that an ordered schedule and analysis of
17 opportunities for improved productivity within all Commonwealth
18 agencies be prepared and transmitted to the General Assembly by
19 the Governor simultaneously with the presentation of the capital

1 and operating budgets.

2 Section 3. Productivity Improvement Program and Reports.--

3 (a) At the time the Governor submits the proposed executive
4 budget for the 1976-77 budget year, he shall also submit a
5 productivity improvement report to the General Assembly
6 indicating productivity trends in the past several years and a
7 program of improvements in productivity to be implemented in the
8 coming fiscal year. This report shall be submitted annually
9 thereafter and shall present to the General Assembly standards
10 and benchmarks by which improvements in productivity may be
11 assessed.

12 (b) This productivity improvement program and all reports
13 based on the initiation of a productivity improvement program by
14 the Governor, shall use the 1975-76 budget year as the base year
15 in matters pertaining to the establishment of productivity
16 indices and reporting on trends and improvements in productivity
17 in subsequent years. Trend data shall be collected by functions
18 for the 1975-76 year, for the previous 3 years, and for
19 subsequent years. All reports on productivity improvement to the
20 General Assembly shall contain evidence incorporating all work
21 measurements or narrative assessments of State activities which
22 are technically feasible in accordance with the following
23 categories:

24 (1) Activities for which objective measurable data has been
25 collected.

26 (2) Activities for which partial or inferential indicators
27 are available including deployment of resources and unit and
28 aggregate changes.

29 (3) Activities for which processing and organizational
30 improvements can be assessed.

1 (4) Activities for which the application of technological
2 improvements have contributed to increased productivity.

3 (5) Activities for which the State has indirect controls
4 such as grant assistance.

5 The Governor shall devise annual target productivity increases
6 either in the aggregate or by subaggregates on quantitative
7 and/or qualitative bases, depending upon the State activity
8 involved, in accordance with the above categorization. Such
9 targets shall be contained in reports submitted to the General
10 Assembly.

11 (c) The following components shall be included in the annual
12 productivity program submitted by the Governor to the General
13 Assembly:

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

17 (2) A timetable of proposed quarterly productivity
18 subtargets listed by method of implementation and the estimated
19 savings to be realized for each productivity improvement.

20 (3) Description and analysis of the principal factors
21 influencing the productivity level of each agency of State
22 Government and such actions as are required to increase future
23 governmental productivity.

24 (4) Recommendations for administrative and legislative
25 action to improve the performance, efficiency, and investment
26 opportunities in the use of State resources to improve
27 productivity.

28 (d) The Governor shall also submit quarterly progress
29 reports indicating progress to date in each of these areas to
30 the General Assembly beginning on June 30, 1976.

1 Section 4. Productivity Measurements.--It shall be the duty
2 of the Governor through his Secretary of Administration to
3 establish and implement standards measuring the productivity of
4 agencies of the Commonwealth whenever an agency engages in one
5 or more of the categories of activities outlined in section
6 3(b). Productivity measurement standards shall be adopted on or
7 before June 30, 1976; standards measurement and productivity
8 indices and the annual productivity improvement report shall be
9 submitted initially with the presentation of the executive
10 budget for the 1976-77 fiscal year and annually thereafter.
11 Standards and their measurement shall be established for all
12 funds including, but not limited to the General Fund, revenue
13 programs, special (Commonwealth) funds and Federal funds
14 administered by the Commonwealth, excepting only those funds
15 established for the servicing of debts: Provided, That
16 productivity standards and indices can be applied in at least
17 one of the categories stated in section 3(b).

18 Section 5. Productivity Improvements.--The Governor shall
19 have general flexibility in devising methods for applicable
20 productivity improvement including but not limited to better
21 deployment of resources, improved operating procedures and
22 processes, application of technological devices, improved
23 supervisory and management methods, administrative and
24 organizational structure reforms, improved working environments,
25 and behavioral incentives for workers. The Governor may make
26 recommendations to the General Assembly to eliminate or change
27 obsolete, conflicting or unclear laws and regulations that
28 affect productivity improvement. In making these improvements
29 the Governor may propose limited offsets to the productivity
30 savings based on target figures for investments directly tied to

1 improved productivity. The Governor shall make a concerted
2 effort to involve State employees in the development and
3 implementation of this program.

4 Section 6. Method of Implementation.--The Governor, in
5 implementing this productivity improvement program, shall not
6 propose elimination of services or programs as sufficient
7 justification for productivity improvement as the intent of this
8 program is to improve the efficiency of governmental services,
9 without reducing the level of essential public services. The
10 inputs to these services may be modified and service
11 consolidations considered as long as output levels are
12 maintained.

13 Section 7. Productivity Assessment in Capital Investments.--
14 In addition to the foregoing, the annual productivity report
15 required by this act shall include:

16 (1) Identification of the productivity potential of each
17 capital and operating budget item involving equipment, land,
18 buildings, furnishings, and other capital investments.

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

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

24 (4) Recommendations for improving the productivity potential
25 of investments through improved scheduling, tracking, and
26 monitoring processes.

27 (5) Productivity performance evaluations over a period of
28 time of the productivity actualization of capital investments
29 made by the Commonwealth.

30 Section 8. Definitions.--Where used in this act, the

1 following words and phrases shall have the meanings given to
2 them in this section unless context clearly indicates otherwise:

3 "Capital investments" shall mean State expenditure other than
4 the cost of labor and shall include all State expenditures for
5 equipment, land, buildings, furnishings, and other construction
6 activities and includes any building, structure, facility, or
7 physical betterment of improvement or any land furnishings; or
8 any undertaking to construct, renovate, improve, equip, furnish
9 or acquire any of the foregoing, as well as replacement or
10 modernization of the foregoing.

11 "Outputs" shall mean either intermediate or final work
12 products of an organizational entity which are either
13 quantifiable or susceptible to qualification and measurable over
14 a period of successive years.

15 "Productivity" shall mean the ratio between intermediate or
16 final work products; that is, "outputs" and the units of capital
17 investment and labor necessary to produce them.

18 Section 9. Preservation of Other Activities.--Nothing in
19 this act shall be interpreted as substituting the measuring of
20 productivity for other ongoing activities of the Commonwealth to
21 increase the coverage, scope, and adequacy of cost accounting,
22 work measurement, unit cost determinations and performance
23 effectiveness evaluations. The General Assembly recognizes a
24 need for productivity measurement and improvement as a
25 complementary effort with these other measures of effectiveness
26 and efficiency and not as a substitute for initiatives in these
27 areas.

28 Section 10. Effective Date.--This act shall take effect
29 immediately.