
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

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2013

INTRODUCED BY SAYLOR, AUMENT, BENNINGHOFF, BLOOM, BROOKS, R.
BROWN, CLYMER, D. COSTA, CUTLER, DUNBAR, EMRICK, GINGRICH,
GROVE, HAHN, C. HARRIS, HESS, HICKERNELL, F. KELLER, KNOWLES,
MACKENZIE, MAJOR, MALONEY, METCALFE, SWANGER, TALLMAN,
TOEPEL, WATSON, LAWRENCE, MOUL AND DENLINGER, JANUARY 8, 2013

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JANUARY 8, 2013

AN ACT

1 Providing for accountability in Commonwealth agency program
2 performance.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Performance,
7 Accountability and Results Act.

8 Section 2. Legislative intent and purpose.

9 (a) Declaration.--The General Assembly finds and declares
10 that accountability in program performance is vital to effective
11 and efficient delivery of governmental services and to maintain
12 public confidence and trust in government. To maximize
13 accountability, a system of strategic planning, performance-
14 based budgeting and performance audits should be implemented to
15 measure the effectiveness and efficiency of governmental
16 services. It is of paramount public importance that this system

1 encourages full and candid participation throughout State
2 government. This system will generate information necessary for
3 the public to be informed fully and for the General Assembly to
4 make informed and meaningful decisions about the allocation of
5 resources in meeting vital needs.

6 (b) Purpose.--The purposes of this act are to do all of the
7 following:

8 (1) Begin to provide a new approach to the planning,
9 budgeting and accountability processes within State
10 government rather than an addition to existing procedures.

11 (2) Improve the confidence of Pennsylvania citizens and
12 taxpayers in the capability of the government, by
13 systematically holding Commonwealth agencies accountable for
14 achieving program results.

15 (3) Improve Commonwealth program effectiveness and
16 public accountability by promoting a new focus on results,
17 service quality and customer satisfaction.

18 (4) Help agency managers improve service delivery, by
19 requiring that they plan for meeting program objectives and
20 by providing them with information about program results and
21 service quality.

22 (5) Improve legislative decision making by providing
23 more objective information on achieving statutory objectives,
24 and on the relative effectiveness and efficiency of
25 Commonwealth programs and spending.

26 (6) Improve internal management of the Commonwealth
27 government.

28 Section 3. Definitions.

29 The following words and phrases when used in this act shall
30 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Administrative Code of 1929." The act of April 9, 1929
3 (P.L.177, No.175), known as The Administrative Code of 1929.

4 "Agency." A Commonwealth agency.

5 "Commonwealth agency." A department of the executive branch.

6 "Goal." A statement of result that is intended to be
7 achieved and which may be defined as either:

8 (1) A general goal, which is a general statement of
9 result that does not include a measurable target level of
10 performance or other objective indicator of success.

11 (2) A performance measure, which is a specific statement
12 of result that includes a measurable target level of
13 performance or other objective indicator of success.

14 "Independent Fiscal Office." The office established and
15 provided for in 71 Pa.C.S. Ch. 41 (relating to Independent
16 Fiscal Office).

17 "Outcome measure." A qualitative indicator of the results of
18 a program activity compared to its intended purpose and of the
19 public benefit derived from the program activity, often used as
20 a measure of effectiveness.

21 "Output measure." A quantitative indicator of goods or
22 services that an agency produces.

23 "Performance indicator." A particular value or
24 characteristic used to effectively measure program activity and
25 performance in a qualitative or quantitative manner. A
26 performance indicator shall be structured as an outcome measure
27 or output measure.

28 "Program activity." A specific activity or project as listed
29 in the annual budget of the Commonwealth.

30 "Program evaluation." An assessment, through objective

1 measurement and systemic analysis, of the manner and extent to
2 which programs achieve intended goals.

3 "Secretary." The Secretary of the Budget of the
4 Commonwealth.

5 "Performance target." The measurable level of activity,
6 output or outcome. When a performance indicator showing what
7 will be measured is combined with a numerical target showing how
8 much will be achieved, a measurable goal has been defined.

9 "Strategic plan." A plan developed under section 4.
10 Section 4. Strategic planning.

11 (a) Submittal.--In compliance with section 11 and not later
12 than September 30, 2014, the head of each agency shall submit to
13 the secretary and to the General Assembly a strategic plan for
14 program activities, delivering the services and achieving the
15 objectives required under the laws of this Commonwealth and any
16 Federal program in which the Commonwealth participates. The plan
17 shall include all of the following:

18 (1) The statutory and constitutional objectives of the
19 agency.

20 (2) A comprehensive mission statement covering the major
21 functions and operations of the agency.

22 (3) General goals and performance measures, including
23 outcome-related goals and measures, for the major functions
24 and operations of the agency.

25 (4) A hierarchy of outcome, output and program activity
26 goals and measures whereby the goals at the mid-level and
27 lower levels of the agency shall include the performance
28 indicators that define the outputs that support the agency
29 outcomes. This hierarchy shall clearly link each goal to the
30 next lower level goals in the hierarchy that support its

1 accomplishment.

2 (5) Descriptions of the strategies for how the goals are
3 to be achieved, including all of the following:

4 (i) The operational processes, skills and
5 technology, and the human, capital, information and other
6 resources required to meet those goals.

7 (ii) Any new initiative or program activity.

8 (iii) Any new approaches or methods to operational
9 processes that will be adopted or revised.

10 (iv) The means of avoiding unnecessary costs and
11 expenditures.

12 (v) The means of addressing any change in objectives
13 or services since the previous strategic plan.

14 (6) A description of any program evaluations used in
15 assessing the effectiveness of the programs in achieving
16 their goals, with a schedule for future program evaluations.

17 (b) Coverage.--The strategic plan shall do the following:

18 (1) Cover a period of not less than four years forward
19 from the fiscal year in which it is submitted and shall be
20 updated and revised at least every three years.

21 (2) Include a projection of the information enumerated
22 in subsection (a)(1), (2), (3), (4) and (5) for the tenth
23 year following the fiscal year in which it is submitted and
24 for the 20th year in which it is submitted.

25 (c) Consistency.--The performance budget required under
26 section 5 shall be consistent with the agency's strategic plan.
27 A performance budget may not be submitted for a fiscal year not
28 covered by a current strategic plan under this section.

29 (d) Governmental functions.--The functions and activities of
30 this section shall be considered to be inherently governmental

functions. The drafting of strategic plans under this act shall be performed only by Commonwealth employees, while assistance in guiding the development of the plan may be provided by an outside source.

Section 5. Performance-based budgeting.

(a) Submittal.--In compliance with section 11 and beginning with submissions in calendar year 2015 for fiscal year 2015-2016, in addition to the budget implementation procedures provided for in Article VI of the Administrative Code of 1929, the secretary shall submit to the General Assembly and the Independent Fiscal Office agency performance budgets as required under this section. The submission of agency performance budgets shall occur not later than January 1 of the calendar year in which the fiscal year begins. Nothing in this section shall be construed as limiting or reducing the budget implementation procedures set forth under Article VI of the Administrative Code of 1929.

(b) Agency performance budgets.--In carrying out the provisions of this section, the secretary shall require each agency to prepare an agency performance budget covering each program activity set forth in the budget of the agency.

(c) Structure and contents.--Each agency performance budget required to be submitted under this section shall include all of the following:

- (1) A hierarchy of outcome, output and activity goals and measures whereby the goals at the mid-level and lower levels of the agency define the activities and their outputs that support the intended agency outcomes. The hierarchy shall clearly link each goal to the next lower level goals in the hierarchy that support its accomplishment.

1 (2) Planned outcomes expressed as either general goals
2 or outcome measures and planned outputs expressed as output
3 measures, which shall include a performance indicator for
4 each general goal and both a performance indicator and a
5 performance target for each outcome or output measure.

6 (3) The measures of activity, level of effort, output
7 and outcome generated or supported by each program activity.

8 (4) A per-unit form of each activity, level of effort
9 and the resulting output for each program activity.

10 (5) The cost of achieving the level of effort quantity
11 target for each program activity which is sufficient to
12 support the planned levels of output and outcome.

13 (6) The actual outputs and outcomes achieved for each
14 program activity in the agency and their actual costs,
15 showing past performance for the most recent year for which
16 results are available and planned performance for each
17 subsequent year.

18 (7) A recommended funding level for each program
19 activity within the agency necessary to achieve the planned
20 level of program output, which shall be not greater than the
21 funding level for the program activity for the immediately
22 preceding fiscal year, adjusted by one of the following
23 factors, whichever is less:

24 (i) The change in the Consumer Price Index for All
25 Urban Consumers from the immediately preceding fiscal
26 year, if expressed as a positive number.

27 (ii) The change in the rate of population growth in
28 this Commonwealth from the immediately preceding fiscal
29 year, if expressed as a positive number.

30 (8) Additional recommendations regarding the funding,

1 the performance, the feasibility and the sustainability of a
2 program activity that is not meeting the desired outputs or
3 outcomes.

4 (9) Summary descriptions of the strategies for how the
5 goals and output and outcome measures are to be achieved,
6 including all of the following:

7 (i) The major operational processes to be used, the
8 key skills and technology to be deployed and the human,
9 capital, information and other resources that will be
10 required to meet those goals.

11 (ii) Any new initiatives that will be undertaken or
12 activities that will be engaged in.

13 (iii) Any new approaches or methods that will be
14 adopted or revised.

15 (10) A description of the means to be used to verify and
16 validate the reported results for each measured value.

17 (d) Governmental functions.--The functions and activities of
18 this section shall be considered to be inherently governmental
19 functions. The drafting of performance budgets under this
20 section shall be performed only by Commonwealth employees, while
21 assistance in guiding the development of the performance budget
22 may be provided by an outside source with expertise in
23 performance-based budgeting.

24 Section 6. Independent Fiscal Office.

25 (a) Commonwealth performance budget.--

26 (1) The Independent Fiscal Office shall receive agency
27 performance budgets and performance reports submitted from
28 the head of each agency under sections 5(a) and 7(a) not
29 later than the respective deadlines established in sections
30 5(a) and 7(a).

1 (2) The Independent Fiscal Office shall utilize the
2 agency performance budgets and reports and the information
3 contained therein, in addition to State appropriation
4 information, to craft a Commonwealth performance budget that
5 includes each agency required to submit agency performance
6 budgets under section 5(a).

7 (3) The Commonwealth performance budget required under
8 this subsection shall be submitted to the Governor and to the
9 General Assembly by March 15, 2016, and each March 15
10 thereafter.

11 (4) To aid in its preparation of a performance budget,
12 the Independent Fiscal Office shall:

13 (i) Establish a performance-based budget division
14 staffed with persons knowledgeable and proficient in
15 performance-based budgeting, budget analysis and budget
16 preparation.

17 (ii) Gather testimony and other data from officers
18 and employees of each agency as deemed necessary to carry
19 out the provisions of this act.

20 (b) Performance-based budgeting.--The Commonwealth
21 performance budget shall include all of the following:

22 (1) A hierarchy of outcome, output and program activity
23 goals and measures whereby the goals at the mid-level and
24 lower levels of each agency define the activities and their
25 outputs that support the intended agency outcomes. The
26 hierarchy shall clearly link each goal to the next lower
27 level goals in the hierarchy that support its accomplishment.

28 (2) Planned outcomes expressed as either general goals
29 or performance measures and planned outputs expressed as
30 performance measures, which shall include a performance

1 indicator for each general goal, and both a performance
2 indicator and a performance target for each performance
3 measure.

4 (3) The measures of activity, level of effort, output
5 and outcome generated or supported by each program activity.

6 (4) A per-unit form of each activity, level of effort
7 and the resulting output for each program activity.

8 (5) The cost of achieving the level of effort quantity
9 target for each program activity which is sufficient to
10 support the planned levels of output and outcome.

11 (6) The actual outputs and outcomes achieved for each
12 program activity in each agency and their actual costs,
13 showing past performance for the most recent year for which
14 results are available and planned performance for each
15 subsequent year.

16 (7) The Independent Fiscal Office's recommendation
17 regarding the funding level for each program activity within
18 each agency necessary to achieve each performance target.

19 (8) Additional Independent Fiscal Office recommendations
20 regarding the funding, performance, feasibility and
21 sustainability of a program activity that is not meeting the
22 desired outputs or outcomes.

23 (9) If an agency did not meet one or more of the goals
24 of a program activity for the immediately preceding fiscal
25 year, one of the following:

26 (i) A recommended reduction in the funding for the
27 program activity calculated by applying a rate equal to
28 the percentage of goals of a program activity that were
29 missed in the immediately preceding fiscal year to the
30 funding level for the immediately preceding fiscal year

1 and subtracting the product from the funding level for
2 the immediately preceding fiscal year.

3 (ii) A recommended alteration of the program to
4 address the deficiency.

5 (iii) A recommendation that the program be
6 terminated.

7 (c) Auditor General assistance.--The Independent Fiscal
8 Office or the General Assembly, by concurrent resolution, may
9 request the Auditor General to conduct a performance audit of
10 any agency program or agency performance report. The Independent
11 Fiscal Office shall notify the Governor and the General Assembly
12 within five days of the request.

13 (d) Report.--Not before January 1, 2017, and not later than
14 March 1, 2017, the Independent Fiscal Office shall transmit a
15 report to the Governor and to the General Assembly on the status
16 of the implementation of this act. The report shall do all of
17 the following:

18 (1) Describe any difficulties encountered by the
19 agencies or the Independent Fiscal Office in preparing
20 performance budgets.

21 (2) Recommend whether any additional legislation
22 requiring performance budgets should be proposed and the
23 general provisions of any legislation.

24 (3) Set forth any recommended changes in the other
25 requirements of this act.

26 Section 7. Annual performance reports.

27 (a) Submittal.--By January 1, 2017, and each January 1
28 thereafter, the head of each agency shall prepare and submit to
29 the Governor and the Independent Fiscal Office a report on
30 program performance for the previous fiscal year.

1 (b) Goals and measures.--Each program performance report
2 shall set forth the goals and measures established in the agency
3 performance budget under section 5(c), along with the actual
4 program performance achieved compared with the goals and
5 performance measures expressed in the plan for that fiscal year.

6 (c) Contents.--The report submitted in calendar year 2017
7 shall include planned results for the current fiscal year, the
8 report submitted in calendar year 2018 shall include planned
9 results for the current and actual results for the preceding
10 fiscal year and the report submitted in calendar year 2019 and
11 all subsequent reports shall include actual results for the two
12 preceding fiscal years and planned results for the current
13 fiscal year.

14 (d) Requirements.--Each report shall do all of the
15 following:

16 (1) Review the success of achieving the performance
17 measures of the fiscal year.

18 (2) Evaluate the performance budget for the current
19 fiscal year relative to the performance achieved toward the
20 performance measures in the fiscal year covered by the
21 report.

22 (3) Explain and describe if a performance measure has
23 not been met. The explanation and description shall include
24 one of the following:

25 (i) why the measure was not met;

26 (ii) (A) the plans and schedules for achieving the
27 established performance measure; or

28 (B) if the performance measure is impractical or
29 infeasible, reasons why that is the case and what
30 action is recommended.

1 (4) Include the summary findings of the program
2 evaluations completed during the fiscal year covered by the
3 report.

4 (e) Financial statement.--An agency head may include all
5 program performance information required annually under this
6 section in an annual financial statement required under section
7 613 of the Administrative Code of 1929, if the statement is
8 submitted to the General Assembly no later than the date by
9 which the Governor submits copies of original agency budget
10 requests and all subsequent revised agency budget requests and a
11 State budget and program and financial plan under section 613 of
12 the Administrative Code of 1929 for the applicable fiscal year.

13 (f) Governmental functions.--The functions and activities of
14 this section shall be considered to be inherently governmental
15 functions. The drafting of program performance reports under
16 this section shall be performed only by Commonwealth employees.
17 Section 7.1. Progress reports.

18 Not later than March 1 of any year in which an agency submits
19 a performance report under section 7, the agency shall submit a
20 progress report for the first six months of the current fiscal
21 year, which includes goals and measures established in the
22 agency performance budget for the fiscal year under section 5(c)
23 and program performance achieved toward performance measures
24 during the six-month period.

25 Section 8. Auditor General.

26 (a) Authority.--In addition to the powers and duties
27 prescribed to the Auditor General under Article IV of the act of
28 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, the
29 Auditor General is vested with the authority to conduct
30 performance audits of any agency required to submit a

1 performance report under section 7.

2 (b) Request.--The Auditor General shall comply with any
3 request from the Independent Fiscal Office or the General
4 Assembly under section 6(c).

5 (c) Report.--The Auditor General shall report the results of
6 any performance audit to the Governor and the General Assembly
7 upon completion of the performance audit.

8 Section 9. Legislative oversight and legislation.

9 Nothing in this act shall be construed as limiting the
10 ability of the General Assembly to establish, amend, suspend or
11 annul a goal or performance indicator. Any such action shall
12 have the effect of superseding the goal or performance indicator
13 in the plan submitted under section 5(b).

14 Section 10. Training.

15 The Office of Administration shall, in consultation with the
16 secretary and the Auditor General, develop a strategic planning
17 and performance measurement training component for its
18 management training program and provide managers with an
19 orientation on the development and use of strategic planning and
20 program performance measurement.

21 Section 11. Pilot projects.

22 There shall be a pilot project in strategic planning under
23 section 4, and performance-based budgeting under section 5,
24 conducted by at least five agencies for fiscal year 2014-2015.

25 Section 12. Open records.

26 All records produced and maintained under this act shall be
27 subject to the act of February 14, 2008 (P.L.6, No.3), known as
28 the Right-to-Know Law.

29 Section 13. Annual budget to contain agency performance
30 budgets.

1 Beginning with budget submission in calendar year 2015 for
2 fiscal year 2015-2016, the agency performance budgets prepared
3 under section 5 shall be incorporated into the annual budget
4 submitted by the Governor under section 613 of the
5 Administrative Code of 1929.

6 Section 20. Effective date.

7 This act shall take effect as follows:

8 (1) Sections 6(a)(2), (3) and (4)(ii) and (c) and 8
9 shall take effect January 1, 2016.

10 (2) The remainder of this act shall take effect
11 immediately.