

CHAPTER 3

STRATEGIC PLAN

3.1 INTRODUCTION

Overview

The Strategic Plan is a necessary component of the annual Budget Request. The Strategic Plan's results-oriented focus is a key component of Governor Ritter's emphasis on government accountability. The goal of the Colorado Strategic Plan is to show the impact of funding and management strategies and, as possible, to link funding in the budget with the results of that funding. A clear picture of what each state agency and each program accomplishes in relation the Strategic Plan is a key component of an accountable and effective government. It is important to note, however, that the "audience" for *this* Strategic Plan is the public and policy-makers.

The Strategic Plan serves as an overarching guide to a department's core business and as a tool to evaluate performance measure outcomes over time. Additionally, this plan is used for the basis of Change Requests. As noted in Chapter 6 of these OSPB budget instructions, each Change Request should *reference an objective* from the department's Strategic Plan and should describe how the request will affect the corresponding performance measure benchmark.

The OSPB Budget Instructions contained significant changes to the Strategic Plan in FY 2008-09. Overall, departments across Colorado State government worked very hard to make these changes and did an outstanding job. To build on these improvements and last year's experience, some of the components of the Strategic Plan are redefined and clarified in these FY 2009-10 instructions. In addition, a few new components are added for FY 2009-10 to further improve the Strategic Plan.

With the exception of the Executive Director letter, the same structure required for the department-level Strategic Plan is to be provided for the division-level portion of the Strategic Plan if departments wish to do division level reporting. Continuing with the convention in FY 2008-09 Budget Instructions, the objectives that are used at the division-level may be chosen as among the department-level objectives. The division level portion of the department's Strategic Plan may include up to five objectives and one or two associated quantifiable performance measures. The division level performance measures should correspond to the department's vision and performance measures.

While some components of the Strategic Plan will need to be updated every year to reflect new information (such as updating benchmarks and the Executive Director letter), the objectives and their associated performance measures should be consistent for a period of at least three years. Reporting the same outcome-based performance measures, and the corresponding benchmarks will indicate the degree to which outcome improvements are achieved over time. This three-year process will help the Governor as he charts a clear course and gauges progress from year to year.

If a department's core priorities have been redirected recently, it may be helpful to include limited, key historical data on how objectives and performance measures have changed. That way, OSPB and JBC can see how priorities and outcomes have developed.

OSPB understands that departments may not have total control over the outcomes for certain critical objectives and associated performance measure benchmarked outcomes. In such cases, the departments should identify the limitations of these performance measures in the strategy narrative, but should not avoid including such performance measures in their Strategic Plans.

What the Strategic Plan is not:

- The Strategic Plan is not a vehicle to report all of your department's plans and/or activities.
- The Strategic Plan is not a program crosswalk to tie programs to each line item for the JBC.
- The Strategic Plan is not a document that provides for a daily management strategy.

Strategic Plan Deadlines

- If departments wish to change the objectives and performance measures which were reported last year, departments should seek approval from OSPB via a letter to the OSPB Director by May 15, 2008.

If no changes are requested, the Department need not submit anything on May 15, regarding the Strategic Plan.

- Final Strategic Plans are not due to OSPB until September 1, 2008. Please note that OSPB is requiring a standardized format this year, which will require departments to restructure existing plans even if no substantive changes are submitted to OSPB in May.

Required Components of the Strategic Plan

Each department's Strategic Plan should have the following sections in this order (section numbers below refer to the Chapter 3 sections of these OSPB Budget Instructions):

1. [New] Executive Director's Letter (Section 3.2).
2. [Modified] Introduction, Statutory Authority, and Organizational Chart (Section 3.3-5).
3. Mission Statement (Section 3.6).
4. [Modified] A narrative statement on the department's five year **vision** (Section 3.7).
5. [Modified] Approximately five broad but quantifiable **objectives** that correspond to the department's five year vision. (Section 3.8).
6. [Modified] One or two Performance Measures that correspond to the objectives (Section 3.9).

7. [New] **Strategies** to meet the performance measures should be reported in narrative or outline form below each performance measure (Section 3.10).
8. [New] “Evaluation of Success in Meeting Benchmarks – Explanation of Prior Year Outcomes”. (Section 3.11).

In order to provide transparency and accountability of Colorado state government for its citizens, Strategic Plans and quantifiable performance measures for each state agency should be available on each department’s website and on the OSPB website.

3.2 EXECUTIVE LETTER

The Executive Letter is intended to be a concise one to two page assessment of overall progress and goals by the Executive Director. It is inspired by corporate performance annual report letters which provide a general appraisal for shareholders.

This letter may be both forward- and backward-looking in perspective, and may serve as a vehicle for explaining events, identifying challenges and successes, and/or charting the department’s course for the coming fiscal year. The letter may be broad (discussing changes in a department’s operating environment) or specific (detailing a departmental reorganization), but should be primarily focused on conveying how the department will proceed given the new circumstances or strategy.

3.3 INTRODUCTION

Introduction. The introduction to the Strategic Plan should be no longer than one page and should focus on the primary functions of the department. OSPB is cognizant that it is more difficult to write a concise summary than to write a long piece.

3.4 STATUTORY AUTHORITY

Statutory Authority. The statutory authority should be the primary pertinent statute. This information is intended to be very brief and not to reflect all of the statutes for the department.

Example

The statutory authority for the Colorado Oil and Gas Conservation Commission is found at Title 34, Section 60, Colorado Revised Statutes (2008).

3.5 ORGANIZATIONAL CHART

Organizational Chart. The organization chart should identify each division, the associated number of FTE, and the associated total funds appropriation for the current fiscal year. The FTE and dollars should add up to the total identified for FY 2008-09 in the FY 2008-09 JBC Staff Appropriations Report and OSPB Internal Tracking Documents for your department. Each

department's OSPB analyst can provide this information upon request. The organization chart should generally help orient the reader and show how staff and other resources are allocated.

3.6 MISSION STATEMENT

The mission statement articulates the reason for the department's existence and lays the groundwork for all operational aspects of the department. Its underlying question is: *What is our purpose?* Each department should consider its statutory directives and Governor Ritter's department-specific goals in writing its mission statement.

3.7 A NARRATIVE ON THE DEPARTMENT'S VISION

The Vision Statement is a brief description of a Department's five year vision on which its Strategic Plan is based. The Vision Statement also declares what the department's focus will be in order to reach that future. This concept of the Vision Statement is different than what was included last year.

OSPB expects that the vision statement will include a brief explanation of how the department's budget relates to the department's vision. While the vision statement is somewhat aspirational, OSPB would also like this statement to be a realistic assessment given obvious resource constraints.

3.8 OBJECTIVES

This section briefly reviews the role of objectives in the Strategic Plan. Objectives are a statement of goals which correspond to the department's vision. Each department should have approximately five overarching objectives tied to its core business. In addition, divisions should also report *up to* approximately five division-specific objectives that relate to the department's vision. Objectives should not substantially change over time (except to the extent changes are needed for FY 2009-10 as noted in Section 3.1 of this chapter).

Examples:

Objective: Reduce the number of serious crashes investigated by the Colorado State Patrol on Colorado Roadways. (Colorado Department of Public Safety)

Objective: To operate effective, efficient, and success based offender programs for treatment, education, and work assignments with full accountability based on measured improvement in offender behavior and community re-entry through pro-social stabilization. (Colorado Department of Corrections)

Objective: Increase the percent of clients/consumers showing improved functioning after receiving prevention or intervention services. (Colorado Department of Human Services)

3.9 PERFORMANCE MEASURES

A performance measure is a quantifiable continuum across which a department can measure how it is improving. Departments should outline key outcome-based performance measures at both

the department and at the division levels. The purpose of this section is to highlight for the Governor, the General Assembly, and the public what the department does and how well the department is doing it. As noted earlier, the performance measures should be readily understandable to the public and to policy-makers. Outcome-based performance measures show clear progress toward their accomplishments that can result from the Budget Request and provide the yardstick by which programs are evaluated.

OSPB expects departments to have fewer and more meaningful performance measures that can be easily understood by the public and which are much more measurable and outcome-based than have been used in prior years. Beginning in the FY 2008-09 Budget Request, all departments were expected to modify their Strategic Plans to include fewer, more high profile, more measurable performance measures (except to the extent changes are needed for FY 2009-10 as noted in these instructions). Performance measures must include a plan for measurement of the new FY 2008-09 measures and must be presented in tabular form.

The Joint Budget Committee hearing questions and Joint Budget Committee staff presentations from the 2006 Briefing may be of help to departments with this change. Instead, each year departments will analyze their performance measures against the benchmarks. Each year agencies will indicate an outcome benchmark that they hope to achieve during the upcoming fiscal year for each performance measure. By annually examining how each agency is doing in meeting its performance measure benchmarks, Colorado will move toward linking resources and results during the budget process.

The OSPB expects each performance measure to be explicitly linked to the objectives and to be outcome-based. Programmatic outcomes (“benchmarks”) can be either increased positive outcomes or decreased negative outcomes. Below are examples of programmatic outcomes¹ that may be sought by performance measures:

- Decreased recidivism rates
- Increase in positive health outcomes
- Improvement in hospital error rate
- Percent of surface water meeting or exceeding quality standards

At this time, two years of actual data are required, if available. However, as performance measures are expected to be persistent over time, including a longer historical view may be useful in future strategic plans. Therefore, the Office of State Planning and Budgeting may alter future year performance measure formats to accommodate more actual years to be reported.

While the following outcome indicators may be more limited than what would be representative of one of the five department performance measures, the following information from the National Conference of State Legislatures may be helpful as examples of outcome indicators:

¹National Conference of State Legislatures, Legislating for Results.

State	Examples of Outcome-Indicators
Florida	<ul style="list-style-type: none"> Percentage of clients successfully completing treatment who are readmitted for substance abuse services during 12 months. (Dept of Children and Families)
Minnesota	<ul style="list-style-type: none"> Recidivism rate for offenders released from DOC-operated correction facilities. (Department of Corrections) Percentage of kindergartners who were adequately immunized by age 2. (Department of Health)
North Carolina	<ul style="list-style-type: none"> Accidents per 100 million vehicle miles. (Dept of Transportation) Percentage of students passing the North Carolina Competency Test by high school graduation. (Department of Education)
Oregon	<ul style="list-style-type: none"> Percentage of adults age 25 and over who have completed a baccalaureate degree. (University system) Teenage pregnancy rate per 1,000 females ages 10 to 17. (Department of Human Resources) Percentage of limited-access highways in urban areas that are congested at peak periods. (Department of Transportation) Percentage of eighth graders who achieve established skill levels in reading and math. (Department of Education).
Texas	<ul style="list-style-type: none"> Percentage of adult customers receiving mental health community services whose functional level stabilized or increased. (Department of Mental Health and Mental Retardation)

Each performance measure must include corresponding outcome benchmarks. These outcome benchmarks set standards that a department expects to achieve in the performance measures. Outcome benchmarks must be indexed to a baseline (e.g., actual performance data for FY 2007-08). OSPB recognizes that some outcomes will be appropriately measured by fiscal year, but that some may be better measured over a different period of time, such as a calendar year. OSPB expects that each outcome will specify the timeframe over which it is being measured.

Performance measures should be:

Realistic. The department and its programs will be evaluated according to how well the performance measures are achieved. Therefore, benchmarks should be achievable, but should also not underestimate the potential of the program. Considerations include the following:

- Based on the available data, is the benchmark realistic over the time period?
- Can the benchmark be achieved based on the budget requested?
- Can the benchmark be achieved within existing statutory authority?

Measurable. Quantifiable performance measures enable policymakers to track overall programmatic effectiveness and to assess which components of the program require improvement. The benchmarks are a target outcome for each performance measure. Considerations include the following:

- What baseline data can be used?
- Is the available baseline data reliable, accurate, and valid?

- Will the performance measure provide meaningful information that can be used to improve the program’s performance?

Understandable. Expertise within a particular discipline should not be necessary to comprehend the significance of a particular measure. Performance measures should be clear enough to be understood by the public and policymakers. Considerations include the following:

- Are the performance measurements and the corresponding benchmarks understandable to stakeholders, policymakers, and the general public?
- Are the terms used in the performance measure understandable by the public? Are key terms defined?
- If acronyms are used, are they commonly understood? For example, USA would be widely understood, but CMS (Centers for Medicare and Medicaid Services) would not. Spell out uncommon acronyms.

Fair and Balanced. Performance measures selected for evaluation should encompass a variety of programmatic functions to avoid a biased assessment of a program. A balanced set of measures avoids the problem of creating program-wide generalizations based on a narrow evaluation. Considerations include the following:

- Do the objectives and associated performance measures correspond to the program’s directives provided in statute?
- Do the objectives and associated performance measures encompass broad areas of the budget?

Guidelines for Assessing Departmental Performance Measures²

- Do the goals and performance measures correspond to the program's directives provided in statute?
- Are the performance measures meaningful to stakeholders, policymakers, and managers?
- Does the department use a variety of performance measures (including input, output, efficiency, quality, outcome)?
- Do the performance measures cover all key areas of the budget?
- Are the data collected for the performance measures valid, accurate, and reliable?
- Are the performance measures linked to the proposed budget base?
- Is there a change or consequence if the Department's performance targets are not met?

Examples:

Performance Measure	Outcome	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Approp.	FY 09-10 Request
Percentage of limited-access highways in urban areas that are congested at peak periods. (Department of Transportation)	Benchmark	5%	5%	5%	5%
	Actual	15%	12%	Unknown	Unknown

²As was prepared by JBC staff in 2006 for FY 2007-08 budget briefings.

Performance Measure	Outcome	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Approp.	FY 09-10 Request
Recidivism Rate – Offenders returned to a Colorado prison within 3 years of release (Department of Corrections)	Benchmark	51.7%	50.7%	49.7%	48.7%
	Actual	51.7%	TBD	Unknown	Unknown

(1) Benchmark established at 1% reduction annually using CY 2006 actual three year rate (DOC Statistical Report 2006)

Performance Measure	Outcome	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Approp.	FY 09-10 Request
Reduce the number of consumers readmitted to Mental Health Institute psych units within 180 days by 1%. (Colorado Dept. of Human Services)	Benchmark	582	516	510	505
	Actual	516	510	Unknown	Unknown

Performance Measure	Outcome	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Approp.	FY 09-10 Request
Increase water storage to meet long term water supply needs. (Colorado Department of Natural Resources)	Benchmark	5,000 ac ft	14,600 ac ft	20,000 ac ft	20,000 ac ft
	Actual	0 ac ft	4,200 ac ft	Unknown	Unknown

Examples provided herein are provided for purposes of format and do not necessarily reflect up to date figures for the department examples used.

OSPB expects that most change requests will be linked to a core departmental and/or divisional performance measure, but recognizes that there are some instances (such as technical corrections or emergency situations) where a budget action may not directly correspond to the strategic plan. A change request will not be considered complete without a) a corresponding performance measure, or b) a specific explanation of why that change request does not relate to a department's core performance.

3.10 STRATEGIES

This section explains the strategies that the department will use to meet the performance measure benchmarks. This section may be used to discuss pertinent (past) change requests, legislation, and/or executive direction that informs the strategies. In a brief narrative (one to two paragraphs), a department should use this section to explain how it will meet its benchmarks.

Example:

On July 1, 2002, the Patrol began an effort to reverse the trend of skyrocketing motor vehicle fatalities on the roads it covers by changing its *officer deployment strategy*. The current approach has three basic components:

- I. Targeting specific stretches of road (“safety zones”);

- II. Targeting specific driving behaviors that contribute to serious crashes (such as impaired driving); and
- III. Targeting a designated time period (“Colorado Target Zero”) in order to stop all traffic fatalities for four consecutive days.

Fundamentally, this strategic direction relies upon trooper visibility on Colorado’s roads in order to deter motorists from engaging in dangerous or criminal behavior. The Patrol has periodically concentrated its limited enforcement resources on some of the “most dangerous” stretches of road through the judicious use of district-wide saturation patrol operations. The main premise for this strategy is that a strong law enforcement presence raises awareness in vehicle operators in order to gain voluntary compliance while a person is within striking distance of a peace officer. Today, Colorado residents strongly favor this effort. For instance, five out of every eight respondents “strongly support” saturation patrols and almost ninety-percent support them to some degree.³

3.11 EVALUATION OF SUCCESS IN MEETING BENCHMARKS

This section of the department Strategic Plan should follow the strategies discussion (discussed above) and briefly explains the “actual” performance as compared to the benchmark performance in the performance measures. This section is intended to give the department an opportunity to explain variances from anticipated performance (up or down). This is intended to give departments an opportunity to explain performance, particularly if a department set its benchmark high and did not meet it. It is common for departments to have some performance measures with outcomes that are not completely controllable. This section also provides a venue for discussing any externalities (i.e., it poured rain during the State Fair) that affect a department’s performance.

Example:

This strategic direction and new deployment strategy has significantly reduced the number of fatal and injury crashes investigated by the Patrol since it began on July 1, 2002. In CY 2001, 12,304 fatal and injury crashes were investigated by the Patrol, compared to 8,278 fatal and injury crashes investigated in CY 2006. That is a 32.7 percent reduction compared to CY 2001. Specifically on targeted roads versus non-targeted roads, the Colorado State Patrol has improved traffic safety in Colorado significantly during the 2005 and 2006 calendar years. From January 1, 2005, to December 31, 2006, this agency has reduced the number of fatal and injury crashes on non-targeted roads by 8.6 percent. Reductions on targeted road segments (where saturation patrols were regularly conducted) were even greater, falling by 20.5 percent. This means that over the last two calendar years, high-visibility enforcement operations have reduced the number of serious crashes on targeted CSP roads at a rate of over two times faster than on non-targeted CSP roads.⁴

³ Example strategy taken from the Colorado Department of Public Safety FY 2008-09 Strategic Plan, p. 1-13

⁴ Example strategy taken from the Colorado Department of Public Safety FY 2008-09 Strategic Plan, p. 1-13