

**GOVERNING FOR RESULTS:
A VISION FOR THE FUTURE**

**Report of the Task Force on
Government Service Efficiency**

**General Assembly of the Commonwealth of Pennsylvania
JOINT STATE GOVERNMENT COMMISSION**

NOVEMBER 1993

The Joint State Government Commission was created by the act of July 1, 1937 (P.L.2460, No.459), as amended, as a continuing agency for the development of facts and recommendations on all phases of government for the use of the General Assembly.

JOINT STATE GOVERNMENT COMMISSION, 1993

OFFICERS

Roger A. Madigan, Chairman

Ivan Itkin, Treasurer

EXECUTIVE COMMITTEE

Senate Members

Robert J. Mellow
President Pro Tempore

J. William Lincoln
Majority Leader

Robert C. Jubelirer
Minority Leader

Leonard J. Bodack
Majority Whip

F. Joseph Loeper
Minority Whip

Michael A. O'Pake
Chairman, Majority Caucus

D. Michael Fisher
Chairman, Minority Caucus

House Members

H. William DeWeese
Speaker

Ivan Itkin
Majority Leader

Matthew J. Ryan
Minority Leader

Mark B. Cohen
Majority Whip

John M. Perzel
Minority Whip

Jeffrey W. Coy
Chairman, Majority Caucus

Richard A. Geist
Chairman, Minority Caucus

MEMBER EX-OFFICIO

Roger A. Madigan, Commission Chairman

Conrad C. M. Arensberg, Counsel

David L. Hostetter, Assistant Counsel

TASK FORCE ON GOVERNMENT SERVICE EFFICIENCY

SENATE MEMBERS

Earl M. Baker, Chairman

Roy C. Afflerbach

Michael M. Dawida

Chaka Fattah

John E. Peterson

Robert D. Robbins

HOUSE MEMBERS

Edward H. Krebs, Vice Chairman

Fred Belardi

Italo S. Cappabianca

Russ Fairchild

Richard A. Geist

Joseph M. Gladeck Jr.

George E. Saurman

Frank A. Serafini

Joseph A. Steighner

Stephen H. Stetler

Thomas B. Stish

Jere L. Strittmatter

ADVISORY COMMITTEE ON GOVERNMENT SERVICE EFFICIENCY

Dr. Anthony Tomazinis, **Chairman**

Theodore A. Adler, Esq.

Honorable William J. Althaus

George M. Aman III, Esq.

Honorable Walter Baran

Linda Bartholomew

Honorable Frank Beal

Carlton Berger

Richard Bloomingdale

Robert J. Butera, Esq.

Honorable William Carpenter

Betsy Z. Cohen

Honorable Nicholas DeBenedictis

Edward J. Dymek

Charles R. Ellinwood

William George

Alex Grass

Dr. Joseph Horton

Charles L. Huston III

Thomas W. Jennings, Esq.

Bruce W. Kauffman, Esq.

Dr. Edward S. Kiely

George Lyon

James M. Marsh, Esq.

Honorable Karen Martynick

Dr. James Milne

Robert M. Mumma II

Louis Pagnotti III

John G. Rangos Sr.

Arnie Rubin

Nelson Sears

Honorable Tracy Seyfert

Dean Sharon Smith

Dr. Kevin Sontheimer

Stinson W. Stroup

Lee C. Swartz, Esq.

David W. Sweet, Esq.

J. David Viehman

James A. Young

Mark Zabierek

Richard A. Zimmerman





GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA
JOINT STATE GOVERNMENT COMMISSION
ROOM 108 - FINANCE BUILDING
HARRISBURG 17120

717-787-4397
FAX 717-787-7020

November 1993

TO THE MEMBERS OF THE GENERAL ASSEMBLY:

The Joint State Government Commission is pleased to present this report of the Task Force on Government Service Efficiency chaired by Senator Earl M. Baker. The study was conducted pursuant to 1990 Senate Resolution No. 178, Pr.'s No. 2629.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read "Roger A. Madigan".

Roger A. Madigan
Chairman



FROM THE TASK FORCE CHAIRMAN

As chairman of the Task Force on Government Service Efficiency, I would like to thank all members of the task force and advisory committee for their efforts in making this report possible. The members have begun the process of rethinking traditional methods of governing. This bipartisan effort is the first step in the ongoing process of reinventing government in Pennsylvania. The reinvention of government cannot be accomplished only by this task force issuing a report. It will require the continuing participation of all Pennsylvanians. This is the challenge that this report presents. The testimony received from witnesses at task force public hearings held throughout the State indicates that Pennsylvanians are eager and able to meet this challenge. On behalf of the task force, I would like to thank all of those who have participated. I invite others to join this important initiative.

EARL M. BAKER

CONTENTS

PREFACE	1
EXECUTIVE SUMMARY	3
INTRODUCTION	7
A NEW VISION FOR SERVICE EFFICIENCY	15
Vision	16
Principles	17
From Dependence on Government Services to Independence and Self Sufficiency	18
From "One Size Fits All" to Choice and Experimentation	21
From a Government Which is Hard to Understand to a Government Which is Accountable Because its Citizens Understand it Well	26
From Services Done by Government to Services Done by Others	30
From Centralization to Decentralization	33

From Mandates to Local Options	35
From Levels of Government Operating in Isolation to Levels of Government Operating in Cooperation	37
From a Bureaucratic Government to a Results-Oriented Government	42
From Controlling Employees to Supporting and Empowering Employees	44
From a "Spend it or Lose it" Budget System to a Budget System which Encourages Saving	48
From Antiquated Systems to The Use of Technology	51
 POLICY IMPLEMENTATIONS AND SERVICE EFFICIENCY	 55
 BIBLIOGRAPHY	 61

PREFACE

The Task Force on Government Service Efficiency was established pursuant to 1990 Senate Resolution No. 178, Pr.'s No. 2629, ". . . to study ways in which the Commonwealth can enhance service efficiency at minimal public economic cost . . ." Senator Earl M. Baker served as task force chairman and Representative Edward H. Krebs as vice chairman. The task force was assisted by an advisory committee chaired by Dr. Anthony Tomazinis of the University of Pennsylvania and was composed of former cabinet officers, academics, lawyers, business and labor leaders, and local government officials.

Substantively, the task force and advisory committee limited the scope of the study to the agencies under the jurisdiction of the Governor. Organizationally, the advisory committee formed several subcommittees to review certain substantive areas.

The task force held public hearings in Harrisburg, Pittsburgh, Scranton, Lancaster and Philadelphia in order to receive testimony. Written testimony from these hearings, as well as other background

materials used to form this report, are on file with the Joint State Government Commission.

EXECUTIVE SUMMARY

There is a commonly held perception that government spending is increasing rapidly, while at the same time, the quantity and quality of public sector services is declining. To give Pennsylvania citizens better value for their tax dollars, the task force recommends that we rethink our traditional approach to governance.

The "reinvention of government" movement has gained recent public support as an alternative to raising taxes in balancing state and local government budgets. This movement, which provides for the reexamination of the basic principles of public management, is the central focus of this report.

The process of reinventing government in Pennsylvania must be an ongoing one. To begin this process, the task force suggests consideration of what Pennsylvania government would look like if the implementation of policies was consistent with a new vision based on the principles of results-oriented government, empowered public employees and citizens,

redesigned service delivery and administrative systems, and realistic regulations.

The task force envisions an accountable, visible and results-oriented government for Pennsylvania which:

Empowers public employees.

Recognizes that decisions should be made at the level of government closest to the people.

Recognizes that the actions of State and local government affect each other, and that cooperation and coordination between the two levels must increase.

Makes citizen independence and self sufficiency the explicit, expected outcome of government policies.

Recognizes that the beneficiaries of government services are best able to make recommendations about the quality and levels of those services.

Bears the responsibility for seeing that certain services are provided to citizens, but does not necessarily produce the services itself.

Makes service efficiency a permanent part of the budget process.

Makes creative use of new technologies.

This report provides a framework for rethinking the conventional ways by which government in Pennsylvania provides services to its citizens, and gives examples of policy responses to citizen needs which illustrate this new thinking. The policies illustrated in this report are of three types:

those which could be implemented in the short term; those which could be implemented as pilot programs, and expanded if feasible in the longer term; and those which will require more study before full implementation.

INTRODUCTION

There is a widespread perception among citizens that state and local government spending is increasing rapidly, while at the same time, the quantity and quality of public sector services is declining. Citizens frequently view governments as too big and too costly. Furthermore, governments are seen as too slow, too labor intensive and too risk averse to function effectively in today's complex world. Government bureaucracies, once thought to be quite effective in serving the public interest, are now believed to have outlived their usefulness.

A recent movement has gained increasing public support as an alternative to raising taxes in balancing state and local government budgets: the "reinvention of government" by the reexamination of the basic principles of public management. This shift in thinking is the central focus of this report.

The idea of a comprehensive study of State government efficiency is hardly a new one in Pennsylvania. Over the past 60 years no less than seven State studies have been made. In addition, the Legislative Budget

and Finance Committee has conducted periodic reviews of certain individual State agencies since 1981 under the Sunset Act. Each of the State efficiency studies has yielded ad hoc reforms, some major in scope. The Sunset Act reviews have provided a mechanism for improving certain departments and agencies on an ongoing basis. However, neither review method has provided a framework for identifying the more pervasive issues of service efficiency, or for implementing policies aimed at improving service efficiency on a continuing basis. Moreover, neither method has sought to change our thinking about how government services might be provided in higher quality or at lower cost to citizens.

How efficient is State government in Pennsylvania? There are surprisingly few direct measures available by which to satisfactorily answer this important question.

Several indirect measures are available. From 1981 to 1992, Pennsylvania's total State operating budget (including funding from all sources) increased from \$11.6 billion to \$26.6 billion. Over the same period, the total number of Commonwealth government employees actually decreased slightly, from 148,992 to 148,123. In contrast, total state government employees nationwide increased from 3.75 million to 4.52 million--an increase of over 20 percent.

The employment record for Pennsylvania's executive branch is even better. From 1981 to 1992, the total number of executive branch full-time salaried employees fell from about 90,500 to about 76,600. Executive branch employment costs fell from 23 percent to 15 percent of the General Fund budget, and from 14 percent to less than 8 percent of the total operating budget.

In fact, over the past 12 years, the total cost of labor for Pennsylvania State government, per dollar of budget expenditures, has fallen.

These indirect measures would appear to show that Pennsylvania is delivering services and subsidies to its citizens in an increasingly efficient manner relative to other states.

However, none of these measures provides a complete assessment of service efficiency. For instance, employment measures do not include "off budget" employees such as private contractors, who now perform tasks previously performed by State employees, or those individuals employed by independent local authorities. Furthermore, any attempted correlation of a decrease in employees with an increase in total budget dollars must take into consideration programmatic grant increases which are provided to third-party entities—such as counties and other local governments. In

addition, employment measures focus only on inputs rather than the cost-effectiveness of programs.

While not intending to lay blame on any administration as inefficient, the task force believes that State government can do better. Indirect measures of government service efficiency suggest that the Commonwealth is doing well; however, suggestions made by task force members, testimony provided to the task force and suggestions provided by others indicate major areas which could be improved. These suggestions reflect the general feeling that while government might be operating reasonably efficiently in terms of employee utilization, it has lost touch with citizens in a number of areas. The respect of the governed is vital to the effectiveness of a democratic government.

Recommendations of the task force can best be understood in the context of three basic concepts--the cost, price and value of public services. While these concepts are often used to discuss activity in the private sector, they have not been applied regularly to public sector activities. Doing so can help illuminate the issues faced by the Commonwealth.

Cost is perhaps the most familiar of the concepts. The cost of government services is the sum of the costs of the inputs required to

produce the services. As with most other service producing enterprises the single largest cost of government is for employee wages and benefits.

Price is a concept seldom applied to governmental services. The price of government is what we pay for the services—the taxes, fees, and other charges. There are two ways to measure the price of government. The first is to compare the price to a common base over time. The second is to use that common base to compare the price of government with the price of other similar services. The results of both comparisons challenge commonly held beliefs about the price of government.

A useful means of measuring the price of government is to express the total of taxes, fees and charges as a percentage of total personal income. This comparison asks the question: How much of our total personal income do we pay for government services?

In Pennsylvania, the price of State and local services is between 11 and 12 cents per dollar of personal income. The price of Pennsylvania State and local government has been fairly consistent over the past 20 years. The same is true for the Federal government where the price for the last 20 years has been about 22 cents. For practical purposes, then, the price of government has been virtually constant.

The consistent price of Pennsylvania government is not a result of deliberate policy. Rather State and local government seems to have found

a point of equilibrium in the market for public support at around 11 to 12 cents per dollar. When the price begins to rise above that level, citizens begin to press for restraint, sometimes subtly, other times in more organized opposition. On the other hand, when the price falls, government leaders take the opportunity to expand or extend services. Over time, then, this process has resulted in a remarkable amount of stability in the price of State and local government.

The concepts of cost and price, while useful, do not provide a complete set of tools for the process of reinventing government. To complete the set, the concept of value must be added. Value may be thought of as the quantity, quality, timeliness, convenience, effectiveness or other dimensions of a service which are important to the consumer. Value is in the eye of the beholder and specifically in the eye of the user of a service—the customer. The challenge for any service provider is to give the customer the greatest value for its price. This is what people mean when they say they want to get their money's worth. This is what the task force considers the "bottom line" for government in Pennsylvania.

If the price of State government is held constant, then the opportunities for reinventing government lie in giving citizens more value for what they pay. This can be accomplished by reducing costs for some services, creating more value for a given cost for other services, or even by

creating more or new services which citizens want. Alternatively, if the quality and quantity of services are held constant, then an improvement in service efficiency would lead to a lower price in terms of taxes, fees and other charges. The task force's proposals apply to each of these possibilities. The gains produced by the proposals can be passed on to citizens in terms of greater value, lower prices, or both.

This report has three major purposes:

1. To provide a framework for rethinking the conventional ways by which Pennsylvania State government provides services to its citizens.
2. To provide examples of policy responses to citizen needs which illustrate the new visions which embody this rethinking.
3. To emphasize that these policy examples are only a beginning to the necessary continuous review process of government service efficiency.



A NEW VISION FOR SERVICE EFFICIENCY

To give Pennsylvania citizens better value for their tax dollars, the task force recommends that we challenge our traditional methods of managing government. The family of ideas which guides the present thinking about public management is bureaucracy. This concept worked well for most of this century, but the usefulness of the bureaucratic system is rapidly diminishing. The task force and many elected officials and public managers are looking for a new perspective to guide their thinking about today's challenges. Much of this new thinking is captured in the book Reinventing Government (Osborne and Gaebler). In this report the term "reinventing government" is used to refer to this new family of ideas.

The process of reinventing government must be an ongoing one. This report suggests a start to that process. A reexamination must be made of the existing management methods and assumptions which have served as the frame of reference for decision making in Pennsylvania government.

To begin the reinvention of Pennsylvania government, the task force suggests consideration of what Pennsylvania government would look

like if the implementation of policies was consistent with a new vision expressed by the following changes in conventional thinking.

VISION

From dependence on government services
to independence and self sufficiency

From "one size fits all"
to choice and experimentation

From a government which is hard to understand
to a government which is accountable because its
citizens understand it well

From services done by government
to services done by others

From centralization
to decentralization

From mandates
to local options

From levels of government operating in isolation
to levels of government operating in cooperation

From a bureaucratic government
to a results-oriented government

From controlling employees
to supporting and empowering employees

From a "spend it or lose it" budget system
to a budget system which encourages saving

**From antiquated systems
to the use of technology**

This new vision is based on a set of principles which underlie the reinvention of State government.

PRINCIPLES

Focus attention on the results produced for citizens.

Empower employees to make decisions on how best to serve customers.

Redesign public service delivery systems by making creative use of technology.

Design regulations to be realistic and apply them in such a way as encourages compliance.

Redesign administrative systems such as budgeting, personnel, purchasing and accounting to be consistent with the new vision.

Look for ways to harness community resources.

Government can and must do more with less. But reinventing government cannot be done alone by a task force issuing a report. It will involve changes in legislation and in the behavior of the Legislature, changes by the Governor and his cabinet, changes by State employees, changes by local government elected officials and employees, changes in the media, and even changes in the behavior of citizens.

The task force has chosen not to detail specific modifications to the existing bureaucratic system of government in Pennsylvania, but rather to suggest policy options which flow from this new thinking.

This enumeration of visions, principles and policy options is not intended to be exclusive; it is only illustrative. The following discussion is intended to initiate the debate on the enumerated visions and provide a framework for future reexamination. Most importantly, this discussion is intended to generate new thinking regarding the existing methods of governance. It is hoped that by suggesting new ways of thinking and providing some supporting examples, this report will kindle the creative flame within policy makers in Commonwealth government. The power to reinvent Commonwealth government will be enhanced by the freedom to create, and constrained only by the reluctance to change.

**FROM DEPENDENCE ON
GOVERNMENT SERVICES
TO
INDEPENDENCE AND SELF SUFFICIENCY**

This new vision challenges policy makers to make citizens' independence and self sufficiency the explicit, expected outcome of State government policies wherever possible. Policies should be designed to provide the incentives which encourage less dependence on government

and more emphasis on self reliance, thereby reducing the long-term costs of governance. Frequently, problems cross functional lines and demand multi-agency responses. With independence and self sufficiency as the clearly defined and accepted focus, efforts should be directed toward ensuring that the coordinated policies and programs of the various agencies are established and implemented.

The shift from an emphasis on dependence to independence suggests several possible strategies for Pennsylvania.

Efforts should be intensified to break down barriers to employment for welfare recipients. New training programs should be implemented and existing programs expanded to move welfare recipients into the permanent labor market. To this end, a coordinated effort should be undertaken by the Departments of Public Welfare, Labor and Industry, Community Affairs and Education. Traditional programs are designed to educate children, and continuing education programs to educate adults. New programs should be developed and existing programs expanded to specifically provide welfare recipients with basic education and functional literacy, and job training skills. The reinvention of government requires policy makers to consider certain governmental expenditures as long-term investments, not only as current costs. Training programs for welfare recipients are investments in human resources.

Funds now available for various welfare programs could be used as payments to employers who employ welfare recipients. This policy option serves a two-fold purpose. It provides an incentive for employers to hire welfare recipients. It also enhances the employability and productivity of welfare recipients.

Educational programs and funding could be designed to give as much emphasis to vocational and technical training as to academic training. This policy redirection recognizes that not all students will go on to college; however, those who do not still need marketable skills to become productive and self-sufficient citizens. This preventative measure could reduce future dependence on government, and potentially reduce long-term costs.

Another preventative measure could be a program giving service credits to volunteers who provide in-home services to senior citizens or adults with disabilities. Such a program would guarantee that the volunteers could exchange earned service credits at the time the volunteers become elderly or disabled and are in need of services themselves—a "service credits bank." 1993 House Bill 799, Pr.'s No. 863, incorporates this concept.

**FROM "ONE SIZE FITS ALL"
TO
CHOICE AND EXPERIMENTATION**

This new vision is based on the notion that the beneficiaries of government services know what is best for them, and are in the best position to make decisions about the quality and levels of those services. If self sufficiency is the goal, then choice is a possible means to achieve this goal. The vision also recognizes that governments must be free to experiment, using new and visionary approaches to solve difficult problems. The concepts of choice and experimentation permit a greater focus on results. Traditional thinking reflects the general aversion of government towards risk taking. The new thinking recognizes that a creative government must be free to take some risks. With this change in thinking, a new presumption of choice and experimentation, as opposed to one of steadfast uniformity, is created.

In the previous discussion of self sufficiency, job training to place Pennsylvania welfare recipients into the permanent job market was suggested. As an alternative to job training provided directly by the State, a voucher system could be implemented to promote citizen empowerment and competition between public and private service providers. Vouchers would allow welfare recipients to choose among competing training

programs. A voucher system could create maximum value for the price for the consumers of job training programs. Voucher systems could also be instituted for other human services programs.

The concept of choice could also be applied to several areas in education. In each case, choice might enhance value and cost effectiveness.

The reinvention of government challenges policy makers to dispassionately consider the alternative of school choice. In both public basic and higher education, under certain circumstances, State subsidies for education could be uncoupled from institutions and redirected to individual students (with a need-based component). Allowing students to choose the institutions they will attend could promote competition between individual institutions, encouraging them to be cost effective and to provide better quality services to students. Minnesota showed that public school choice in basic education can be structured to be sensitive to the needs of low-income and minority students when, in 1988, it established a system which involved its most at-risk students (1 percent of total student population). Any school choice program must recognize the special needs of handicapped and other students with disabilities for whom adequate resources are already extremely limited.

The State should encourage experimentation with efficient ways to improve preparatory education. Many observers of our school system

believe that extending the school year beyond the customary 180 days will help bring our schools up to world-class standards. They note that students in countries with longer school years, such as Germany and Japan, consistently outperform American students in standardized tests, presumably because they have less time between school terms to forget what they have learned. The State could encourage school districts to adopt an extended school year program on a voluntary basis, perhaps by offering financial incentives. In this way, it could be better determined whether the extended school year is a promising strategy.

The Public School Code could be amended to specify the basic minimum attendance requirements in terms of hours instead of days, so that individual school districts could implement more flexible schedules involving days and hours without approval by the Department of Education.

School districts could be encouraged to lease or renovate buildings for public school use as an alternative to new construction. In addition, lease acquisition opportunities should be explored for public schools.

In grades K-12, the State should focus on increasing the quality of education at present expenditure levels, rather than achieving cost savings. In contrast, in post-secondary education, the State should focus on achieving cost reduction while maintaining present quality levels.

The State could promote educational efficiency in grades K–12 by encouraging and facilitating charter schools. Charter schools are established by agreement between a group of parents or teachers and the local school board, whereby the school operates under the terms of the charter, which substitutes in part for state or local regulations. Accountability is guaranteed by the charter, which establishes the standards the school must meet to continue in operation. This structure permits operation of specialized schools, which broadens the choices available to parents and students within the public school system. Professional compensation increases in grades K–12 for teachers, administrators and professional staff could be based on performance, with performance measured in terms of gains in student learning and knowledge.

The State's method of making appropriations to the State–related (Commonwealth) universities could be changed from one based on incremental increases to one related to enrollment levels and differing student and program mixes. The new method would correct the present imbalance of appropriations per student which exists among the institutions, provide the proper incentives for the institutions to offer more varied programs, and relate State appropriations to standardized costs.

The concept of choice could also be applied to State government employee benefit programs. The institution of a system of flexible benefits

would offer employees a menu of benefits from which they could choose, enabling employees to tailor benefits to their individual needs. For example, if both spouses work and have separate health care coverage, one could elect dependent coverage under the other's policy, and choose another benefit such as increased life insurance. Flexible benefits eliminate redundancies in coverage, and therefore increase the value of employer benefits to employees.

Additionally, the concept of experimentation is relevant to the issue of health care reform. A combination of private markets and government regulations has resulted in a health care delivery system with serious deficiencies in care, coverage and costs. It is widely accepted that the present system must be reexamined. The new thinking embodied in this report should be applied in resolving present deficiencies. Three crucial concepts must be included in any health care reform effort: comprehensive care, universal coverage and cost containment. Local efforts would aid in determining how to incorporate these concepts into a new health care system. The Erie County Health Care Cost Summit provides a model for implementation throughout the State. This type of local initiative would be useful in exploring the issues from the perspective of the various parties directly involved, including health care providers, insurers, health care consumers, employers and government officials.

**FROM A GOVERNMENT WHICH IS HARD TO UNDERSTAND
TO
A GOVERNMENT WHICH IS ACCOUNTABLE
BECAUSE ITS CITIZENS UNDERSTAND IT WELL**

This new vision is based on two major principles: visibility and accountability. Operating behind the wall of a voluminous collection of statutes and regulations, government has become too complicated for many persons to understand. In too many cases, taxpayers can no longer see the connection between the taxes they pay and the services they receive from government for their taxes. With multi-level governmental programs, grants and mandates, it is often not clear who is paying for what programs. With a loss in visibility comes a loss in accountability. Taxpayers are no longer certain that the services they want are being produced in the most cost-effective manner.

This new vision will force a consideration of strategies to make Pennsylvania government more understandable for the public and public servants alike. There are a number of areas where new thinking based on visibility and accountability would bear fruitful results.

One action that would advance this vision is completion of the Pennsylvania Consolidated Statutes. In 1970, the legislature enacted the framework of the Consolidated Statutes, thereby undertaking to organize all of the State's general and permanent statutory law by subject matter into

an integrated body with a uniform format and a consistent, streamlined style. Almost a quarter of a century later, this project is only half finished; many key areas remain in the obsolete unconsolidated form. Completion of statutory consolidation will aid citizens in understanding and complying with the law and will reduce unnecessary legal costs. Full support should be given to this effort with the goal of completing it by the year 2000.

Consistent with this vision, the process by which Pennsylvania State government contracts for its goods, services and construction, should also be reviewed.

Procurement addresses two fundamental concerns. Purchasing officers want to obtain the best goods or services for the money. Prospective contractors want the opportunity to contract with the Commonwealth on even terms with their competitors. The process requires informed buyers and sellers, and procedures that are uniform in design and application. Systemic integrity is vital.

Pennsylvania procurement law is presently scattered across statutes, regulations, policy directives and manuals. New thinking demands that procurement law be organized and placed in a single code. To this end, the Commonwealth should enact a comprehensive Commonwealth Procurement Code. This code would provide uniform and certain procedures for bidding and awarding Commonwealth contracts; centralize

within the State Department of General Services the day-to-day procurement of supplies, services and most construction; and create a Policy Office, comprised of the Secretaries of General Services, Transportation and Budget, to promulgate regulations under the code. When this proposed code is enacted, it will be the sole source for procurement procedures to be used by all Commonwealth agencies and prospective contractors.

As part of the review of the procurement process, Pennsylvania policy makers need to consider the viability of two statutes which have generated much debate--the Separation Act and the Prevailing Wage Act of 1961.

The Separation Act requires State and local governmental agencies to prepare separate specifications and requests for proposals and award separate contracts for plumbing, heating, ventilating and air conditioning, and electrical work. The Prevailing Wage Act of 1961 requires that a prevailing minimum wage be paid to employees on certain public projects. The Department of Labor and Industry is responsible for determining the prevailing minimum wage in each locality in Pennsylvania. This act was designed to protect Pennsylvania workers on public projects from substandard pay. Both of these acts and the underlying reasons for their

existence should be examined in order to determine whether they should survive or be amended or repealed.

An examination of the process by which regulations are prepared should be conducted. An effort should be made to reduce the adversarial nature of the process. Cooperation between the regulator and regulated should be encouraged. Serious consideration should be given to the concept of "reg-negging," which has been adopted by the Federal government in the "Negotiated Rulemaking Act of 1990," and was proposed in 1993 Senate Bill 1380, Pr.'s No. 1671, for future regulations of the Environmental Quality Board. Essentially, the concept of "reg-negging" involves engaging interested parties in the up-front preparation of regulations so as to achieve a consensus. Regulations are negotiated prior to promulgation rather than litigated afterwards. Adoption of this process in Pennsylvania would save time and energy and would encourage voluntary compliance with government regulations.

Another way by which government visibility and accountability could be enhanced is the broader application of user fees and dedicated funds where they can be attributed to specific government services. User fees and dedicated revenues are direct prices for services received and are therefore highly visible. If correctly determined, they are also directly related to costs of production.

Greater visibility and accountability in State government will enable citizens to more clearly connect the value of the services they receive with the prices of the services. . .

**FROM SERVICES DONE BY GOVERNMENT
TO
SERVICES DONE BY OTHERS**

This new vision includes, but is not limited to, well-known "privatization" strategies. While governments are responsible for seeing that certain services are provided to citizens, governments need not necessarily produce the services themselves. In many cases, government should steer rather than row. Services should be produced by those in the best position to give customers the best value for their money. Such producers could be in either the public sector or the private sector, or both. When competition is appropriate, it should be encouraged. Consumer choices--or even the threat of these choices--often increase product quality and decrease production costs. Private sector alternatives challenge the presumption that only government can do it. Unlike many traditional privatization arguments, allowing public and private producers to compete allows the consumer to decide which is creating the best value for the money, rather than having this decision made administratively. To open

the door to the privatization alternative, governments need to remove restrictions on private alternatives and broaden their policy options by considering larger menus of solutions.

Private sector alternatives are numerous. Public schools could be operated by private sector firms. This concept has been implemented by the City of Baltimore on a pilot basis. Baltimore's public-private partnership allows a private firm to run day-to-day operations in certain schools, while the City retains control over curriculum decisions and capital obligations.

Job placement functions presently performed by Pennsylvania's Bureau of Employment Security could be performed by private sector firms. Other State functions, including welfare delivery programs, day-care programs, juvenile delinquency facilities, housing programs, some Department of Transportation functions and many others, could also be performed by private sector firms.

Privatization, moreover, involves much more than private sector alternatives to public sector production. It includes the sale and lease back of public sector assets to private parties where this transaction would be financially advantageous to the State. It includes lease purchase arrangements for facilities; this approach was recently employed to construct several new prisons in a timely and cost efficient manner. It also

includes incentive programs for private parties to provide services to the public which previously were provided only by the State government. Shelter and care to homeless persons are important examples.

This new vision also challenges policy makers to increase the use of volunteers from all age groups to provide important services. With greater use of volunteers, government expands its human resource base beyond government employees, consequently expanding the range of services which it can provide. The opportunities for volunteers are numerous. Volunteers could be utilized to teach adult literacy classes, to participate in programs to help welfare recipients to become functionally literate, to help in organized youth activities and in many other ways.

An important group of potential volunteers is senior citizens. The senior citizen population has grown because of the "graying" of Pennsylvania. This enlarged pool of senior citizens should not be viewed as a liability, but as a valuable asset. Senior citizens have much to offer in the area of collective experience and judgment. Engaging this group not only serves the interest of government, but also serves to reconnect senior citizens to government. In addition, this involvement might encourage senior citizens to remain in the State, thus keeping them in Pennsylvania's tax base.

Another important group whose collective energy could be harnessed is youth. The involvement of youth could promote a sense of purpose in the Commonwealth's younger citizens and further the policy goal of recommitting Pennsylvania government to its youth.

Volunteerism could be encouraged through the use of incentives, such as tax credits or deductions for expenses incurred for approved programs.

FROM CENTRALIZATION TO DECENTRALIZATION

This new vision involves the principle of moving from larger to smaller units of government, away from the diseconomies of too large scale. It derives from the belief that governmental institutions have become too large and too unresponsive to problems. It is related to the ideal that in a democracy, decisions should be made at the level closest to the people.

The Commonwealth's existing local highway turnback program illustrates this new vision and some of the attendant implementation issues.

The Department of Transportation has identified functionally—local highways with the intent to return a portion to municipalities. The local highway turnback program is funded by a tax imposed on oil companies

doing business in the Commonwealth. This tax raises a fairly constant amount of revenue each year, which is expended first to pay municipalities a maintenance allowance for highways already returned... The balance is expended to restore new miles in preparation for their return to municipalities. As new miles are added each year, more money is required for maintenance and less goes to restoration.

This program needs to be reenergized; this is essentially a funding problem which presents difficult policy questions. Two apparent strategies emerge which are not mutually exclusive. One strategy would be to infuse new money into the program from the General Fund. Another strategy would require the municipalities to pay for at least some portion of maintenance, thus making more funds available for restoration.

The highway turnback program has significant advantages: the Department of Transportation does not have to maintain as many miles of highway; and local control assures that citizens who use these highways have a more direct voice in their maintenance.

FROM MANDATES TO LOCAL OPTIONS

This new vision is based on the idea that local choice is more effective than mandates imposed on lower levels of government by higher levels.

Mandates imposed on lower levels of government have increased as higher level governments have sought to expand services offered or regulations placed on constituents without raising taxes or reducing other services. Although many mandates have been implemented to insure equal protection, equal opportunity and shared responsibility, mandates are often not accompanied by appropriate funding sources. In addition to the shifting of costs, mandates involve other inefficiencies: they must be policed, they are often ineffective, and they run counter to local choice because they fail to recognize local diversity.

State and local governments should clearly define their roles. The immediate responsibility to do so lies with State policy makers. While recognizing that local governments are statutory creatures of the State, State government should effectively tap the creativity of local government. It is local governments which most accurately reflect the attitudes and needs of the citizens of Pennsylvania.

Unfunded State mandates create certain institutional problems which strike at the ability of Pennsylvania State and local government to govern effectively. Unfunded mandates generate frustration at the local level. Rather than viewing local governments as an active partner in governance, mandates often accord higher value to means than results.

Presently, the General Assembly is considering an amendment to the State Constitution (1993 Senate Bill 4, Pr.'s No. 1298) which would address the issue of unfunded mandates. It essentially provides that political subdivisions would not be bound by statutorily created mandates which require the expenditure of funds unless one of the following conditions is met:

1. Funds are appropriated sufficient to fund the expenditures.
2. The General Assembly authorizes the political subdivision to enact a funding source.
3. The Senate and House each pass a resolution by vote of two-thirds of the members elected to it which specifically exempts the Commonwealth from funding a specific mandate or providing a funding source.
4. The mandate is required to comply with a law which applies to all persons similarly situated, including State and local governments.

5. The mandate is either required by Federal law or is a condition of eligibility for a Federal entitlement.

It should be stressed that the funding of mandates does not necessarily make mandates less burdensome. Alternative strategies should be explored to lessen the reliance on mandates, especially those which spell out operational details rather than expected results.

**FROM LEVELS OF GOVERNMENT
OPERATING IN ISOLATION
TO
LEVELS OF GOVERNMENT
OPERATING IN COOPERATION**

This new vision recognizes that the actions of each of the various levels of government often affect other levels, and that cooperation and coordination between the levels must increase in a rapidly changing and complex world. An increased flow of information between the State and local governments would reduce transaction costs, thereby permitting the implementation of new laws and programs to proceed more efficiently.

A centralized "idea bank" would facilitate the exchange of innovative and successful programs between governmental units. Such an information source could be established by the State and maintained by either the public or private sector. Technological advances in computers and

communications make such a concept feasible. By adapting existing and proven programs to the specific needs of a government unit, research and development costs are reduced. Another important consequence is that the multiple use of ideas would lead to a refinement of the ideas over time.

The relationship between State and local government will be improved if the roles of each are more clearly defined. In some matters, for instance local taxes, the State clearly micromanages, while in others, such as land use, the State provides relatively little management.

Local governments need to have more input into the development of State regulatory requirements, policies and procedures that impact on local governments. This could be accomplished through the adoption of the "reg-negging" concept discussed earlier. Representatives of the various local government associations could represent their constituents in the preparation of State regulations.

When local governments request information from State agencies, the agencies should reply promptly. Prompt replies to local government requests should be an expected result. Local government liaison offices should be created and existing offices expanded within State departments and agencies. Local governments should be viewed as working partners of the State and treated as such.

Before statutory or regulatory actions affecting local governments are finalized by the State, economic impact studies could be made. This is not to suggest that impact statements, similar to the present fiscal notes, should be attached to legislation. However, a local government impact study could be made part of the legislative and regulatory processes both at the legislative committee level and at the regulatory review level.

After such actions are adopted, the State should fully inform the local governments as to how the actions will affect them and what they must do to comply. Information and training sessions would help to accomplish this. For example, the Department of Transportation's Rural Transportation Assistance Program training should be expanded to assist local municipalities in the proper preparation of department forms; to provide training in proper construction inspection techniques; and to host training sessions for newly elected local officials and administrators.

The implementation of policies that affect local governments should be better coordinated between State agencies. As an example, an Interagency Local Government Coordinating Council, consisting of representatives from the Departments of Transportation, Environmental Resources, and Community Affairs, could be formed. These three agencies have the most direct involvement with the day-to-day operation of local government, and conflicting implementation of State policy is an area of

great concern. A lack of policy coordination leads not only to confusion and frustration, but more importantly, it fosters a general inertia as local governments are effectively precluded from operating with any certainty.

The Interagency Local Government Coordinating Council could:

1. Provide a forum for improved communication and information on State and local programs, policies and issues.
2. Coordinate resources and funding opportunities for local governments.
3. Promote joint ventures between local government bodies and the State.

A more modest approach to the coordination between State agencies and between State agencies and local governments would be to consider making the jurisdiction of the Department of Transportation's district offices coterminous with the Department of Environmental Resources' regional offices.

This new vision also recognizes that some government services are not provided most efficiently by existing local government units. It is becoming increasingly difficult for some local government units to provide basic services. Historic geographic boundaries should not be an impediment to providing services. The consolidation of functions now

handled by separate "communities" could lead to economies of scale and lower costs, and to improvements in the services now provided to citizens.

There are numerous examples of combinations which might be considered. Small boroughs and townships in the Commonwealth could merge services which they now offer individually, for instance, police and fire protection, zoning, planning and tax collecting, to avoid duplications and reduce costs. Multiple jurisdictions could agree to share equipment and manpower to build and maintain roads, remove snow, etc. School districts could consolidate by county in order to provide the benefits of centralized management and to permit the interchange of students across township or borough lines in response to shortages or excesses of classroom space. Adjacent school districts could cooperate in offering small, specialized and costly programs on a shared basis. These and other combinations might be a more effective way to maintain and improve service levels to citizens.

Finally, since there are too many fragmented local government units which lack an adequate tax base to handle contemporary problems, consideration should be given to strengthening counties as the governmental unit most likely to be able to provide services efficiently.

**FROM A BUREAUCRATIC GOVERNMENT
TO
A RESULTS-ORIENTED GOVERNMENT**

This new vision is the one most noted by commentators, as well as most taxpayers. It is generally perceived that government has gotten too big and that government bureaucracies are no longer effective in responding to problems or delivering services to citizens. Bureaucracies are thought to be too large, too risk averse, too labor intensive and too unresponsive to the needs of the public. It is through the new thinking generated by this vision that citizens can ultimately be reconnected to their government.

While generally Pennsylvania State government does not appear to have a bloated bureaucracy, pockets of excess might exist in individual agencies. There must be an ongoing effort to assure that this condition does not occur. This can best be accomplished by a systematic and continuing process of review at the agency level.

There are two practical ways of accomplishing a continuous review. First, present institutions and the body of laws, regulations and administrative orders as all of these have evolved to date could be reviewed; alternatively, laws, regulations and administrative orders as these are proposed for change or addition could be reviewed. The latter method is

less comprehensive, but perhaps more manageable. A review of the "accumulated institutional, legislative, regulatory and administrative history" could be accomplished within the present institutional framework. Once the policy of ongoing review is clearly focused, the legislative service agencies, legislative oversight process, budget process and sunset review process could all be employed to accomplish this examination. Alternatively, a permanent and independent commission could periodically conduct comprehensive reviews. The commission, comprised of representatives from many areas, including government, business, labor, consumers and academia, would be charged with making recommendations for changes to improve service efficiency. Proposed changes to the "accumulated history" could also be accomplished by either of these methods.

An ongoing review would provide some assurance that bureaucratic excess will not creep into Pennsylvania State government. State departments and agencies should be reviewed for possible elimination or combination or separation of functions. For example, consideration should be given to separating the natural resource (management) functions from the environmental protection (regulatory and enforcement) functions in the Department of Environmental Resources. A new cabinet-level Department of Natural Resources to handle the former, and a renamed Department of

Environmental Protection to handle the latter, could be created. Conversely, State departments and agencies should be reviewed for duplicative functions and for coordination of functions which overlap.

The State civil service system could be studied for possible replacement with a more flexible personnel system. The present system, devised to protect the public from patronage hiring and employees from political manipulation and unjust discharges, is based on a cumbersome apparatus of hiring lists, classification grids, seniority rankings, etc. A new personnel system would permit managers to make personnel decisions on a performance basis, and to reward outstanding employee performances.

A feature of any government personnel system should be the matching of employee qualifications to job requirements. Low productivity results from underemployment, and morale problems from both underemployment and overemployment. Properly matched employees and jobs would promote work force stability and enhance service efficiency.

**FROM CONTROLLING EMPLOYEES
TO
SUPPORTING AND EMPOWERING EMPLOYEES**

In order for a government to serve the people in a more innovative and results-oriented way, there must be a rethinking of the role of the

public work force. The visions that can reenergize government in the next century will be implemented only if public employees are empowered to do so. Such ideas as a less bureaucratic and more results-oriented government, choice and experimentation, and expanded use of technology require that government leaders encourage creativity and reduce the fear of failure as employees experiment with promising solutions.

However, there is a delicate balance between creativity and responsibility. With empowerment goes accountability. Employees must be accountable for their actions, but should be given the freedom to act. Governments must recognize that their work force is a valuable resource.

One method by which the empowerment of employees could be accomplished is by the adoption of Total Quality Management (TQM) as a framework for management throughout the Commonwealth. TQM is an approach to the management of organizations which seeks to empower employees so that they can serve customers effectively. TQM uses systematic methods to understand the needs of customers and the processes and procedures of the organization, so that there can be continuous improvement in the organization's capability to fulfill both customer needs and the organization's mission. Business organizations have adopted TQM in order to become more agile, productive and competitive in the global marketplace.

State government can improve its effectiveness by mobilizing the participation of people who work within the bureaucracy. If workers participate in the definition of problems and the search for solutions, they will understand not only the "what" but the "why" of their actions. Active engagement, instead of mere compliance, will help to get the best from the employees and will bind them to the change process.

TQM's focus on improving processes offers a strategy to eliminate redundancy and unnecessary complexity, that is, the "red tape" in bureaucracy. This streamlining of processes will help reduce and avoid costs while improving services and procedures. The analytical methods of TQM provide ways to measure inputs to processes, and the links between processes, thereby facilitating cross-departmental and cross-functional planning and implementation.

The solutions to many vexing public problems will lie in new ways of linking the public, private and not-for-profit sectors; in considering private alternatives to some public services; in engaging clients of public services in finding ways to reduce their own dependency on government programs; and in creating new relationships between the State and local governments. TQM would provide the structure for building partnerships and supporting team-based problem solving across traditional boundaries of responsibility and interest.

The creation of a system for TQM development with specific plans will need to be tailored to Pennsylvania and the characteristics of its government. There is no "one size fits all" plan for implementing TQM, but the Federal government, and state and local governments, have acquired valuable experience using it. Implementation would require a commitment from the Governor to identify TQM as an important management tool. A beginning can be made by encouraging departments like the Department of Transportation, which has been working on employee involvement since 1982, as well as the Department of Commerce and others who have just begun to work in this direction.

The TQM approach to management should be implemented as follows: (a) core customers should be identified and defined, and an attempt made to understand their requirements; (b) a manageable number of critical processes should be selected; (c) a believable focus should be communicated; (d) a determination of what to measure and how should be made; (e) education, assistance and expertise should be provided; (f) a vision should be communicated; and (g) resistance as a natural step in change and integration should be anticipated.

In addition to instituting a TQM system, there are numerous other ways of empowering both State government employees and citizens. Cross-training could make employees more valuable by making them

more versatile, as they are able to quickly move between functions as work demands fluctuate. Most important, training should be viewed as an investment in human capital, not only as a current cost to taxpayers. .

State government employees— as well as consumers of government services— can be empowered if their suggestions for change are solicited and used to make improvements in the production and delivery of government services. Providers of suggestions which are adopted for use should be rewarded at least by recognition. In addition, a Suggestion Award Program could be established and funded to make cash awards for suggestions based on predetermined criteria.

Employees can be empowered if obstacles which prevent them from being most productive are removed. For example, the expanded availability of day-care facilities might free parents from the worry that their children are not being cared for properly.

**FROM A "SPEND IT OR LOSE IT" BUDGET SYSTEM
TO
A BUDGET SYSTEM WHICH ENCOURAGES SAVING**

Budget planners and agency heads must necessarily forecast programs and expenditures for future budget periods to measure their revenue requirements. However, budget forecasts are at best guesses and

work best if they serve as the maximum amounts which can be spent without additional authorization. All too often budgeted amounts are entirely spent, regardless of merit, because agencies must return unspent monies to the Treasury, and future budgets might be decreased and agency power diminished.

Service efficiency could be made a permanent part of the budget process in the Commonwealth.

First, a system of efficiency-based budgeting with the following features could be implemented: (a) departments and agencies could be required to develop mission statements; (b) departments and agencies could be required to estimate "benchmarks"—quantified expected outputs or outcomes related to specific programs; (c) State funding could be tied to the benchmarks; (d) departments and agencies could be required to keep records on actual program outputs or outcomes, with comparisons to the benchmarks; (e) departments and agencies could be audited for program outputs or outcomes; and (f) adjustments to funding levels could be made, based on actual performance versus expected performance. This budget system would tie expenditures more closely to measurable outputs, thereby enhancing visibility and accountability.

Second, service level budgets based on outcomes could replace line-item budgets for some State agencies. Budgets based on outcomes

allow agencies to switch funds to more productive uses within broad expenditure categories; line-item budgets "micromanage" agencies by restricting expenditures to pre-approved narrow categories. Service level budgets would allow agencies to adapt more quickly to changes and alternative opportunities. More versatile than line-item budgets, service level budgets would enhance productivity and cost efficiency.

Third, if agency revenues exceed expenditures in any budget period, incentives could be provided for the agency to carry over the unspent money into the next budget period. Such incentives would give agency heads more flexibility in scheduling programs and expenditures. Obviously, carry overs would need to be authorized and accounted for to prevent abuses.

Fourth, unspent revenues might alternatively be targeted for a specified pre-determined use, such as debt service. Such uses could be an efficient use of State revenues under certain circumstances.

Finally, consideration should be given to a two-year State budget cycle. A longer cycle would provide agencies with extended planning horizons, consequently promoting greater continuity, stability and programmatic predictability. A longer cycle, however, would make revenues and expenditures more difficult to forecast.

FROM ANTIQUATED SYSTEMS TO THE USE OF TECHNOLOGY

This new vision would encourage the government to counter its often risk-averse attitude regarding the exploration and adoption of new technologies. Presently, new technologies are too often cast in terms of short-term costs rather than long-term investments. The expanded use of technology would bring government closer to its citizens by making government services more widely available, thereby reducing citizen frustration with government. The adoption of new technologies should reduce the long-term cost of government.

An investment in modern technology should be considered for application in a number of areas.

Because problems often do not respect the functional lines of existing agency organizations, inter-agency solutions are frequently needed. New technologies such as computer networks and telecommunications networks would facilitate inter-agency communications and enhance inter-agency responses. In addition, inter-agency systems for financial management, purchasing and personnel management might save money through economies of scale.

Service to the public would be improved by making government services more widely available. Expanded services could be provided through the use of decentralized information "kiosks" located in areas accessible to the public. Recently introduced legislation, 1993 Senate Bill 1296, Pr.'s No. 1585, directs the Department of Labor and Industry to establish a pilot program to provide information on government services through the use of kiosks or touch-screen computer stations. The legislation illustrates the types of information which could be made available: employment, education, health and welfare, aging, environmental resources, transportation, legal and business issues, and fish and game.

Another example is found in 1993 House Bill 330, Pr.'s No. 357, which requires the Department of Transportation to establish a telephone vehicle registration service so that registrants can renew previous year's registrations by telephone with the use of credit cards.

The costs of State government could be lowered by the increased use of direct deposits for the payment of employee salaries, and electronic funds transfers for the payment of vendor invoices. Costs might also be reduced if the State's requests for proposals, invitations for bids and awarded contract amounts were placed "on line" in order to expedite the bidding process and potentially lower future bids through the wider distribution of information.

The enhancement of information accessibility could reduce information costs. For example, the State could provide "credit card" types of licenses and registration cards to drivers and vehicle owners. These cards would reduce transcription mistakes and save time for such tasks as issuing citations and investigating accidents. The State could also facilitate the inclusion of all of a student's school records, from grades K–12 through college, on a single credit–card sized card. In today's mobile society, this would make student information more portable.

POLICY IMPLEMENTATIONS AND SERVICE EFFICIENCY

The previous section provided numerous examples of policy options related to a new vision for Pennsylvania State government. These policy options, plus many more which would flow from rethinking the approach to providing services to citizens, would enhance service efficiency in the Commonwealth.

Obviously, not all policies to reinvent government can be implemented at once. Policies should be implemented in an orderly manner and according to a plan. The policies illustrated in the previous section are of three types: those which could be implemented in the short term; those which could be implemented as pilot programs, and expanded if feasible in the longer term; and those which will require more study before implementation.

The policy option illustrations which could be implemented almost immediately are:

A Total Quality Management system for State government.

A Commonwealth Procurement Code.

An intensified effort to complete the consolidation of Pennsylvania's statutes.

An enrollment and program-based appropriation formula for the State-related (Commonwealth) universities.

An Interagency Local Government Coordinating Council consisting of the Departments of Transportation, Environmental Resources and Community Affairs.

A requirement that all State agencies reply promptly to local governments.

A Suggestion Award Program.

A commitment to involve volunteers, especially senior citizens, to expand the range of services provided to Pennsylvanians.

The policy option illustrations which might initially be implemented as pilot programs, and then expanded if feasible, are:

The on-going review of State agencies for service efficiency.

The adoption of a negotiated regulation procedure.

The use of welfare funds for payments to employers who employ welfare recipients.

State-run basic education and vocational training programs to move welfare recipients into the job market.

Alternatively, a voucher program to accomplish the same result, utilizing private sector institutions.

An optional extended school year for Pennsylvania's public schools.

The private firm operation of public schools.

Information/transaction "kiosks" for purchases and renewals of State documents.

An increase in the use of direct deposits, electronic funds transfers, on-line requests for proposals, and on-line contract bidding systems for State contracts.

An increase in training programs for local government officials for State programs.

A program of flexible benefits for State employees, whereby employees can choose from a menu of benefits to fit their individual needs.

A centralized "idea bank" to facilitate the exchange of innovative and successful programs between governmental units.

Finally, the policy option illustrations which might require further study before implementation are:

Incentives for an increased emphasis on vocational education and training for non-college-bound students.

More flexible rules for minimum public school attendance.

Incentives for school districts to lease buildings for public school use.

An increase in State support for charter schools.

The tying of professional education compensation to student performance.

The redirection of State subsidies for basic and higher education from institutions to students.

An increased use of user fees for State services.

An increased use of the sale and lease-back of State assets.

An increase in turnbacks of State highways to local governments.

A decrease in State mandates to local governments without appropriate funding.

An increased emphasis on counties as the basic unit of local government.

Service efficiency impact statements for State statutes and regulations which affect local governments.

The coordination of the Department of Transportation's district offices with the Department of Environmental Resources' regional offices by making their jurisdictions coterminous.

State incentives for local governments to merge service provisions and to share manpower and equipment.

An investigation of the elimination of duplicative State functions.

Cross-training programs for State employees.

Expanded day-care facilities for State employees.

A service-efficiency-based budget system for the Commonwealth.

The replacement of line-item budgets with service level budgets for State agencies.

The institution of a two-year State budget cycle.

Authority for carry-overs of unspent budgets by State agencies.

Expanded inter-State agency computer and communication networks.

"Credit card" type cards for auto registrations and licenses, as well as comprehensive student records.

A "service credits bank" to provide volunteers who donate in-home services to senior citizens or adults with disabilities with credit for similar services when the volunteer's need arises.



BIBLIOGRAPHY

Allen, Joan W. et al. The Private Sector in State Service Delivery. The Council of State Governments: The Urban Institute Press, 1989.

Ammons, David N. and King, Joseph C. "Productivity Improvement in Local Government." Public Administration Review 43 (March/April, 1983): 113-20.

Ayres, Q. Whitfield and Kettinger, William J. "Information Technology and Models of Government Productivity." Public Administration Review 43 (November/December, 1983): 561-6.

Barzelay, Michael. Breaking through Bureaucracy: A New Vision for Managing Government. Berkeley, CA: University of California Press, 1992.

_____. "Creating an Innovative Managerial Culture: The Minnesota STEP Strategy." The Journal of State Government 60 (July/August, 1987): 166-71.

_____ and Armajani, Babak J. "Managing State Government Operations: Changing Visions of Staff Agencies." Journal of Policy Analysis and Management 9 (Summer, 1990): 307-38.

Bennett, James T. and Johnson, Manuel H. Better Government at Half the Price. Ottawa, IL: Caroline House Publishers, Inc., 1981.

- Calvin, Edward S. and Stafford, Frank P. "Efficient Provision of Employment Service Outputs: A Production Frontier Analysis." The Journal of Human Resource 20 (Fall, 1985): 484-503.
- Carrick, Paul M. "New Evidence on Government Efficiency." Journal of Policy Analysis and Management 7 (Spring, 1988): 518-28.
- Chandler, Timothy and Feuille, Peter. "Municipal Unions and Privatization." Public Administration Review 51 (January/February, 1991): 15-22.
- Coleman, William G. State and Local Government and Public-Private Partnerships. New York: Greenwood Press, 1989.
- Colorado Legislative Council. Legislative Council Report to the Colorado General Assembly. Denver, CO: 1990.
- Denhardt, Robert B. The Pursuit of Significance: Strategies for Managerial Success in Public Organizations. Belmont, CA: Wadsworth Publishing Co., 1993.
- _____. "Productivity Improvement in State Government." Bureaucrat 15 (Summer, 1986): 21-25.
- Dineen, Carole. "Productivity Improvement: It's Our Turn." Bureaucrat 14 (Winter, 1985-86): 10-14.
- Donahue, John D. The Privatization Decision. New York: Basic Books, Inc., 1989.
- Downs, George W. and Larkey, Patrick D. The Search for Government Efficiency. Philadelphia: Temple University Press, 1986.

Dwyer, Paula. "The New Gospel of Good Government." Business Week, 20 January 1992, 66–70.

Ehrenberg, Ronald G. et al. "Unions and Productivity in the Public Sector: A Study of Municipal Libraries." Industrial and Labor Relations Review 36 (January, 1983): 199–213.

Fitzgerald, Randall. When Government Goes Private. New York: Universe Books, 1988.

Florida. The Report of Governor's Commission for Government by the People. Tallahassee, FL: 1991.

Golden, Olivia. "Innovations in Public Sector Human Services Programs: The Implications of Innovation by 'Groping Along'." Journal of Policy Analysis and Management 9 (Spring, 1990): 219–48.

Grosskopf, Shawna and Yaisawarng, Suthahtip. "Economies of Scope in the Provision of Local Public Service." National Tax Journal 43 (March, 1990): 61–74.

Hatry, Harry P. et al. Building Innovation into Program Reviews. Washington, D.C.: The Urban Institute Press, 1989.

Herman, Arthur S. "Productivity in Industry and Government in 1988." Monthly Labor Review 113 (July, 1990): 39–45.

Hoffman, Judith L. "Productivity and Privatization." Bureaucrat 17 (Winter, 1988–89): 17–18.

"How to Make Money Go Further." The Economist 306 (January 9, 1988): 51-2.

Hyde, Albert C. and Gilbert, G. Ronald, eds. "Special Issue on Productivity Improvement in the Public Sector." Public Personnel Management 14 (Winter, 1985): 319-454.

Kelly, Rita Mae. Promoting Productivity in the Public Sector. New York: St. Martin's Press, 1988.

Kent, Calvin A. Entrepreneurship and the Privatizing of Government. New York: Quorum Books, 1987.

Martin, William T. Motivation and Productivity in Public Sector Human Service Organizations. New York: Quorum Books, 1988.

Maryland. Final Report of the Governor's Commission on Efficiency and Economy in Government. Annapolis, MD: 1993.

New York. Annual Reports of the Governor's Management and Productivity Program. Albany, NY: 1989, 1990 and 1991.

Niskanen, William A. Bureaucracy and Representative Government. Chicago: Aldine, 1971.

Osborne, David. Laboratories of Democracy. Boston: Harvard Business School Press, 1988.

_____. "Ten Ways to Turn D.C. Around." Washington Post Magazine, 9 December 1990, 19-42.

_____ and Gaebler, Ted A. Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector. Redding, MA: Addison-Wesley, 1992.

_____ and Gaebler, Ted A. "Bringing Government Back to Life." Governing 5 (February, 1992): 46-50.

Pennsylvania, Committee to Study Pennsylvania's Unified Judicial System. Pennsylvania's Unified Judicial System: An Analysis with Recommendations. By Honorable Thomas W. Pomeroy, Jr., Chairman, 1982.

Pennsylvania, Cost Reduction Study Team. Reducing the Cost of State Government: A Report on Cost Reductions to the Taxpayers of Pennsylvania. By Honorable Walter Baran, Chairman. Harrisburg, 1986.

Pennsylvania. Final Report of the Pennsylvania Tax Commission. By Richard M. Cyert, Chairman. Harrisburg, 1981.

Pennsylvania, Governor's Review of Government Management. Governor's Review--1975. By John E. Angle, Chairman. Harrisburg, 1975.

Pennsylvania, Joint Legislative Committee on Finances. Report on the Organization and Administration of the Government of the Commonwealth of Pennsylvania. Harrisburg, 1934.

Pennsylvania, Joint State Government Commission. Report to the General Assembly of the Commonwealth of Pennsylvania on the Organization and Administration of Pennsylvania's State Government. Harrisburg, 1941.

Pennsylvania, Legislative Budget and Finance Committee. Sunset Performance Audits. Harrisburg, 1983–1991.

Pennsylvania. Report of the Governor's Commission for Modern State Government ("Little Hoover Committee"). By Honorable Robert E. Woodside and Honorable John S. Rice, Co-chairmen. Harrisburg, 1970.

Pennsylvania. Report of the Governor's Judicial Reform Commission. By Honorable Phyllis W. Beck, Chairperson. Bala Cynwyd, 1988.

Pennsylvania. Report of the Commission on Constitutional Revision. By Honorable Robert E. Woodside, Chairman. Harrisburg, 1981.

Pennsylvania. State Government Survey Committee Report. By Francis J. Chesterman, Chairman. Harrisburg, 1953

Peters, Tom. "Excellence in Government? I'm All for It! Maybe." Bureaucrat 20 (Spring, 1991): 3–6.

_____ and Waterman, Robert H., Jr. In Search of Excellence: Lessons from America's Best Run Companies. New York: Warner, 1982.

Rehfuss, John A. Contracting Out in Government. San Francisco: Jossey-Bass Publishers, 1989.

Reid, Gary J. "Measuring Government Performance: The Case of Government Waste." National Tax Journal 42 (March, 1989): 29–44.

- Rosen, Bernard. "Effective Continuity of U.S. Government Operations in Jeopardy." Public Administration Review 43 (September/October 1983): 383–92.
- Sapolsky, Harvey M. et al. "The Call to Rome and Other Obstacles to State-level Innovation." Public Administration Review 43 (March/April, 1987): 135–42.
- Stanion, Theresa, ed. State Legislatures Focus on Business Ventures of Nonprofits. The Business Coalition for Fair Competition, 1989.
- Stein, Jay M. "Public Employee Productivity: Can Outcomes Be Validly Measured at the Jurisdictional Level?" Public Personnel Management 15 (Summer, 1986): 111–117.
- Texas Comptroller of Public Accounts. Breaking the Mold: A Report of the Texas Performance Review. Austin, TX: 1991.
- United States, Office of the Vice President. Creating Government That Works Better and Costs Less. Report of the National Performance Review. Washington, D.C.: U.S. Government Printing Office, 1993.
- Varian, Thomas. Beyond the TQM Mystique: Real-World Perspectives on Total Quality Management. Arlington, VA: American Defense Preparedness Association, 1990.
- Weir, Michael. "Efficiency Measurement in Government." Bureaucrat 13 (Summer, 1984): 38–42.
- Wholey, Joseph S. and Newcomer, Kathryn E. Improving Government Performance: Evaluation Strategies for Strengthening Public Agencies and Programs. San Francisco: Jossey-Bass Publishers, 1989.

Wildavsky, Aaron. The New Politics of the Budgetary Process. Glenview, IL: Scott Foresman, 1988.

Wilson, James Q. Bureaucracy: What Government Agencies Do and Why They Do It. New York: Basic Books, 1989.