

SENATE BILL 511

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2003 Regular Session
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By: **Senators Jones, Britt, Grosfeld, Hogan, Hughes, and Lawlah**
Introduced and read first time: January 31, 2003
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 18, 2003

CHAPTER _____

1 AN ACT concerning

2 **State Agencies - Managing for Results**

3 FOR the purpose of creating the Managing for Results Strategic Planning Committee;
4 providing for membership of the Committee; requiring the Secretary of Budget
5 and Management to serve as chairperson of the Committee; requiring the
6 Committee to provide oversight to certain agencies on developing and
7 implementing a managing for results agency strategic plan; requiring the
8 Committee to develop and submit to the Governor, General Assembly, and the
9 Department of Budget and Management a managing for results State
10 comprehensive plan on or before a certain date; requiring the Committee to
11 review a certain report and select certain objectives and performance measures
12 on or before a certain date; requiring the Committee to meet at least twice a
13 year to evaluate the progress of certain State agencies in achieving the goals
14 developed in the managing for results State comprehensive plan; requiring the
15 Committee to review and update certain goals, objectives, and performance
16 measures on a biennial basis; establishing the term of membership for
17 Committee members; authorizing a member of the Committee to receive
18 reimbursement for certain expenses; authorizing the Department to provide
19 certain staff support for the Committee; requiring the Committee to report on or
20 before a certain date to the Governor and General Assembly on whether certain
21 objectives and performance measures are adequate to measure certain goals, on
22 the progress of certain State agencies in achieving certain goals, and the reasons
23 why certain goals have not been achieved; requiring certain State agencies to
24 select a certain number of goals in conjunction with the Department that are
25 compatible with the managing for results State comprehensive plan, or that are
26 consistent with the mission of the agency; requiring certain State agencies to
27 develop on or before a certain date a managing for results agency strategic plan
28 that includes a mission statement, agency goals, objectives, defined performance

1 measures, a description of methods and indications used to evaluate certain
2 performance measures, including a description of certain internal controls, an
3 identification of certain customers and stakeholders, an analysis of certain
4 resources used to meet certain agency needs, and an analysis of certain
5 performance measures including statistics and estimates for certain periods;
6 requiring certain agencies to maintain documentation of certain internal
7 controls for review by certain auditors; requiring the Department to report to
8 the Committee on or before certain dates on certain agency objectives and
9 performance measures developed in the managing for results agency strategic
10 plan for operations, and the progress made by certain agencies in achieving
11 certain goals; requiring the Department to present to certain committees of the
12 Maryland General Assembly on a certain date a report on the progress of certain
13 agencies in achieving certain goals, and the progress of the Committee on
14 monitoring and evaluating certain goals; authorizing the Department to adopt
15 certain regulations; requesting the Governor to review a certain report and
16 make certain budgetary changes as necessary; requiring the Secretary to
17 include in the draft budget the managing for results agency strategic plan for
18 operations prepared by an agency; requiring the budget books to contain certain
19 limited information from an agency's managing for results agency strategic plan
20 for operations; requiring the Office of Legislative Audits to review certain
21 performance measures; providing certain defined terms; providing for the
22 expiration of terms of certain board members; and generally relating to
23 managing for results.

24 BY adding to

25 Article - State Finance and Procurement
26 Section 3-1001 through 3-1004, inclusive, to be under the new subtitle "Subtitle
27 10. Managing for Results"
28 Annotated Code of Maryland
29 (2001 Replacement Volume and 2002 Supplement)

30 BY repealing and reenacting, with amendments,

31 Article - State Finance and Procurement
32 Section 7-102(a), 7-104(b), and 7-121(a)
33 Annotated Code of Maryland
34 (2001 Replacement Volume and 2002 Supplement)

35 BY repealing and reenacting, with amendments,

36 Article - State Government
37 Section 2-1221(b)
38 Annotated Code of Maryland
39 (1999 Replacement Volume and 2002 Supplement)

40 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
41 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - State Finance and Procurement**

2 SUBTITLE 10. MANAGING FOR RESULTS.

3 3-1001.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.

6 (B) "AGENCY" MEANS AN ENTITY OF THE EXECUTIVE BRANCH OF STATE
7 GOVERNMENT.

8 (C) "GOAL" MEANS THE PURPOSE TOWARD WHICH AN AGENCY DIRECTS ITS
9 EFFORTS TO PRODUCE DESIRED LONG-TERM RESULTS THAT SUPPORT, CLARIFY,
10 AND PROVIDE DIRECTION TO THE AGENCY'S MISSION AND THAT SUPPORT THE
11 APPLICATION OF STATE RESOURCES TOWARD IMPLEMENTATION OF THE MANAGING
12 FOR RESULTS STATE COMPREHENSIVE PLAN.

13 (D) "MANAGING FOR RESULTS" MEANS A FUTURE-ORIENTED PROCESS THAT
14 EMPHASIZES DEPLOYMENT OF RESOURCES TO ACHIEVE MEANINGFUL RESULTS AND
15 INCLUDES PLANNING, ACCOUNTABILITY, AND CONTINUOUS IMPROVEMENT IN
16 AGENCY PERFORMANCE AND BUDGETING.

17 (E) "MISSION" MEANS A SHORT COMPREHENSIVE STATEMENT OF THE
18 REASON FOR AN AGENCY'S EXISTENCE AND INCLUDES A DESCRIPTION OF WHAT AN
19 AGENCY DOES AND FOR WHOM IT DOES IT.

20 (F) "OBJECTIVE" MEANS A SPECIFIC AND MEASURABLE SHORT-TERM TARGET
21 FOR ACHIEVEMENT OF AN AGENCY'S GOALS AND INCLUDES A DESCRIPTION OF THE
22 DESIRED RESULTS AND A TIMETABLE FOR ACCOMPLISHMENT.

23 (G) (1) "PERFORMANCE MEASURE" MEANS A QUANTITATIVE OR
24 QUALITATIVE INDICATOR USED TO ASSESS WHETHER AN AGENCY IS MEETING ITS
25 GOALS AND OBJECTIVES.

26 (2) "PERFORMANCE MEASURE" INCLUDES THE FOLLOWING:

27 (I) AN EFFICIENCY MEASURE THAT EVALUATES HOW WELL AN
28 AGENCY USES RESOURCES TO PRODUCE GOODS OR SERVICES;

29 (II) AN INPUT MEASURE THAT EVALUATES THE AMOUNT OF
30 RESOURCES USED TO PROVIDE GOODS AND SERVICES;

31 (III) AN OUTCOME MEASURE THAT EVALUATES THE RESULTS AN
32 AGENCY ACHIEVES AND THE BENEFITS CUSTOMERS GET FROM THE AGENCY;

33 (IV) AN OUTPUT MEASURE THAT EVALUATES THE AMOUNT OF
34 GOODS AND SERVICES PRODUCED BY THE AGENCY; AND

1 (V) A QUALITY MEASURE THAT EVALUATES THE EFFECTIVENESS
2 OF THE AGENCY IN MEETING:

3 1. AGENCY OBJECTIVES; AND

4 2. THE EXPECTATIONS OF THE AGENCY'S CUSTOMERS AND
5 STAKEHOLDERS.

6 (H) "PLANNING COMMITTEE" MEANS THE MANAGING FOR RESULTS
7 STRATEGIC PLANNING COMMITTEE.

8 (I) "STATE COMPREHENSIVE PLAN" MEANS A STATEMENT OF GOALS WHICH
9 SERVE AS A BROAD DIRECTIVE FOR IMPROVEMENT AND PRESERVATION OF STATE
10 RESOURCES AND SERVICES.

11 (J) "STRATEGIC PLAN" MEANS A STATEMENT OF DIRECTION IMPLEMENTED
12 BY AN AGENCY TO CARRY OUT ITS MISSION.

13 3-1002.

14 (A) THERE IS A MANAGING FOR RESULTS STRATEGIC PLANNING COMMITTEE
15 UNDER THE DEPARTMENT.

16 (B) THE PLANNING COMMITTEE CONSISTS OF THE FOLLOWING MEMBERS:

17 (1) TWO MEMBERS OF THE SENATE APPOINTED BY THE PRESIDENT OF
18 THE SENATE;

19 (2) TWO MEMBERS OF THE HOUSE OF DELEGATES APPOINTED BY THE
20 SPEAKER OF THE HOUSE;

21 (3) THE SECRETARY OF THE DEPARTMENT, OR THE SECRETARY'S
22 DESIGNEE; AND

23 (4) THE FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:

24 (I) SIX REPRESENTATIVES OF AGENCIES, EACH APPOINTED FROM
25 SEPARATE AGENCIES; AND

26 (II) TWO MEMBERS OF THE PUBLIC.

27 (C) THE SECRETARY SHALL SERVE AS CHAIRPERSON OF THE COMMITTEE.

28 (D) (1) THE TERM OF AN APPOINTED MEMBER IS 4 YEARS.

29 (2) THE TERMS OF THE APPOINTED MEMBERS ARE STAGGERED AS
30 REQUIRED BY THE TERMS PROVIDED FOR MEMBERS OF THE COMMITTEE ON JULY 1,
31 2002.

32 (3) AT THE END OF A TERM, AN APPOINTED MEMBER CONTINUES TO
33 SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

1 (4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES
2 ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND
3 QUALIFIES.

4 (5) AN APPOINTED MEMBER MAY NOT SERVE MORE THAN TWO
5 CONSECUTIVE TERMS.

6 (E) A MEMBER MAY NOT RECEIVE COMPENSATION FOR SERVING ON THE
7 PLANNING COMMITTEE, BUT IS ENTITLED TO REIMBURSEMENT FOR EXPENSES
8 UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE
9 BUDGET.

10 (F) THE DEPARTMENT SHALL PROVIDE STAFF SUPPORT FOR THE PLANNING
11 COMMITTEE.

12 (G) THE PLANNING COMMITTEE SHALL:

13 (1) PROVIDE OVERSIGHT OF AGENCIES IN THE DEVELOPMENT AND
14 IMPLEMENTATION OF THE MANAGING FOR RESULTS AGENCY STRATEGIC PLAN
15 REQUIRED UNDER THIS SUBTITLE;

16 (2) DEVELOP AND SUBMIT TO THE GOVERNOR, GENERAL ASSEMBLY,
17 AND DEPARTMENT, ON OR BEFORE JUNE 1 OF EACH EVEN-NUMBERED YEAR, A
18 MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN.

19 (3) REVIEW THE REPORT ON AGENCY OBJECTIVES AND PERFORMANCE
20 MEASURES REQUIRED UNDER THIS SUBTITLE ON OR BEFORE NOVEMBER 1 OF EACH
21 EVEN-NUMBERED YEAR, SELECT APPLICABLE OBJECTIVES AND PERFORMANCE
22 MEASURES THAT CORRESPOND TO THE GOALS DEVELOPED IN THE MANAGING FOR
23 RESULTS STATE COMPREHENSIVE PLAN AND THAT LIMIT THE NUMBER OF
24 PERFORMANCE MEASURES TO NOT MORE THAN 100.

25 (4) MEET AT LEAST TWICE A YEAR TO EVALUATE THE PROGRESS OF
26 AGENCIES IN ACHIEVING THE GOALS DEVELOPED IN THE MANAGING FOR RESULTS
27 STATE COMPREHENSIVE PLAN;

28 (H) ON A BIENNIAL BASIS THE PLANNING COMMITTEE SHALL REVIEW AND
29 UPDATE AS NECESSARY THE:

30 (1) GOALS DEVELOPED IN THE MANAGING FOR RESULTS STATE
31 COMPREHENSIVE PLAN; AND

32 (2) OBJECTIVES AND PERFORMANCE MEASURES SELECTED BY THE
33 PLANNING COMMITTEE.

34 (I) BY DECEMBER 1 OF EACH YEAR, THE PLANNING COMMITTEE SHALL
35 REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT
36 ARTICLE, TO THE GENERAL ASSEMBLY ON THE STATUS OF THE MANAGING FOR
37 RESULTS STATE COMPREHENSIVE PLAN, INCLUDING:

1 (1) WHETHER THE SELECTED OBJECTIVES AND PERFORMANCE
2 MEASURES ARE ADEQUATE TO EVALUATE THE GOALS OF THE MANAGING FOR
3 RESULTS STATE COMPREHENSIVE PLAN;

4 (2) THE PROGRESS OF AGENCIES IN ACHIEVING THE GOALS DEVELOPED
5 IN THE MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN; AND

6 (3) THE REASONS WHY THE GOALS DEVELOPED IN THE MANAGING FOR
7 RESULTS STATE COMPREHENSIVE PLAN HAVE NOT BEEN ACHIEVED.

8 3-1003.

9 (A) ON OR BEFORE JULY 1 OF EACH EVEN-NUMBERED YEAR AN AGENCY, IN
10 CONJUNCTION WITH THE DEPARTMENT, SHALL SELECT NO MORE THAN SIX AGENCY
11 GOALS THAT ARE:

12 (1) COMPATIBLE WITH THE MANAGING FOR RESULTS STATE
13 COMPREHENSIVE PLAN; OR

14 (2) CONSISTENT WITH THE AGENCY'S MISSION IF THE GOALS
15 IDENTIFIED IN THE MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN DO NOT
16 APPLY TO THE AGENCY.

17 (B) ON OR BEFORE AUGUST 31 OF EACH YEAR, AN AGENCY SHALL DEVELOP
18 AND SUBMIT TO THE DEPARTMENT AS PART OF THE BUDGET PROCESS A MANAGING
19 FOR RESULTS AGENCY STRATEGIC PLAN THAT SHALL INCLUDE:

20 (1) A MISSION STATEMENT;

21 (2) A DESCRIPTION OF THE AGENCY'S GOALS;

22 (3) A DESCRIPTION OF THE OBJECTIVES AND PERFORMANCE MEASURES
23 IMPLEMENTED AT THE PROGRAM LEVEL TO ACHIEVE THE AGENCY'S GOALS;

24 (4) AN OPERATIONAL DEFINITION AND DESCRIPTION OF EACH
25 PERFORMANCE MEASURE;

26 (5) A DESCRIPTION OF THE METHODS AND INDICATORS DEVELOPED
27 AND USED TO EVALUATE EACH PERFORMANCE MEASURE, INCLUDING A
28 DESCRIPTION OF THE INTERNAL CONTROLS ESTABLISHED TO ENSURE RELIABILITY
29 OF THE DATA COLLECTED FOR EACH PERFORMANCE MEASURE;

30 (6) AN IDENTIFICATION OF THE CUSTOMERS AND STAKEHOLDERS
31 SERVED;

32 (7) AN ANALYSIS OF THE USE OF RESOURCES TO MEET THE AGENCY'S
33 NEEDS, INCLUDING FUTURE NEEDS, AND AN ESTIMATE OF ADDITIONAL RESOURCES
34 THAT MAY BE NECESSARY TO MEET FUTURE NEEDS; AND

35 (8) AN ANALYSIS OF THE AGENCY'S PERFORMANCE MEASURE DATA,
36 INCLUDING:

1 (I) PERFORMANCE MEASURE STATISTICS FOR THE 2 MOST
2 RECENTLY COMPLETED FISCAL YEARS;

3 (II) PERFORMANCE MEASURE ESTIMATES FOR THE CURRENT YEAR
4 APPROPRIATION AND BUDGET REQUEST YEAR; AND

5 (III) WHETHER THE SELECTED PERFORMANCE MEASURES HAVE
6 ASSISTED THE AGENCY IN MEASURING THE SUCCESS OF THE PREVIOUS FISCAL
7 YEAR'S GOALS AND OBJECTIVES.

8 (C) AN AGENCY SUBJECT TO THIS SUBTITLE SHALL MAINTAIN
9 DOCUMENTATION OF THE INTERNAL CONTROLS ESTABLISHED TO EVALUATE
10 PERFORMANCE MEASURES THAT SHALL BE SUBJECT TO REVIEW BY THE STATE,
11 INCLUDING THE LEGISLATIVE AUDITOR.

12 3-1004.

13 (A) THE DEPARTMENT SHALL REPORT TO THE PLANNING COMMITTEE ON OR
14 BEFORE:

15 (1) OCTOBER 1 OF EACH EVEN-NUMBERED YEAR ON THE AGENCY
16 OBJECTIVES AND PERFORMANCE MEASURES DEVELOPED IN THE MANAGING FOR
17 RESULTS AGENCY STRATEGIC PLAN; AND

18 (2) MAY 1 AND NOVEMBER 1 OF EACH YEAR ON THE PROGRESS MADE BY
19 AGENCIES IN ACHIEVING THE GOALS DEVELOPED IN THE MANAGING FOR RESULTS
20 AGENCY STRATEGIC PLAN.

21 (B) THE DEPARTMENT SHALL PRESENT TO THE SENATE BUDGET AND
22 TAXATION COMMITTEE AND THE HOUSE APPROPRIATIONS COMMITTEE ON THE
23 THIRD WEDNESDAY OF JANUARY OF EACH YEAR A REPORT ON THE PROGRESS OF:

24 (1) AGENCIES IN ACHIEVING THE GOALS DEVELOPED IN THE
25 MANAGING FOR RESULTS AGENCY STRATEGIC PLAN; AND

26 (2) THE PLANNING COMMITTEE ON MONITORING AND EVALUATING THE
27 GOALS DEVELOPED IN THE MANAGING FOR RESULTS STATE COMPREHENSIVE PLAN.

28 (C) THE DEPARTMENT MAY ADOPT REGULATIONS NECESSARY TO
29 IMPLEMENT THE PROVISIONS OF THIS PART.

30 7-102.

31 (a) The General Assembly desires that, during preparation of a proposed
32 budget, the Governor review, thoroughly and in detail, the recommendations of the
33 Spending Affordability Committee AND THE REPORT ON THE STATUS OF MANAGING
34 FOR RESULTS PREPARED BY THE PLANNING COMMITTEE AND MAKE CHANGES TO
35 THE BUDGET AS NECESSARY.

1 7-104.

2 (b) The Secretary shall include in the draft:

3 (1) items for capital improvements; AND

4 (2) THE MANAGING FOR RESULTS AGENCY STRATEGIC PLAN PREPARED
5 BY AN AGENCY AS REQUIRED UNDER TITLE 3, SUBTITLE 10 OF THIS ARTICLE.

6 7-121.

7 (a) The budget books shall contain a section that, by unit of the State
8 government, sets forth, for each program or purpose of that unit:

9 (1) the total number of officers and employees and the number in each
10 job classification:

11 (i) authorized in the State budget for the last full fiscal year and
12 the current fiscal year; and

13 (ii) requested for the next fiscal year;

14 (2) the total amount for salaries of officers and employees and the
15 amount for salaries of each job classification:

16 (i) spent during the last full fiscal year;

17 (ii) authorized in the State budget for the current fiscal year; and

18 (iii) requested for the next fiscal year; [and]

19 (3) an itemized statement of the expenditures for contractual services,
20 supplies and materials, equipment, land and structures, fixed charges, and other
21 operating expenses:

22 (i) made in the last full fiscal year;

23 (ii) authorized in the State budget for the current fiscal year; and

24 (iii) requested for the next fiscal year; AND

25 (4) THE MANAGING FOR RESULTS AGENCY STRATEGIC PLAN REQUIRED
26 UNDER THIS ARTICLE THAT SHALL BE LIMITED TO A DESCRIPTION OF THE AGENCY'S
27 MISSION, GOALS, OBJECTIVES, AND PERFORMANCE MEASURES.

Article - State Government

1 2-1221.

2 (b) (1) Performance audits shall be conducted when authorized by the
3 Legislative Auditor, when directed by the Joint Audit Committee or the Executive
4 Director, or when otherwise required by law.

5 (2) A performance audit conducted by the Office of Legislative Audits
6 may include:

7 (i) a review of the efficiency, effectiveness, and economy with which
8 resources are used; ~~and~~

9 (ii) a review to determine whether desired program results are
10 achieved; AND

11 (III) A REVIEW TO DETERMINE THE RELIABILITY OF PERFORMANCE
12 MEASURES, AS DEFINED IN § 3-1001(G) OF THE STATE FINANCE AND PROCUREMENT
13 ARTICLE, IDENTIFIED IN THE AGENCY MANAGING FOR RESULTS STRATEGIC PLAN
14 DEVELOPED UNDER § 3-1003(B) OF THE STATE FINANCE AND PROCUREMENT
15 ARTICLE.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the initial
17 members of the Managing for Results Strategic Planning Committee established by
18 Section 1 of this Act who are subject to appointment end as follows:

19 (1) four members in fiscal 2006;

20 (2) four members in fiscal 2007; and

21 (3) four members in fiscal 2008.

22 SECTION 3. AND BE IT FURTHER ENACTED, That on or before October 1,
23 2003, the Planning Committee shall report to the Governor and, subject to § 2-1246 of
24 the State Government Article, to the Senate Budget and Taxation Committee and the
25 House Appropriations Committee on the feasibility of providing agency or employee
26 rewards or incentives for achieving statewide goals, or for establishing agency or
27 employee penalties or disincentives for failing to achieve statewide goals.

28 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 2003.

