# ADMINISTRATIVE SERVICES, DEPARTMENT of

## Annual Performance Progress Report (APPR) for Fiscal Year (2013-2014)

Original Submission Date: 2014

Finalize Date: 10/1/2014

| 2013-2014 KPM # | 2013-2014 Approved Key Performance Measures (KPMs) |
|---|---|
| 1 | CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. |
| 2 | FORECAST RELIABILITY - Percent of Advisory Committee and Council Members who rank the reliability of the Office of Economic Analysis' forecasts as good to excellent. |
| 3 | FINANCIAL REPORTING - Number of years out of the last five that State Controller's Division wins GFOA Certificate of Achievement for Excellence in Financial Reporting. |
| 4 | STATE WORKFORCE TURNOVER - Annual turnover rate for the state workforce. |
| 5 | STATE WORKFORCE DIVERSITY - Racial/ethnic diversity in the state workforce as a percentage of the total civilian labor force. |
| 6 | FLEET ADMINSTRATION - Statewide Fleet Administration evaluated as effective by independent party. |
| 7 | RENT COSTS - Uniform rent costs per square foot as a percent of private market rates. |
| 8 | IT GOVERNANCE - Percent of the state's major IT projects with a budget or schedule variance of plus 5% as reported in the quarterly major IT project portfolio report for which a mitigation plan is submitted in response to a DAS requirement. |
| 9 | INFORMATION SECURITY - Overall information security maturity rating based on a sample of state agencies. Rating achieved using a compilation and aggregate score based on the ISO 27002 standard and assigning a rating using the Carnegie-Mellon Capability Maturity Model. (3rd party conducting information security business risk assessments) |
| 12 | PROCUREMENT EFFECTIVENESS - Estimated savings resulting from price agreement pricing compared to prices that would be paid without the benefit of a price agreement. |
| 13 | RISK MANAGEMENT - Annual number of: a) worker's compensation; b) liability; c) property; and, d) total claims per 100 FTE. |
| 14 | SUSTAINABILITY - Percentage reduction in greenhouse gas emissions. |
| 16 | DATA CENTER - Percentage of time systems are available. |

| New Delete | Proposed Key Performance Measures (KPM's) for Biennium 2015-2017 |
|---|---|
| NEW | **Title:** FLEET ADMINSTRATION - Average Miles Per Gallon for DAS Permanently Assigned Fleet Vehicles.<br><br>**Rationale:** The current KPM for DAS Fleet to be "evaluated as effective by independent party" most recently cost the program $48,000 for the review to be conducted by a fleet industry consultant. The program anticipates a similar cost for the upcoming review.<br>Besides the cost to conduct, the KPM only produces a generic statement of whether the program is effective or not. While there is some value for the review to compare the DAS' fleet to industry standards and other states, the current measure does not tie directly to Oregon benchmarks or goals for DAS to manage vehicles toward greater efficiency and cost effectiveness.<br>The proposed change to measure and monitor fuel efficiency aligns with the goal of reducing emissions for cleaner air in the Oregon Benchmark for Environment. In addition, because fuel efficiency is directly related to controlling cost of fuel expense, the proposed measure also provides an indicator of how well DAS is managing cost to operate the state's fleet. |
| NEW | **Title:** FORECAST RELIABILITY - General Fund Forecast Tracking Metric<br><br>**Rationale:** DAS proposes to align the KPM with accurate, easily verifiable data on the forecasting performance of the Office of Economic Analysis. The current KPM (Forecast Reliability- Percent of Advisory Committee and Council Members who rank the reliability of the Office of Economic Analysis' forecasts as good to excellent) is a subjective survey of advisors, whereas the proposed KPM is based on forecast deviation relative to the Close of Session forecast. General Fund forecast accuracy is not only the office's preferred metric, but also the most pertinent to policymakers and legislators. Additionally, forecast tracking is readily available on a quarterly basis and easy to interpret. In recent years, the office has begun asking members of its main advisory committees to vote on the economic outlook during our meetings, which is used to produce the revenue forecast. As such, the underlying premise of the old KPM has continued, however in a slightly different format. One additional reason for the metric change is that in recent years' survey of members, response rates were low. The office's goal in streamlining performance measures across reporting systems is to make them transparent, easily accessible and easy to understand. |
| | |

| New Delete | Proposed Key Performance Measures (KPM's) for Biennium 2015-2017 |
|---|---|
| **NEW** | **Title:** SUSTAINABILITY - Percentage reduction in greenhouse gas emissions.<br><br>**Rationale:** DAS proposes a change to the measure, percentage reduction in greenhouse gas emissions, for several reasons:<br>1. The original measure used a “backcasting” method to estimate Greenhouse Gas emissions for the DAS fleet and DAS buildings back to 1990. Based on that, DAS reported a 59% increase in GHG from 1990 to 2008 but it is unknown how accurate the backcasting estimate is. The data for the 1990 backcasting was also lost during employee layoffs in 2009.<br>2. The goal to reduce GHG emissions to 10% below the 1990 by 2020 and the by 75% by 2050 is not only unrealistic based on the growth of the number of state buildings and the size of the vehicle fleet since 1990, DAS does not have the 1990 data anymore to make the comparison. The proposed change has solid data from 2006 onward to make accurate comparisons and gauge DAS’ success at controlling or reducing GHG emissions to meet the 15% reduction goal by 2020.<br>3. The original measure tracked the % increase or decrease for the current year compared to the previous year. This only shows the change from year to year but the proposed change will show progress from the established baseline of 2006.<br>4. During the examination of previously reported data, DAS found that the vehicle emission data was collected but not included in the calculation for % increase or decrease in recent years. The proposed change will reset the data to include vehicle and building emissions accurately from 2006 to the present. |
| **NEW** | **Title:** DAS WORKFORCE TURNOVER- Annual turnover rate for the DAS workforce<br><br>**Rationale:** The proposed new measure will use the same methodology as the statewide measurement but shift the focus to the agency level. |
| **NEW** | **Title:** DAS WORKFORCE DIVERSITY- Racial/ethnic diversity in the DAS workforce as a percentage of the total civilian labor force<br><br>**Rationale:** The proposed new measure will use the same methodology as the statewide measurement but shift the focus to the agency level. |
| **NEW** | **Title:** RISK MANAGEMENT - Annual number of Severe Worker's Compensation claims per 100 FTE<br><br>**Rationale:** The current KPM for Risk Management measures the annual number of workers’ compensation, liability, property and total combined claims per 100 FTE.<br><br>Workers’ compensation premiums and claims expenses for State of Oregon employees constitute the single biggest expense impacting the Self-Insurance fund. Workers’ compensation claims volume tends to be consistent and allows for better trend analysis over time and is a good barometer of overall risk management across the state. WC also offers the best opportunities for loss mitigation and training. Conversely, liability claims volume has become more volatile with the significant increases to the Oregon tort caps since 2009. |
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| New Delete | Proposed Key Performance Measures (KPM's) for Biennium 2015-2017 |
|---|---|
| **NEW** | **Title:** FINANCIAL REPORTING - Percent of Agencies receiving Gold Star Award (The Gold Star Award is the state agency equivalent of the GFOA Certificate of Achievement for Excellence in Financial Reporting)<br><br>**Rationale:** Original measure: FINANCIAL REPORTING - Number of years out of the last five that State Controller's Division wins GFOA Certificate of Achievement for Excellence in Financial Reporting.<br>We are proposing a change to the measure to more accurately reflect the quality of the work performed by state agencies in preparing the information that will eventually be reported in the CAFR. As a state, Oregon has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association each year since 1996. In order to continue to receive this annual recognition, we want to change the measure to report the percentage of agencies that receive the Gold Star, which is modeled off the GFOA certificate. Continuing to recognize the excellence of state agencies as they prepare their financial reports simplifies the process of compiling the statewide information. |
| **NEW** | **Title:** RENT COSTS - DAS negotiated lease rates in private sector vs. average market rates.<br><br>**Rationale:** The current measurement "Uniform rent costs per square foot as a percent of private market rates" is an important comparison of the private industry to lease rates in state-owned buildings and will continue to be reported internally within DAS. The suggested replacement is more indicative of Real Estate Services performance. The proposed metric indicates how close to market the State's lease rate is in the last quarter of the fiscal year. |
| **DELETE** | **Title:** FORECAST RELIABILITY - Percent of Advisory Committee and Council Members who rank the reliability of the Office of Economic Analysis' forecasts as good to excellent.<br><br>**Rationale:** |
| **DELETE** | **Title:** FINANCIAL REPORTING - Number of years out of the last five that State Controller's Division wins GFOA Certificate of Achievement for Excellence in Financial Reporting.<br><br>**Rationale:** |
| **DELETE** | **Title:** RENT COSTS - Uniform rent costs per square foot as a percent of private market rates.<br><br>**Rationale:** |
| | |

| New Delete | Proposed Key Performance Measures (KPM's) for Biennium 2015-2017 |
|---|---|
| **DELETE** | **Title:** IT GOVERNANCE - Percent of the state's major IT projects with a budget or schedule variance of plus 5% as reported in the quarterly major IT project portfolio report for which a mitigation plan is submitted in response to a DAS requirement.<br><br>**Rationale:** **Request & Recommendation**: Remove the CIO Division's KPM #8 – IT Governance-"Percent of the state's major IT projects with a budget or schedule variance of plus 5% as reported in the quarterly major IT project portfolio report for which a mitigation plan is submitted in response to a DAS requirement" from the DAS/CIO KPM listing. During this annual review cycle, KPM #8 was reviewed and considered in relation to its meaning, purpose, and usefulness. As a result of this review and recent discussions within the CIO Division, KPM #8 does not serve a logical or business purpose and should be removed from the CIO Division's KPM listing. **Background Information**: Feedback was provided within the CIO Division, and primary comments provided by Ying Kwong are summarized in quotations below. "I do not agree with the metric KPM #8 as stated: IT Governance – Percent of the state's major IT projects with a budget or schedule variance of plus 5% as reported in the quarterly major IT project portfolio report for which a mitigation plan is submitted in response to a DAS requirement." "This is a monitoring metric -- not to be tracked for performance of anything. In relation to this metric: ...is a sort of numerical "average" of project budget-schedule statues for projects in the state's major IT projects portfolio. It can be precisely defined, but cannot be precisely interpreted. At best, it can be used for monitoring purpose, and there is no target that I would personally consider sensible -- whether from the perspective of first principles (of project management, information technology, software engineering, management science) or from industry experience / statistics. I recommend no quantitative target be assigned." In relation to the bar chart, "it should be eliminated, because its trend over time communicates no information. Also, in this chart, 100% implies some sort of goal and, if achieved, means that all projects would be green (if the original "plus 5%" language is used) or would be green or yellow and, therefore, not red. Projects have different sizes, durations, and complexity and, thus, have different risk profiles over their respective life cycles. Our purpose for tracking project statuses is not to aim for all projects being green or no project being red in any given period or periods." **Important note**: The ratings methodology for Major IT Projects, as used in the quarterly Major IT Projects Portfolio Report, are in the process of being revised jointly by our office and the LFO, and is currently a work in progress. |
| **DELETE** | **Title:** FLEET ADMINSTRATION - Statewide Fleet Administration evaluated as effective by independent party.<br><br>**Rationale:** |
| **DELETE** | **Title:** RISK MANAGEMENT - Annual number of: a) worker's compensation; b) liability; c) property; and, d) total claims per 100 FTE.<br><br>**Rationale:** |
| **DELETE** | **Title:** SUSTAINABILITY - Percentage reduction in greenhouse gas emissions.<br><br>**Rationale:** |

| ADMINISTRATIVE SERVICES, DEPARTMENT of | I. EXECUTIVE SUMMARY |
|---|---|
| **Agency Mission:** Lead the pursuit of excellence in state government. | |

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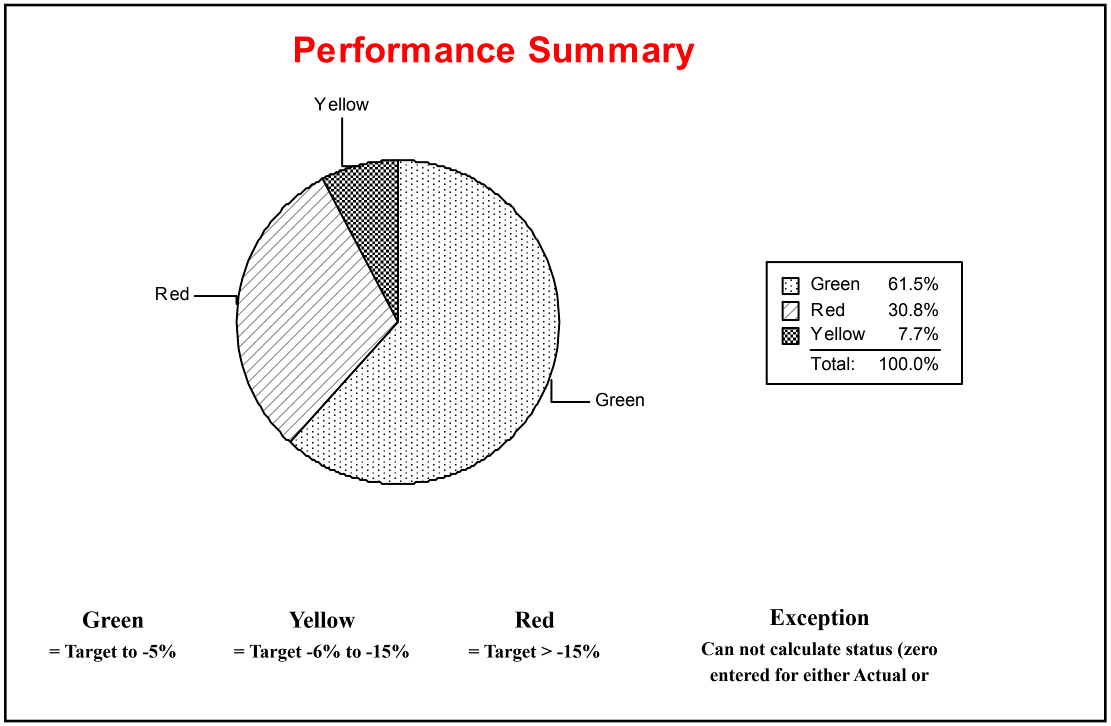
|---|---|---|---|
| **Contact:** | Donna Haole-Valenzuela | **Contact Phone:** | 503-378-2277 |
| **Alternate:** | Sarah Jo Chaplen | **Alternate Phone:** | 503-378-4691 |




## 1. SCOPE OF REPORT

The Department of Administrative Services (DAS) is the central agency for the administration and support of the Executive Branch of state government, providing a wide range of governance functions and services to all agencies, boards and commissions including statewide policy development, planning and coordination of statewide initiatives and service delivery through thirteen service delivery Programs or Divisions grouped into four service delivery organizational areas: Enterprise Technology Services, Enterprise Goods and Services, Enterprise Asset Management and Enterprise Human Resource Services. The purpose of this annual report is to summarize DAS's performance and communicate results achieved in the 2013-14 fiscal year for each key performance measure legislatively approved for this reporting period. While the primary audience for this report is the Oregon Legislature, it is also a communication tool about DAS performance for all Oregon state government agencies, boards and commission, DAS staff, and the public. Key performance measures are those highest-level, most outcome-oriented performance measures that are used to report externally to the Legislature and interested state agencies, staff and citizens. Key performance measures communicate in quantitative terms how well the agency is achieving its mission and goals. DAS tracks more detailed performance measures for management purposes, and also produces and publishes quarterly reports with performance data for key customer facing measures across all programs responsible for delivering administrative services to Oregon state agencies, boards and commissions. This report includes performance data for thirteen key performance measures (KPMs) legislatively approved for DAS during the 2013- 2014 fiscal year, as well as a list of newly proposed KPMs or adjustments to existing KPMs for the 2015-17 biennium. The data in this report reflects performance against established targets for multiple policy areas and service delivery programs within DAS, including: a) statewide economic analysis, financial and budgetary, information technology and human resource policy areas, and 2) key service delivery programs such as facility leasing services, fleet, procurement, or technology services. DAS KPMs are aligned with the current DAS Strategic Plan, which was modified in 2013 to adjust to the new agency organization structure effective in July 2012. Thus, each KPM in the report is mapped to one of the three long term outcome goals identified in our strategic plan: 1) Effective, high-quality leadership, governance and oversight; 2) The right service, at the right time, for the right price and 3) A knowledgeable, skilled, diverse and engaged workforce.

**2. THE OREGON CONTEXT**

DAS's mission, outcome goals and strategies are well aligned with the 10-year strategic plan for Oregon launched in 2011 by the Governor's Office. This long-term strategic plan identifies six outcome areas reflective of citizen desires for their state government: Education, Healthy People, Economy and Jobs, Healthy Environment, Safety and Improving Government. Each of these six outcome areas includes an outcome statement, which, in the Improving Government case, is "Government will be trustworthy, responsive and solve problems in a financially sustainable way."

**3. PERFORMANCE SUMMARY**

The performance results are grouped into three categories: Green, Yellow and Red. Of the current set of 13 measures 8 are green, 1 is yellow and 4 are red.

**4. CHALLENGES**

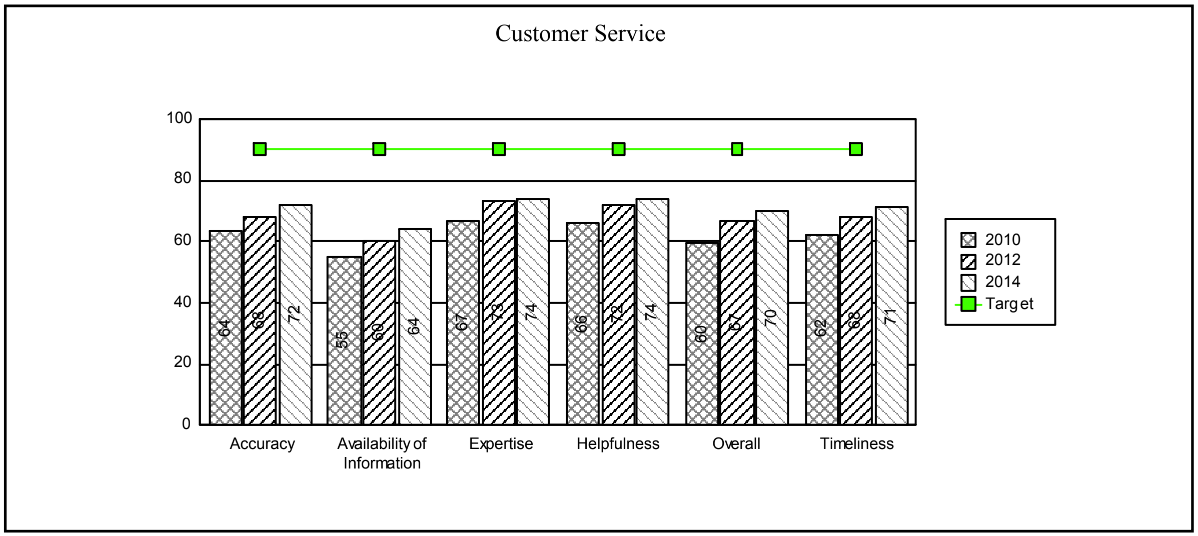
1. DAS continues to address two challenges related to the use of performance measures in our agency. The first challenge is becoming a data-driven organization, using effective and meaningful performance measures as a management tool to improve agency wide, division, program, unit and individual performance and to track our success towards meeting our strategic objectives. Over the last 2 years, DAS' leadership team has implemented two initiatives aimed at helping the department become a more data driven organization: 1) In 2013 DAS implemented a new agency-wide performance management system with quarterly reporting and review of performance results by the Executive team. This management system is comprised of 14 performance measures aimed at tracking the attainment of our outcome goals and related strategies, and 60 process measures tracking performance of all policy and service delivery units of DAS. 2) In 2013 DAS launched a project to implement Service Level Agreements to ensure both DAS staff and customers agree on how services will be performed and the performance expectations of those services. The conditions of each agreement established that quarterly and yearly performance reports be

published by DAS and reviewed by DAS and customers.2. The second challenge is to better align the performance measures used to track strategic goals or for internal management purposes with the legislatively approved KPMs. As discussed above, this challenge is being addressed by the implementation in 2013 of a new performance management framework aligned with the DAS strategic plan. From this new framework, a balanced scorecard of performance measures based off of DAS' strategies and processes was developed and is reviewed quarterly. In an effort to continue using the most effective and meaningful measurements DAS is proposing using a selection of these measures in place of current KPMs. We expect the proposed measures to provide meaningful information on how well DAS is fulfilling its mission and vision.

## 5. RESOURCES AND EFFICIENCY

The DAS Legislative Approved Budget total for the 2013-15 biennium is $1,055,495,372. Approximately 44 percent of this budget is for non-operating expenditures such as general fund distributions, pension bonds and other debt service. Remaining funds, which are largely fees and assessments, cover DAS operations. Assessments are charges to agencies based on an allocation formula. Fees are monies collected for services provided by DAS.

| KPM #1 | CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | 2006 |
|---|---|---|
| **Goal** | The right service, at the right time, for the right price | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | DAS' Biennial Customer Satisfaction Survey | |
| **Owner** | Sarah Jo Chaplen, Chief Operating Office, 503-378-4691 | |




## 1. OUR STRATEGY

The strategy is to foster excellent customer relations, which links to the DAS strategic planning goal of excellent customer service.

## 2. ABOUT THE TARGETS

The target was set at 90 percent for all service criteria.This value was selected based on the department's commitment to excellent customer service.

## 3. HOW WE ARE DOING

Satisfaction ratings in all customer service categories have increased from the prior 2012 results, and have been trending upward over the last two biennia. **"Overall satisfaction" with DAS services increased by 3 percentage points from the 2012 results, matching the highest recorded 2009 levels, with 70 percent of respondents indicating they were satisfied or very satisfied with the selected services provided by DAS.** "Knowledge and Expertise" and "Helpfulness" service attributes received the highest rating, with 74 percent of respondents indicating they were satisfied or very satisfied with these attributes for the selected services provided by DAS. "Availability of Information" received the lowest rating with 64 percent of respondents indicating they were satisfied or very satisfied with this service attribute for the selected services provided by DAS. Despite receiving the lowest rating, "Availability of Information" increased by 4 percentage points from the 2012 levels.

## 4. HOW WE COMPARE

While other state and Federal agencies do customer satisfaction surveys, there is no known comparable agency that aligns with the department's customer pool and survey methodology.

## 5. FACTORS AFFECTING RESULTS

The increase in customer satisfaction with DAS services coincides with the implementation and continued operations of four Customer Utility Boards (CUBs), which provide customer agencies with a meaningful voice in the cost, type and quality of utility services provided by DAS. Under the oversight of the Customer Utility Boards, DAS and customer agency representatives have jointly developed Service Level Agreements for the majority of the service delivery programs, and have partnered to analyze, adjust and approve rates and rate methodologies for all services provided by DAS. Other contributing factors include: a) Enhanced statewide governance efforts, with the launch by the Chief Operating Office of two new statewide governance committees (Enterprise Leadership Team and Improving Government) and ongoing All-Agency Head meetings and b) The implementation of Entrepreneurial Management in July of 2012, an innovative public management model that uses customer choice, competition, and policy / service separation to increase customer satisfaction.

## 6. WHAT NEEDS TO BE DONE

DAS leadership considers excellent customer service as a strategic pillar and will continue to sustain and expand on the initiatives launched over the last three years to improve customer satisfaction. Over the next two years DAS will continue to partner with our customer agencies to review service rates and to complete the development and implementation of service level agreements for the totality of service delivery Programs, ensuring that service levels are commensurate with the rates charged for each service. Through the Enterprise Leadership Team, Improving Government and All-Agency Head meetings, the Chief Operating Office of DAS will continue to engage agency leaders in setting the vision and strategies for Oregon State Government, and identifying the initiatives needed to achieve long-term outcomes.

**7. ABOUT THE DATA**

The data reported corresponds to the July 1 2013- June 30 2014 fiscal year. The methodology used for this report was identical to the methodology used for the last report published in 2012. The same question set and survey design were used, although there were changes to the list of services included on the survey to more accurately reflect the service structure of DAS that resulted from the agency-wide reorganization effective in July 2012. The surveys were sent to a stratified random sample of 15% of the population of each customer agency of DAS. The methodology used gave the entire selected customer population the opportunity to evaluate the service criteria for all department service areas comprising 64 individual services , although respondents, on average, provided ratings for only 3.1 services. This indicates that on average survey respondents provided ratings on services or service areas they most frequently interact with or buy services from.

| KPM #2 | FORECAST RELIABILITY - Percent of Advisory Committee and Council Members who rank the reliability of the Office of Economic Analysis' forecasts as good to excellent. | 2007 |
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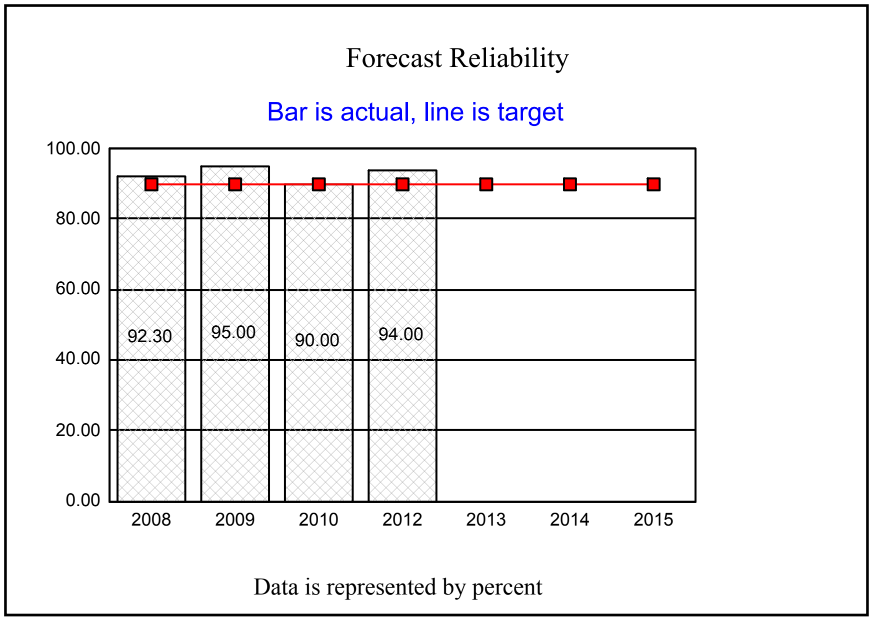
|---|---|
| **Goal** | Effective, high quality leadership, governance and oversight |
| **Oregon Context** | Serve state government to benefit the people of Oregon |
| **Data Source** | Bi-annual survey completed by the Office of Economic Analysis |
| **Owner** | Mark McMullen, Chief Operating Office, Office of Economic Analysis, 503-378-3455 |




## 1. OUR STRATEGY

This measure links to the DAS strategy of providing a culture of continuous improvement and by delivering on our commitments and using data to derive decisions on performance. Specifically, OEA strives to produce the most reliable Oregon Economic and Revenue Forecast possible each quarter and each biennium.

**2. ABOUT THE TARGETS**

The targets were set to keep in line with the DAS Customer Service Survey targets. The performance measure target is at least 90 percent of OEA's advisors who deem the office's forecasts' reliability as good to excellent.

**3. HOW WE ARE DOING**

The results are up from 2008's recent low point where the Great Recession's depth and duration resulted in less accurate forecasts. In each of the three most recent surveys, OEA has met or exceed the performance target. There is no survey planned for 2014.

**4. HOW WE COMPARE**

The OEA results are typically higher than results of similar surveys in other areas of the Agency, based on previous DAS Customer Surveys. Even so, it is not appropriate to draw too many conclusions from comparative analysis based on a relatively small sample size. Similar survey results or forecast errors from other states are not published that we know of.

**5. FACTORS AFFECTING RESULTS**

Rapid changes in the economy increase the difficulty in forecasting. After a forecast is published, unanticipated changes such as legislation, federal and state mandates can impact results. Furthermore, the population from which the survey is based – OEA's advisory committee and council – is still too small to draw too many conclusions from the data.

**6. WHAT NEEDS TO BE DONE**

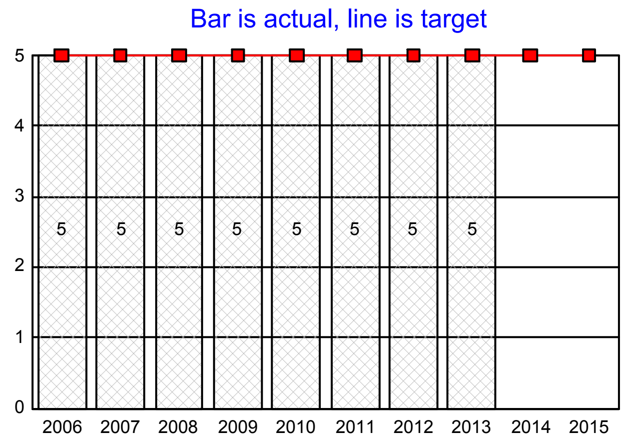
The sample size and response rate of the survey should be increased. Additionally, OEA needs to monitor the direction of errors to determine if their size is changing or if the forecast is consistently too high or too low.

**7. ABOUT THE DATA**

Data prior to 2007 are from the DAS Annual Customer Service Survey. Data since 2007 are from a direct survey administered by OEA with the assistance of DAS Business Services. Beginning with the 2011-13 biennium, the survey is being conducted once per biennium every even year. The latest results revealed a rating of 94 from 17 responses out of the 36 advisors solicited. The response rate was 47 percent.

| KPM #3 | FINANCIAL REPORTING - Number of years out of the last five that State Controller's Division wins GFOA Certificate of Achievement for Excellence in Financial Reporting. | 1999 |
|---|---|---|
| **Goal** | Effective, high quality leadership, governance and oversight | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | GFOA coordinates the review and awards the certificate. | |
| **Owner** | Rob Hamilton, Chieft Financial Office, 503-373-0299 | |

Financial Reporting




Data is represented by number

**1. OUR STRATEGY**

The Chief Financial Office’s strategy is to efficiently and effectively manage and coordinate financial reporting activities by: documenting/updating/streamlining our financial reporting processes (internal procedures manual; detailed agency disclosures packages; detailed fund compilation procedures; detailed footnote procedures; quality review checklists; agency guidebook); maintaining the compilation software and other technological tools used to compile the financial statements, including upgrades when appropriate; providing clearly written statewide accounting policies for agencies; providing relevant training for agencies on accounting and financial reporting; attracting highly qualified professional employees; and providing staff appropriate opportunities for continuing professional development.

## 2. ABOUT THE TARGETS

Publication of the state's Comprehensive Annual Financial Report (CAFR) is a statutory requirement. ORS 291.040 requires the Department of Administrative Services to prepare a financial report in accordance with current, generally accepted accounting principles (GAAP). Achievement of the GFOA award recognizes that the State of Oregon goes beyond the minimum requirements of generally accepted accounting principles to prepare a CAFR that evidences the spirit of transparency and full disclosure. This goal was selected because it demonstrates the Chief Financial Office's commitment to efficiently and effectively utilizing its resources to achieve excellence in financial reporting.

## 3. HOW WE ARE DOING

The Chief Financial Office has been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting 22 years in a row (through the FY 2013 CAFR). Results for the FY 2014 CAFR will be announced in August/September 2015.

## 4. HOW WE COMPARE

Participation in the GFOA Certificate of Achievement program is voluntary. For FY 2009, 39 of the 41 states that submitted their CAFRs for review received the award. For FY 2010, 39 states out 42 participants received the award. For FY 2011, 42 received the award (the total number of applicants was not published). For FY 2012, 42 states received the award (the total number of applicants was once again not published). The source of these statistics is the GFOA. The statistical reports for FY 2013 are not currently available.

## 5. FACTORS AFFECTING RESULTS

The extent and complexity of new accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB) affects our ability to achieve the GFOA award. Implementation of new standards on a statewide basis requires focused resources to plan, modify systems as needed, update policies, and provide training to state agencies. Other factors affecting results include fiscal staffing levels at state agencies, level of staff expertise, turnover, and the ability of each agency to provide timely and accurate information for the fiscal year end closing.

## 6. WHAT NEEDS TO BE DONE

The CFO needs to recruit and retain highly competent professionals and invest in staff training to keep abreast of new accounting and financial reporting standards. In addition, the CFO needs to continue to commit sufficient resources to plan for implementation of new standards, modify/upgrade systems as needed, and provide clear guidance through policies and training for agency fiscal services staff.

## 7. ABOUT THE DATA

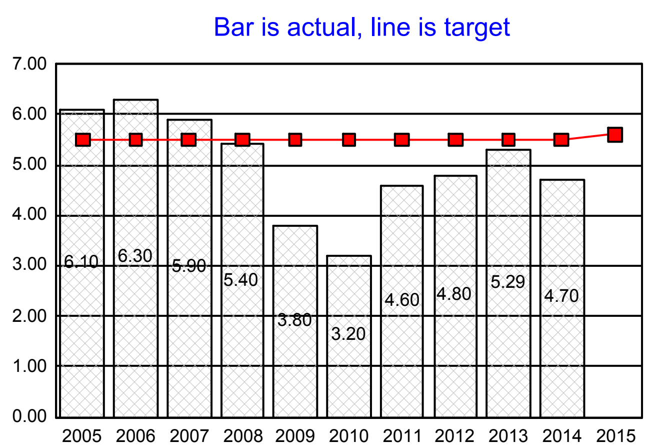
The data reported in the CAFR is based on Oregon's fiscal year, which ends June 30. Agency data is aggregated and presented at the reporting fund level, commonly referred to as the GAAP fund level. (GAAP stands for generally accepted accounting principles.) GAAP funds represent the state's major governmental functions on a cross-agency basis. Agencies provide detail information through completion of annual disclosure packages.

Data presented in the CAFR is accounted for and reported in accordance with standards issued by the Governmental Accounting Standards Board (GASB). To ensure compliance with these standards, Secretary of State, Audits Division issues an opinion on the CAFR as part of the annual statewide financial audit.

Results of the GFOA review program are based on an independent, objective analysis performed by members of the GFOA's Special Review Committee.

| KPM #4 | STATE WORKFORCE TURNOVER - Annual turnover rate for the state workforce. | 1999 |
|---|---|---|
| **Goal** | A knowledgeable, skilled, diverse and engaged workforce | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | Reports taken from the statewide position and personnel database (PPDB) | |
| **Owner** | Madilyn Zike, Chief Human Resources Office, (503) 378-3020 | |

State Workforce Turnover




Data is represented by percent

## 1. OUR STRATEGY

The strategy is to invest in our employees' development, create a work environment and employment opportunities to attract diverse and skilled workers.

## 2. ABOUT THE TARGETS

The target was set at 5.5% as it was considered an acceptable turnover rate for a stable workforce.

## 3. HOW WE ARE DOING

The state's resignation rate for FY 13-14 of 4.70% was less than the 5.5% level we consider to be the maximum desirable rate. A 4.8% resignation rate is indicative of a stable workforce.

## 4. HOW WE COMPARE

Oregon compares favorably with nationwide turnover data from the U.S. Department of Labor. The U.S. Department of Labor's statistics on the resignation rate for state and local governments in the U.S. was 6.6% for 2011, 7.4% for 2012, and 7.5% for 2013.

## 5. FACTORS AFFECTING RESULTS

The slight improvement in the economy is a factor affecting the results. Employees have begun to look at alternative employment opportunities.The following tables list reasons for employees leaving the state workforce in FY 2013-14; Table 1 lists the top five primary reasons for leaving and Table 2 lists the top five secondary reasons given for leaving state service.

*Table 1 - Primary Reason for Leaving (Top 5)
Other- 921
58.96%
In-State Public Sector- 162
10.37%
In-State Private Sector- 151
9.67%
Relocation- 116
7.43%
Stay Home- 110
7.04%

*Table 2 – Secondary Reason for Leaving (Top 5)
Personal/Not Disclosed- 1181
75.61%
Own or Family Member Health Reason- 135
8.64%
Work/Life Balance Issues- 67
4.29%
Change of Duties- 49
3.14%
Compensation or Benefit Issues- 46
2.94%

## 6. WHAT NEEDS TO BE DONE

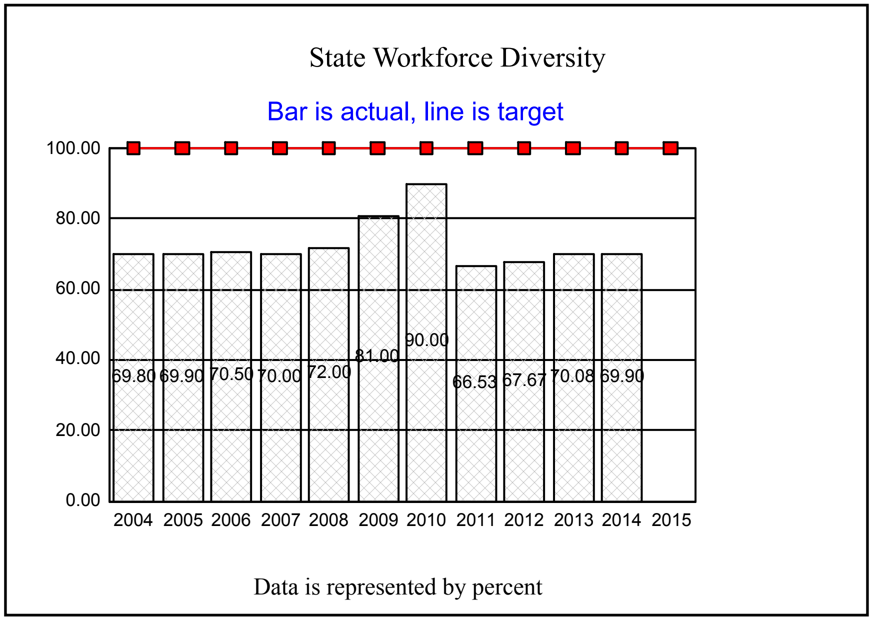
The state needs to continue to request departing employees participate in the voluntary exit survey tool in order to obtain accurate and complete data to help determine why employees are leaving state service. Over half of departing employees elected to resign without designating a reason which affects the accuracy of effective analysis.

## 7. ABOUT THE DATA

The state's turnover rate is based on voluntary separations (excluding retirements) between July 1, 2013 and June 30, 2014. Obtaining a higher percentage of completed exit surveys will increase the Department's confidence level in identifying issues or trends which need to be addressed. Data represents fiscal year reporting ending in June.

| KPM #5 | STATE WORKFORCE DIVERSITY - Racial/ethnic diversity in the state workforce as a percentage of the total civilian labor force. | 1999 |
|---|---|---|

| | |
|---|---|
| **Goal** | A knowledgeable, skilled, diverse and engaged workforce |
| **Oregon Context** | Serve state government to benefit the people of Oregon |
| **Data Source** | Reports taken from the statewide position and personnel database (PPDB) and Oregon Employment Department workforce analysis report. |
| **Owner** | Madilyn Zike, Chief Human Resources Office, (503) 378-3020 |




## 1. OUR STRATEGY

The strategy is to invest in our employees’ development, create a work environment and employment opportunities to attract diverse and skilled workers.

**2. ABOUT THE TARGETS**

The target was set at 100 percent. This value was selected to represent the State's commitment to cultural diversity in the workplace. As one of Oregon's largest employers, the State must set the example for other employers by striving to have a workforce that is as diverse as Oregon's workforce.

**3. HOW WE ARE DOING**

Between 2004 and 2010, the State made modest progress toward reaching its target. In 2008 the diversity of the State’s workforce was 9.5%. In 2012, the State increased the racial and ethnic diversity of its workforce to 13.67%; an increase of more than 4%. In 2013 the diversity of the states work for rose slightly to 13.80%.

However, this progress did not keep pace with the rapid diversification of Oregon’s civilian workforce. According to Oregon Employment Department estimates, the percentage of Oregon’s civilian workforce identified as belonging to a minority group in 2009 was 18.7%. As of 2011, this percentage jumped to 20.1%. As of 2012, the most recent Data from the Oregon Employment Department American Community Survey lists the percentage of minority groups belonging to the Oregon Civilian workforce at 20.8%.

**4. HOW WE COMPARE**

As of September 2011, the percentage of the Federal Workforce belonging to a minority group was 34.1% with the percentage of minorities in the U.S. civilian workforce being 30%. While the diversity of the Federal workforce exceeds that of the civilian workforce, the state has not kept pace with the rapidly growing diversity of Oregon’s civilian workforce. The most current data available from 2012 shows the percentage has risen to 34.9%.

**5. FACTORS AFFECTING RESULTS**

Many ethnic communities do not consider the State of Oregon as a potential employer. The State, as one of Oregon’s largest employers, has not been adequately marketed to these groups. Additionally, much of Oregon’s diversity is concentrated in the Portland metropolitan area while the bulk of our job opportunities in state government are located in Salem.

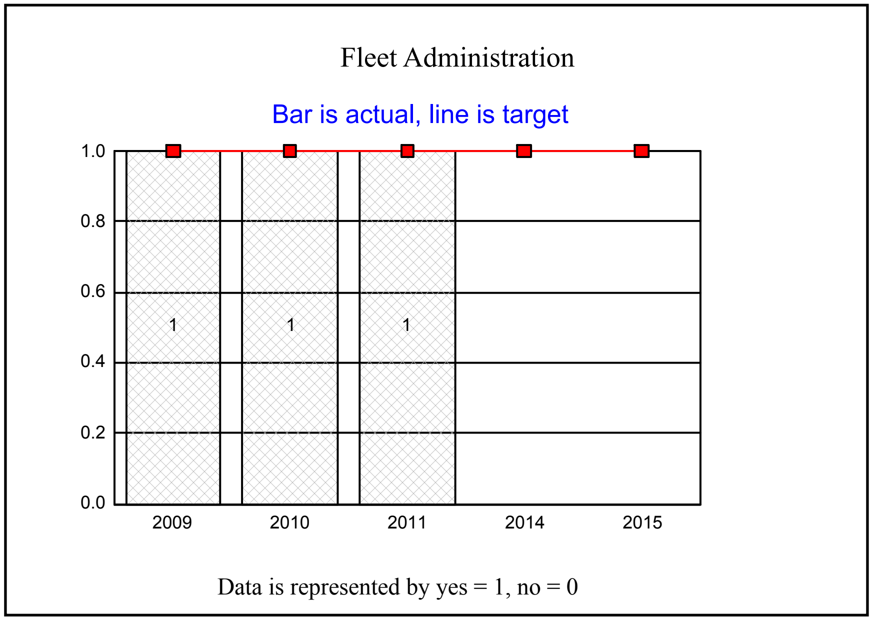
**6. WHAT NEEDS TO BE DONE**

A more concentrated effort needs to be made to market the state’s employment opportunities to ethnic minority communities. Work still remains to be done on recruitment policies and procedures to work toward the employment of ethnic minorities. Ensuring that state agencies are actively recruiting candidates in the Oregon's more diverse communities through employment fairs, civic groups and educational institutions is one means of increasing the diversity of our applicant pools.

## 7. ABOUT THE DATA

Oregon's civilian workforce data is obtained by the Oregon Employment Department from the American Community Survey's 1-year estimates. State of Oregon Employment Numbers are taken from the Statewide Position and Personnel Database (PPDB). Data represents the fiscal year ending in June 2014.

| KPM #6 | FLEET ADMINSTRATION - Statewide Fleet Administration evaluated as effective by independent party. | 2007 |
|---|---|---|
| **Goal** | The right service, at the right time, for the right price | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | DAS Fleet systems, other fleet systems | |
| **Owner** | Brian King, Enterprise Asset Management, 503-373-7723 | |




## 1. OUR STRATEGY

To evaluate DAS Fleet to ensure industry best practices are being followed and the Fleet operates efficiently and cost effectively.

## 2. ABOUT THE TARGETS

The primary target is the third party evaluation and review by a qualified consulting firm with the knowledge, expertise and industry contacts to perform an in depth and meaningful analysis of the program's effective management of the state's vehicle resources. The review is a combination of comparing DAS Fleet's practices with industry standards and with other fleets to establish the overall effectiveness.

The second biennial review target is set in ORS 283.343. At least biennially, the Oregon Department of Administrative Services shall examine compliance with rules adopted pursuant to ORS 283.340 by state agencies owning vehicles. The department shall submit biennially to the Joint Legislative Audit Committee a management report on state-owned motor vehicles that includes: (1) Summaries of agency compliance examinations, with specific emphasis on non-complying state agency fleets; (2) Numbers of motor vehicles, listed by model and by state agency; (3) Mileage utilization of motor vehicles, listed by state agency; (4) Operating cost per mile of motor vehicles, listed by state agency; and (5) Recommendations for increasing motor vehicle utilization, for decreasing the overall motor vehicle population and for absorbing non-complying state agency fleets into the motor pool.

## 3. HOW WE ARE DOING

The third party review was completed by Mercury Associates Inc in October of 2011 and reviewed fiscal years 2009, 2010, and 2011. The report required in ORS 283.343 was completed and submitted to the Joint Legislative Audit Committee.

The review for fiscal years 2012, 2013, and 2014 is not scheduled for completion until November of 2014. However, the estimated cost to perform the review is $50,000 and this expenditure is on DAS Fleet list of 091 budget reductions. Should this reduction be accepted, the review will not be done and the KPM will not be reported in the.

## 4. HOW WE COMPARE

For 2009, 2010, and 2011, DAS Fleet was found to be effective in its vehicle management. From the Mercury Associates Inc review, *"The State of Oregon's Statewide Fleet Administration is an effective fleet management operation compared to the states included in this review. In fact, since MAI has worked with over 30 state fleet operations over the past several years, we can conclude that SFA is effective compared to most other state fleet programs. While there are certainly areas where improvement opportunities exist, the overall program meets or exceeds best management practices in several critical areas."*

## 5. FACTORS AFFECTING RESULTS

Budget reductions over the last two biennia have limited the program's ability to implement some of the improvements recommended in the reviews. However, the program has also used the reductions as an opportunity to enhance cross agency cooperation and improve management of low use vehicles, seasonal rental vehicles, and supply usage data to educate agencies on ways to manage vehicles more cost effectively.

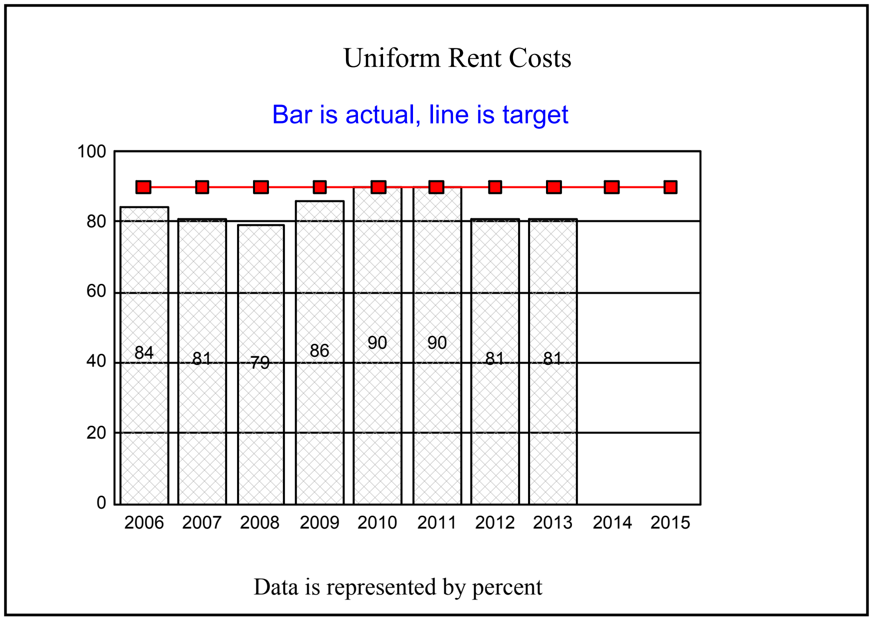
## 6. WHAT NEEDS TO BE DONE

Review the need to continue external reviews of the Fleet in future biennia; cost of the most recent review was $42,000. Establish and commit to long range fleet budgeting for implementing improvement strategies that reduce overall cost of operating vehicles used for state business.

## 7. ABOUT THE DATA

Data for the review was collected from other state fleets by Mercury Associates Inc. Data for the ORS 283.343 report was collected by DAS Fleet from its fleet management software and from information provided from the other Oregon state agency fleets.

| KPM #7 | RENT COSTS - Uniform rent costs per square foot as a percent of private market rates. | 1999 |
|---|---|---|
| **Goal** | Right service, at the right time, for the right price | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | State office costs compared to private sector Salem/Keizer market rates, based on market data derived from CoStar Group, Inc. (NASDAQ-CSGP) | |
| **Owner** | Shannon Ryan, Enterprise Asset Management, 503-428-3362 | |




## 1. OUR STRATEGY

The strategy is to provide a culture of continuous improvement by delivering on our commitments and using data to derive decisions on performance.

## 2. ABOUT THE TARGETS

The measure compares private industry lease rates to the rate charged in DAS owned office buildings. DAS-owned rates are compared to sub-market rates in which they reside, specifically; the Lloyd submarket in Portland and the central business districts in Salem and Eugene. This key measure analysis focuses on the Salem central business district as that is where the vast majority of DAS-owned buildings are located. State office lease rates are considered equivalent to private market rates when the performance is at 100 percent. In pursing cost containment strategies, a target was set at a value below private industry rates. Successful performance achieves a percentage rate that is at or below 90% of the private market rate.

## 3. HOW WE ARE DOING

The mission of DAS Facilities is to provide well maintained buildings at a good value for our tenants, state agencies. DAS Facilities also represents state agencies in leasing private sector buildings throughout the state; comparing costs between Uniform Rent and private leases demonstrates DAS Facilities to be a value oriented building owner while at the same time securing fair and equitable leases in the private sector.

## 4. HOW WE COMPARE

The market data is extrapolated from CoStar Group, Inc., a national commercial real estate database and analytics service. There are some new challenges with making a straight comparison with the industry because of inherent differences between public and private entities including the following: (1) DAS expects to break even on their services verses realizing a margin (excess revenues are either returned to the agencies or used for capital expenditures), (2) DAS provides a fuller range of services inclusive with the full service lease than its private sector counterparts and (3) the State does not pay property taxes. All of these factors are taken into consideration when running the analytics.

## 5. FACTORS AFFECTING RESULTS

The Great Recession caused lower rent rates in many areas, however, as the economy slowly emerges, absorption rates are increasing as existing inventory is slowly re occupied. In Salem, we are seeing rates staying largely static over the last two years hovering around $1.70 per square foot for a full service lease (the model most closely resembling the Uniform Rent program.) We also observe most of the vacant inventory left from Great Recession filled meaning market rates will surely increase over the next year. Because DAS sets its rates in advance, it is doing well with cost containment and managing resources to remain competitive in its rates. Lease rates in DAS owned assets (buildings) have been at 81% of market for the Salem/Keizer area for the past two years.

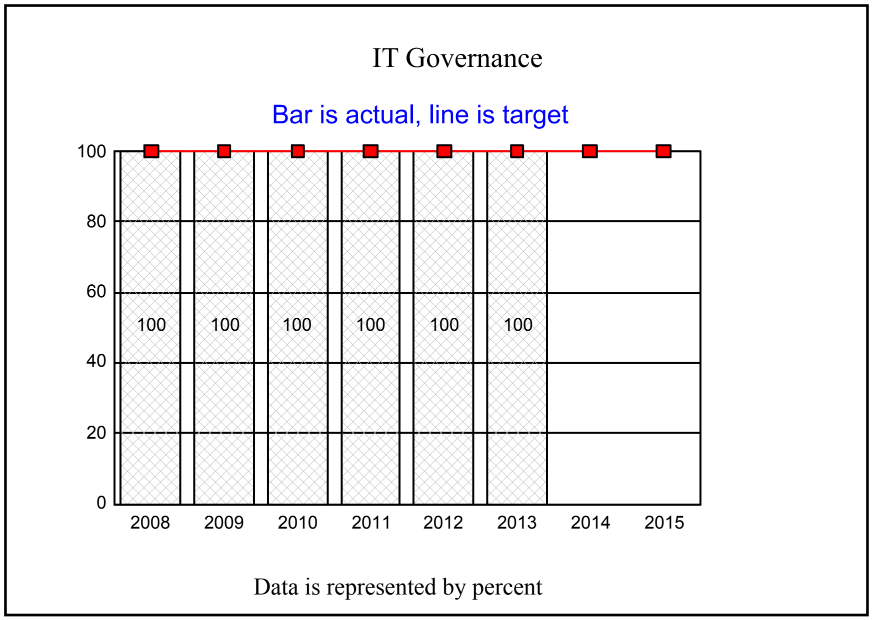
## 6. WHAT NEEDS TO BE DONE

The Uniform Rent rate was $1.45 per square foot per month for the 13-15 biennium and will remain so for the 15-17 biennium. As we move into ensuing biennia, DAS and its client agencies need to focus on utility conservation as that is one of the largest cost components for this program.

## 7. ABOUT THE DATA

Market Data in all markets derived from CoStar. CoStar Group, Inc. (NASDAQ — CSGP) is commercial real estate's leading provider of information and analytic services. Founded in 1987, CoStar conducts expansive, ongoing research to produce and maintain the largest and most comprehensive database of commercial real estate information. Our suite of online services enables clients to analyze, interpret and gain unmatched insight on commercial property values, market conditions and current availabilities. Headquartered in Washington, DC, CoStar maintains offices throughout the U.S. and in Europe with a staff of approximately 1,500 worldwide, including the industry's largest professional research organization. Data reported June 30th.

| KPM #8 | IT GOVERNANCE - Percent of the state's major IT projects with a budget or schedule variance of plus 5% as reported in the quarterly major IT project portfolio report for which a mitigation plan is submitted in response to a DAS requirement. | 2007 |
|---|---|---|
| **Goal** | Effective, high quality leadership, governance and oversight | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | Quarterly Major IT project reports | |
| **Owner** | Alex Pettit, Chief Information Office, 503-378-2128 | |




## 1. OUR STRATEGY

The strategy is to provide appropriate oversight and cost containment processes, advocate for effective policies and remove barriers for success, which links to the DAS strategic goal of effective policies with clear direction. The DAS Chief Information Office (CIO) Information Technology Investment and Planning

(ITIP) section leads statewide IT-related planning, budgeting, and policy development efforts. ITIP is responsible for monitoring and overseeing the state's major IT projects.

## 2. ABOUT THE TARGETS

This target was set at 5% of budget or schedule variance as reported in the quarterly major IT project reports submitted by agencies to DAS CIO . This target value was selected and aligns with industry practices for tracking project performance. Risk assessment and mitigation strategy development are expected for all major IT projects ($ value > $1M). When project budget or schedule variance exceeds 5%, project managers should consider implementing and/or revising existing mitigation strategies.

## 3. HOW WE ARE DOING

The KPM target of 100% was met during the most recent reporting period. The risk of not meeting this KPM target in future reporting periods is low. This measure was not reported for the July '13 - June '14 fiscal reporting period and is proposed for deletion as a KPM.

## 4. HOW WE COMPARE

While other state and federal agencies track project schedule and budget variance there is no known agency with an identical Key Performance Measurement in place.

## 5. FACTORS AFFECTING RESULTS

Estimated project schedule and budget variance at project completion is reported by agencies on a quarterly basis as measured against the currently approved schedule and budget baselines. Project budget and schedule baselines can change over time per project governance decision making processes.

## 6. WHAT NEEDS TO BE DONE

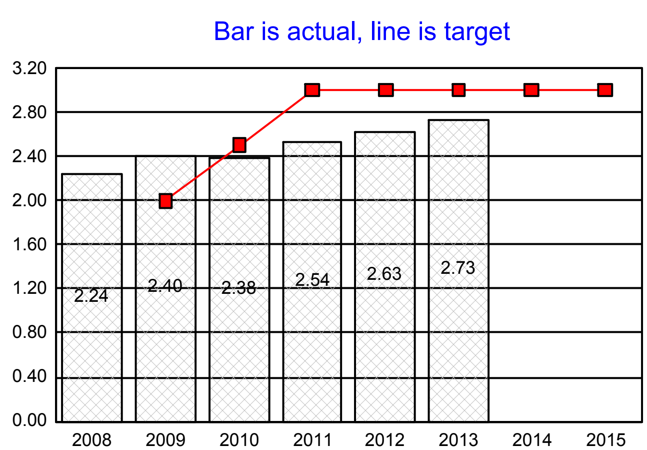
DAS CIO ITIP plans to continue requiring agencies with major IT projects to report quarterly on estimated project budget and schedule variance, project risks and associated mitigation strategies.

## 7. ABOUT THE DATA

In accordance with statewide policy, state agencies with major IT projects are required to obtain the quality assurance oversight services of third party independent contractors and to report project status to DAS CIO on at least a quarterly basis. In addition to reporting on estimated project schedule and budget variance at project completion, DAS CIO reporting instructions require agencies to identify and report their top three (3) project risks and associated mitigation strategies on a quarterly basis regardless of budget and schedule variance status. More information regarding IT oversight of major IT projects and quarterly reporting requirements can be found on the web at: http://www.oregon.gov/DAS/CIO/ITIP/Pages/IT_Investment_Oversight.aspx. Data reported every fiscal year, July through June.

| KPM #9 | INFORMATION SECURITY - Overall information security maturity rating based on a sample of state agencies. Rating achieved using a compilation and aggregate score based on the ISO 27002 standard and assigning a rating using the Carnegie-Mellon Capability Maturity Model. (3rd party conducting information security business risk assessments) | 2007 |
|---|---|---|
| **Goal** | Effective, high-quality leadership, governance and oversight | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | An aggregate score is compiled based on the ISO 27002 standard and assigned a rating using the Carnegie-Mellon Capability Maturity Model. Score is assigned by 3rd party contractor conducting information security business risk assessments. | |
| **Owner** | Alex Pettit, Chief Information Office, 503-378-2128 | |

Information Security




Data is represented by number

**1. OUR STRATEGY**

The Department of Administrative Services (DAS) strategy is to protect the state's information assets and systems through a variety of programs that assist agencies in improving their information security posture. The Enterprise Security Office (ESO) works in collaboration with agencies to protect the confidentiality, integrity and availability of state information resources. ESO focuses on mitigating risk by developing polices, standards and guidelines that serve as a baseline for agencies to implement security safeguards in their business and technology environments. ESO uses a comprehensive information security business risk assessment model to evaluate each participating agency's maturity in managing information security. The cumulative average of the business risk assessment becomes ESO's key performance measure.

**2. ABOUT THE TARGETS**

A regular cycle of risk and vulnerability assessments helps to identify potential areas of risk across a representative sample of the enterprise. If DAS and participating agencies are successful in identifying and remediating these risks and vulnerabilities, future assessment cycles should reflect an improved security posture. The baseline was established in 2007 using a cross section of twelve agencies. Two additional agencies have been added to the program in each of the following years (2008 through 2010 and again in 2013) – although for consistency, only the control group agencies are included in the aggregate average.

**3. HOW WE ARE DOING**

DAS and a third party vendor use the International Organization for Standardization (ISO) information security standards ISO 27001 and 27002, and the Carnegie Melon Software Engineering Institute's Capability Maturity Model integration (CMMi) to provide a framework for the risk assessment. Initial Information Security Business Risk Assessment (ISBRA) results, beginning in 2007, indicated an aggregated average of 1.8 which approaches a "Managed Level" of maturity. 2008 ISBRA results indicated an aggregated average of 2.24 which moved agencies beyond the "Managed Level" of maturity. 2009 ISBRA results indicate an aggregated average of 2.4 which maintains a positive trajectory towards the "Defined Level" of maturity. In 2010, the aggregate average was 2.38 which reflected a slight dip in the expected results. However in 2011 the movement of the agencies returned to an upward path with an aggregate average of 2.54. The overall average for the baseline agencies showed a positive movement to a 2.73 average with 5 agencies near or above the "defined level (3.0). It is important to understand that every agency is not at the same level of maturity in each category, nor should they be. Typically, agencies progress fairly quickly and then as they focus on more complex areas, such as addressing business processes, results take longer to achieve. Through a consultative, collaborative process, realistic goals are established based on a variety of factors including risk, line of business, type and amount of confidential information, etc. Achieving these goals ensures agencies realize success which encourages continued commitment, momentum and progress.

**4. HOW WE COMPARE**

As outlined above, the aggregated average of the selected agencies has shown continued improvement. From an overall perspective, Oregon is comparable in maturity with other Public sector organizations in treating security as a priority, particularly in areas such as security organization, leadership, and risk assessment. Oregon is of comparable maturity with other Public sector organizations that put stronger emphasis on security awareness and training. In addition, Oregon has made positive movement in implementing core security policies and processes. Oregon is among the 2/3 of the states that have a policy requiring classification of information and in the top 1/3 that classify based on risk.

## 5. FACTORS AFFECTING RESULTS

In this challenging business environment, agencies' perception of their business risks may change, resulting in acceptance of a lower maturity rating. **Formal security program adopted -** when agencies adopt a formal security program (security plan with metrics, policies and governance) with reporting and management, their CCMi maturity score increases. **Staff training and awareness -** agency staff awareness of and involvement in the security program aids and influences that progress. **Leadership -** once a program is established, agency leadership must be actively involved and establish direction based on effectively managing risk. They must begin focusing on specific category initiatives. **Resources -** these initiatives often take more planning and investment of resources, which may result in a slower maturity growth rate. However, these initiatives are important to reducing overall risk. **Budget -** with reduced funding and resources, focusing on security categories with low cost and high return on investment will be critical to continued success.

## 6. WHAT NEEDS TO BE DONE

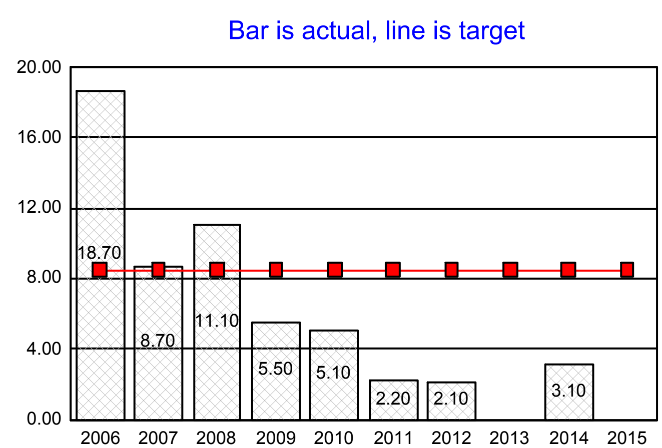
DAS ESO, the third party vendor, and each participating agency will continue to work closely together to identify agency specific targeted goals for each security category within ISO 27002 as a measureable outcome. Participating agencies must develop a plan to meet their goals. ISBRA assists the agency in evaluating progress towards these goals. As goals are met, agencies need to reevaluate the risk level as appropriate or raise the goal in that category.It is essential to be realistic in what can be accomplished so participating agencies do not become discouraged. The aggregate average for 2013 was 2.73 which is approaching the KPM target of 3.00. The ESO will continue to examine agency performance and attempt to determine what assistance and support agencies need for improvement. Assistance may include individual consulting, information security forums, training or workshops, and policies, standards or guidance. It is worth noting that all agencies (less one) showed overall improvement and the remaining agency maintained their previous year’s status.For 2014 the non-baseline agencies will receive a face to face interview. This year’s session incorporates the most recent updates to ISO 27002 and due to this factor the baseline agencies will be evaluating the impact of these changes with the ESO staff and determining areas to focus on for the 2015 review.

## 7. ABOUT THE DATA

ISBRA is conducted annually. The process begins in the fourth quarter of each year and the final aggregate report is completed in the first quarter of the following year. Data for the current time will continue to be reported based on the aggregated average of the control group agencies. As targets for various categories are established, the report will reflect progress against those specific goals. The information is self-reported which may be a weakness, but is validated at a high-level. The limitation on the number of agencies that participate in ISBRA is a weakness as not all agencies are included. The strength of the assessment is that it is an agency's view of how it is conducting information security. Many agencies tend to be quite critical in evaluating their progress. The aggregate average is one indicator of the ESO program effectiveness and provides valuable data on where additional emphasis is needed. Further information is available from the DAS Enterprise Security Office.

| KPM #12 | PROCUREMENT EFFECTIVENESS - Estimated savings resulting from price agreement pricing compared to prices that would be paid without the benefit of a price agreement. | 1999 |
| --- | --- | --- |
| Goal | The right service, at the right time, for the right price | |
| Oregon Context | Serve state government to benefit the people of Oregon | |
| Data Source | Data systems in state Procurement Services | |
| Owner | Debbie Dennis, Enterprise Goods & Services, 503-378-2631 | |

Procurement Effectiveness




Data is represented by percent

## 1. OUR STRATEGY

The strategy is to contain procurement costs for state government through negotiated price agreements for goods and services commonly used by all state agencies. Over 640 local governments, educational entities and not-for profit organizations also use these agreements as members of the Oregon Cooperative

Procurement Program.

**2. ABOUT THE TARGETS**

A composite index of high-use commodities measures cost savings gained through statewide price agreements compared to equivalent government market pricing. DAS sets the annual target.

**3. HOW WE ARE DOING**

DAS established a cost savings index in 2002 and achieved or exceeded the target each year until FY2009. Savings achievement for FY2009, FY2010, FY2011, FY2012 and FY2014 are 5.5%, 5.1%, 2.2%, 2.1%, and 3.1% respectively. The target is 8.5%. Again this year, none of the commodities analyzed met the target comparative percentage of savings of 8.5%. Vehicles came closest with a rate of savings of 3.7% followed by Office Supplies with a rate of savings of 3.4%.

**4. HOW WE COMPARE**

A market basket of five commodities - Vehicles, Computers, Office Supplies, Industrial Paper, Cellular Phones - was compared against other states' pricing as available (Washington, California, Idaho, and Colorado). Also, we used pricing information from the Western States Contracting Alliance (WSCA), the federal General Services Administration (GSA) agreements, and to a lesser extent, pricing from suppliers who are not participants to price agreements with state of Oregon government.

**5. FACTORS AFFECTING RESULTS**

Internal and external factors affect the results. Internally, capture of price and spend data and the determination of the appropriate items making up the market basket each year has mixed results. The systematic overall spend data capture itself is evolving greatly and becoming quite mechanized and just clicks away. It could be made to be ready to generate KPM #12 results at a moment's notice. Price data is more difficult to capture however. Some volume sales reports still don't include data as to what is being purchased and/or don't report savings from applicable discounts to be verified against price lists. And some price lists still are not made available or available in MS Excel making the mechanization for the data capture more manually intensive. Turning to our suppliers for necessary information at the time of producing the annual report is still necessary; this should be avoided and points to areas requiring improvement.Externally, three factors may be worth mentioning. First, it is known that the U.S. economy is recovering, reaching all-time productivity levels in some cases and record profits are realized in some industries. Economic indicators reveal we are probably back to a pre-2008 climate, having mostly recovered from the recession with the exception of employment. Yet it is unclear how this recovery is observed via the collected results. Are price agreements being re-negotiated to benefit from new market strategies and are there indeed new market strategies available and ready for the taking? The study doesn't seem to yield information in that regard, except perhaps with Industrial Paper (part of Janitorial Supply) which is no longer a National Association of State Purchasing Officers (NASPO)/WSCA contract.One reversal therefore of what we previously called the WSCA phenomenon - neighbor states that are part of the comparison participating in the same WSCA agreements, negating any advantage Oregon had from 2002 through 2008 - has occurred; this is the second factor. This could indicate a more dynamic post-recession market. Still state purchasing organizations continue to participate in solicitations outside of their own state boundaries to avail themselves of existing channels of procurement. Interstate collaboration and purchasing cooperatives are still very much in vogue. While Janitorial Supply is no longer a NASPO/WSCA commodity, both suppliers under the previous solicitation have been awarded a new price agreement with Oregon as lead state and Washington also participating. Waxie Sanitary Supply, one of the two suppliers in Oregon and Washington, was also awarded in the National Cooperative Purchasing Alliance, with Texas as lead state and Colorado as participating state, perhaps with other states participating. It is not known from the analysis whether this transition away from NASPO/WSCA for Janitorial Supply represents a trend.Another change also relating to Janitorial Supply is the prevalence of spend now going predominantly to Waxie Sanitary Supply, a supplier specializing in green chemistry and environmental products. This could be the direct result of the Governor of Oregon's Executive Order 12-05 and all lead work eventually resulting in the recent Green Chemistry Procurement Guidelines, the fruit of much labor and collaboration in Oregon. This may explain Waxie's growing share of the market, now surpassing that of the historical leader in Oregon. The State of Colorado also issued a similar executive order relating to green chemistry procurement. A third factor noticeable this year: punch-outs: links redirecting the browser away from a state's website to a supplier's website. Increasing use of punch-outs directly to a supplier's pre-established e-mail contact (as opposed to a website) for the purpose of placing order was observed. While discounts may be viewable from a supplier's website, actual pricing to be paid for an item is not always visible from an actual price list externally viewable and the interface with that e-mail contact is one away from an actual supplier's website environment. This may result entirely from additional price competition a state creates among the awardees of a price agreement or contract. Given the total spend a state experiences for a specific commodity year after year, it may be advisable to reconsider its strategy of multiple discounts (some of which conditional) in favor of a single fixed discount rate applicable to an entire supplier's catalog of products and services. This would simplify the price analysis in the evaluation of bids and proposals, the data capture thereafter and the price compliance verification

## 6. WHAT NEEDS TO BE DONE

It may be that the comparison of Oregon's price savings in commodities where Oregon and neighboring states participate in the same WSCA agreement is no longer a measure of success. Certainly, Oregon benefits from significant discounts - 17% on cell phone plans and 35% on telephone equipment when compared to the general public. However, the state of Washington also benefits from a similar discount through the same WSCA price agreement. This factor thus negates or marginalizes Oregon's results in this measurement tool. DAS needs to study and adapt its procurement savings measurement method to account for participation in the WSCA interstate cooperative price agreements.

### 7. ABOUT THE DATA

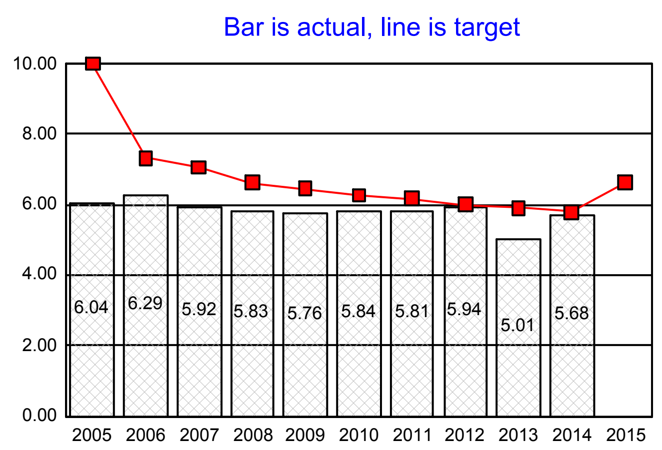
The reliability of the data is a little strained this year and the sample size generaly smaller than in prior years. DAS generally selects a significant sample of items from a diverse array of five categories of contracted goods and related services for the measurement model. Some items were initially selected that had in actuality not been purchased by state agencies in calendar year 2013 (while with very significant purchases from ORCPP members which savings are not part of this analysis). Each commodity is distinct with inherent peculiarities for effecting accurate price comparison measurement. A lot of elements need to be examined when matching items and determining them to be sufficiently comparable for inclusion in the analysis. This process can be rated as easy for Office Supplies items to a little more difficult for vehicles with model year variations to difficult for PC hardware with variable configurations and quick obsolescence. Judgment is continually exercised to validate the soundness of a comparison and trustworthiness of its source of price information. External pricing information is generally not available for large quantities outside of a formal solicitation process. Ultimately, while discounts applicable may be well advertized by both a state contract and a supplier participating to a price agreement, the retail pricing on which a discount applies is harder to obtain and the determination of the application of a discount or not even more elusive. As such it is difficult to establish if two states participating with a common supplier and common set of discounts actually pay an exact price for an exact item. Pricing information received from the Contract Administrator for Vehicles was used but not verified. For cellular phones, data was insufficient and no savings determination could be achieved.

| Target 2014 | Target 2015 |
| --- | --- |
| 8.5% | 8.5% |
| Actual 2014 | Actual 2015 |
| 3.1% | TBD |

| KPM #13 | RISK MANAGEMENT - Annual number of: a) worker's compensation; b) liability; c) property; and, d) total claims per 100 FTE. | 2007 |
|---|---|---|

| | |
|---|---|
| **Goal** | The right service, at the right time, for the right price |
| **Oregon Context** | Serve state government to benefit the people of Oregon |
| **Data Source** | Risk Management Information System (CS Stars) |
| **Owner** | Penny Evans, Enterprise Goods & Services, Risk Management, 503-373-1585 |

Risk Management




Data is represented by number

## 1. OUR STRATEGY

The strategy is to reduce the number of workers’ compensation, liability, and property claims in order to reduce the total cost of risk to the State.

**2. ABOUT THE TARGETS**

The target rate is the average number of claims for the last five years for workers' compensation and liability and the average number of claims for the last three years for property. The target is to have the actual number of claims per 100 FTE below the target of 5.79 claims per effective FTE.

**3. HOW WE ARE DOING**

The combined claims rate has stabilized between 5.01 and 5.94 claims per 100 FTE over the last 5 years.

**4. HOW WE COMPARE**

The measure is used to compare our current rate to our historical rate. Over the past 6 years, the results have consistently been below the target. The 2014 result is 5.68 claims per FTE while the lowest rate of 5.01 occurred in 2013.

**5. FACTORS AFFECTING RESULTS**

This measure aggregates results from workers compensation, liability, and property claims. Unusual events in any given year in any one of these categories will result in atypical results for the aggregated measure. During 2013 2014, there were 1,024 liability claims, of which 258 exceeded $500, compared to the 2012 2013 figure of 1,101 claims, of which 305 exceeded $500.For property claims, 2013 2014 results indicates that out of the 114 claims, only 94 claims exceeded $10, compared to the 102 claims, of which 71 exceeded $10 between 2012 2013.

**6. WHAT NEEDS TO BE DONE**

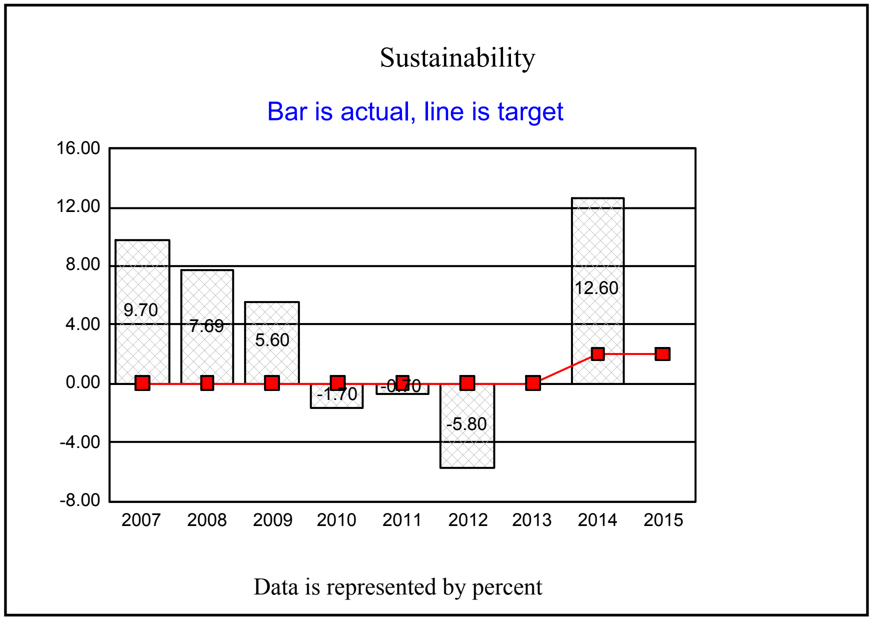
Risk Management is aggressively implementing risk mitigation efforts with agencies in the following ways:Since 2011, Risk Management conducts biennial risk consultations with agencies. In 2013, Risk conducted 44 consultations, up from 6 in 2012. Agencies are identified based on loss history and potential loss exposure. Consultations consist of in depth review and analysis of claims history and recommendations to minimize and mitigate future losses. Consultations will take place in 2015 with the goal to complete 44 or more consultations. Every agency receives an annual report which provides a five year trend data comparison. The reports are also posted on the Risk Management website. Risk Management partners with SAIF to provide training to agency safety managers and staff. Risk Management works closely with a variety of agency personnel including workers' compensation claim coordinators, risk coordinators, safety managers, business managers, Business Continuity planning coordinators and Human Resource managers. Risk Management's Strategic Plan focuses on three key areas: Agency Outreach, Best Practices and Workforce Development. Agency Outreach includes agency consultations, bi-monthly

Risk Connection meetings, bi-monthly RisKey Notes newsletter, new risk coordinator training, special training sessions such as Public Records training and partnering with Procurement Services and HR managers for additional targeted training. Identification of risk or claims best practices is focused on developing guidelines to help agencies minimize risk exposures. An example is the development of ergonomic “sit/stand” guidelines. Workforce Development is targeted primarily to Risk Management employees to ensure Risk has the expertise to fully support our agency partners. Risk’s Service Level Agreement, developed in partnership with agency representatives, includes a requirement for 20 hours of training annually for risk adjusters and analysts. Risk is on target to meet this goal.

**7. ABOUT THE DATA**

Reporting cycle is based on the fiscal year (July through June). Data is from the RMIS and SAIF databases. Small claims classified as “de minimus” are excluded from the report. The excluded claims are property claims with less than $10 paid from the insurance fund and liability claims with less than $500 paid from the insurance fund. All workers’ compensation claims with time loss or medical costs are included.

| KPM #14 | SUSTAINABILITY - Percentage reduction in greenhouse gas emissions. | 2007 |
|---|---|---|
| **Goal** | Effective, high-quality leadership, governance and oversight | |
| **Oregon Context** | Serve state government to benefit the people of Oregon | |
| **Data Source** | Greenhouse Gas Emissions Interagency Team Report Initial Reporting Year Assessments and Recommended Best Practices | |
| **Owner** | Mike Wirkkula, Enterprise Asset Management, (503) 378-3535 | |




## 1. OUR STRATEGY

DAS developed a six year plan to ensure we serve as a model for sustainability in state government, as well as to implement the Governor's sustainability and greenhouse gas reduction goals. The department's objective is to serve as a primary resource for state government's efforts to achieve and maintain sustainable practices. Due to budget reductions, the DAS Sustainability Coordinator position was held vacant for several years and the program was put on hold along with measuring and monitoring of the goals outlined in the DAS Sustainability Plan. However, because of the importance of ensuring sustainable state government operations and measuring progress toward reaching sustainability goals, the EAM Energy Analyst hired in July 2014 has taken over these reporting responsibilities.

**2. ABOUT THE TARGETS**

In 2009, former Governor Kulongoski developed seven goals for sustainability, which became the components to measure the success of the DAS Sustainability Plan. The goals and measures developed at the time are as follows:

1. DAS Greenhouse Gas (GHG) emissions - By 2010, stop the growth of greenhouse gas emissions; by 2020, reduce greenhouse gas emissions to 10 percent below 1990 levels; by 2050, reduce emissions to 75 percent below 1990 levels, and fully stabilize and eliminate their negative impacts. This measurement is a % reduction or increase for the current year compared to the previous year. It is the traditional measurement that formed the basis for the Sustainability KPM, and it would still be reflected as part of the total program. This measurement takes the total GHG emissions from DAS operations – energy to operate buildings, fuel use for fleet, and trash generation. Eventually, the data will be improved and expanded to take further factors into account. In 2007, the State of Oregon adopted the Clean Air, Cool Planet protocol (http://www.cleanair-coolplanet.org/) for tracking greenhouse gas emission reductions. In addition, the state of adopted the 2006 baseline data. In 2008, the backcasting process to 1990 was complete. It compared the number of vehicles in the state fleet and building square footage for DAS and ODOT, and used that figure as a representation of the emissions generated for the State of Oregon. Based on this calculation, DAS reported a 59% increase in GHG emissions.
2. DAS Energy Savings - By 2015, reduce energy consumption by 20% (based on energy consumption in 2000). This measurement is a % reduction or increase in energy conservation for the current year compared to the year 2000.
3. DAS Electricity Sources - By 2025, achieve 100 percent of DAS electrical needs through renewable sources. This measurement is a % reduction or increase in the amount of renewables that generate the total electrical consumption for DAS for the current year compared to the baseline year of 2009.
4. DAS Use of Alternative Fuels. Actively pursue the use of alternative fuels (i.e. biodiesel, ethanol, natural gas, and electric) in the DAS fleet. This measurement is a % reduction or increase in the amount of alternative fuels used in the fleet for the current year compared to the baseline year of 2006. This measurement also includes % reduction or increase in the amount of alternative fuel vehicles in fleet for the current year compared to 2006.
5. DAS Sustainable Procurement - Collaborate and coordinate on regional purchasing strategies to harness purchasing power and maximize environmental and economic value. In addition, develop a program to enable DAS to help to “green the supply chain” by using its purchasing power to encourage production of more sustainable products and services. This measurement needs management and staff support for building a database to track procurement activity. The goal for this metric is to measure a % reduction or increase in the amount of environmentally-preferred, local and MWESB products that DAS purchases for the current year compared to the baseline year of 2009.
6. DAS Sustainable Information Technology - Commit to buying high-efficiency IT systems for DAS; join the Climate Savers Computing Initiative. This

measurement is a % reduction or increase in the amount of virtual servers, innovative policies, and new IT practices for DAS for the current year compared to the baseline year of 2009. The actual measurement connects a reduction or increase in electrical consumption tied to these practices.

7. Interagency Sustainability Network coordinated\facilitated by DAS - Form a network of state agency personnel to exchange ideas and practices, and develop new approaches to sustainability among state agencies. This measurement is a % reduction or increase in the number of attendees at the ISCN meetings, networking opportunities, or collaborative projects for the current year compared to the baseline year of 2009.

### 3. HOW WE ARE DOING

Due to the vacancy of the DAS Sustainability Coordinator position, many of the measurement efforts for the targets were not tracked. Where possible, data is provided below:

1. DAS Greenhouse Gas (GHG) emissions - Total CO2 emissions from DAS operations increased 12.6 % from last year to 34,110 Tons from 30,282 Tons.1 This measure was not tracked from 2009 – 2013.
2. DAS Energy Savings - DAS total building portfolio energy use reduced 6.8% from the baseline fiscal year 2000 to 227,717 MBtus from 227,717 MBtus. This measure was not tracked from 2009 – 2013.
3. DAS Electricity Sources - None of DAS total building portfolio energy use currently comes from renewable sources other than what is included in the standard utility supplied energy mix. This measure was not tracked from 2009 – 2013.
4. DAS Use of Alternative Fuels- DAS Fleet vehicle alternative fuel use as a percentage of total fleet gallons consumed reduced 0.9% from the baseline fiscal year 2006 to 3.03% of 2,105,548 gallons from 4.02% of 2,250,167 gallons.
5. DAS Sustainable Procurement – This measure was not developed or tracked due to elimination of the Sustainability Coordinator.2
6. DAS Sustainable Information Technology- This measure was not developed or tracked due to elimination of the Sustainability Coordinator.2
7. Interagency Sustainability Network- Interagency Sustainability Network coordinated\facilitated by PECI Outreach Manager. DAS staff has not coordinated/facilitated this network due to the two year vacancy of the sustainability position.2Footnotes:1Total GHG from DAS operations due to trash generation has not been calculated as part of this measure due to lack of reliable data.2An updated Key Performance Metric for this category is under review for fiscal year 2015 reporting.

### 4. HOW WE COMPARE

The City of Hillsboro, City of Salem, City of Portland, Multnomah County, and METRO all have active sustainability programs in which DAS could compare data. This comparison has not yet occurred due to elimination of the Sustainability Coordinator.

### 5. FACTORS AFFECTING RESULTS

The methodology was never completely developed prior to two year vacancy of the Sustainability Coordinator. DAS did not have resources dedicated to developing and measuring DAS performance for this KPM. Some agencies lack the technical expertise or other resources needed for initial development of meaningful metrics, efficient data-gathering techniques and incentives for promoting best.

**6. WHAT NEEDS TO BE DONE**

DAS hired an Energy Analyst in Enterprise Asset Management in July 2014 to focus on energy efficiency and sustainability work. This position will be dedicated to sustainability work. The position will be tasked with developing the measurements and monitoring progress for this KPM.
DAS needs to identify specific procurement and IT data for measurement and commit staff time to creation of a database that compiles the data required to track individual goal success. A weighting methodology for producing the overall % KPM measurement needs to be developed.

The lack of alternative fuel infrastructure in Oregon severely limits the ability of DAS to increase use of these fuels and is outside the management scope of the agency to affect. This goal of the KPM should be reexamined to scale the measurement back solely to reduction in greenhouse gas emissions, which the agency can and does manage through fuel efficiency of vehicles purchased and by directing policy for how vehicles are used across state agencies.

The overall methodology and measurement of greenhouse gas emission also needs to be reevaluated. For example, DAS operated fewer buildings in 2011 than 2008.The measurement may need to include square footage and occupancy factors to accurately reflect how well or poor the agency manages this item.

GHG emissions from fuel have a similar problem. 2008 had the highest number of miles driven recorded in the last decade, which lead to a high amount of emissions. In 2011, the number of miles driven and subsequent emissions dropped. The measurement should include a factor to see the effect per mile driven, not simply overall increase or decrease in emissions. A possible alternative or additional factor could be to track how well the agency increased or decreased the fuel efficiency per gallon of vehicles under its management.

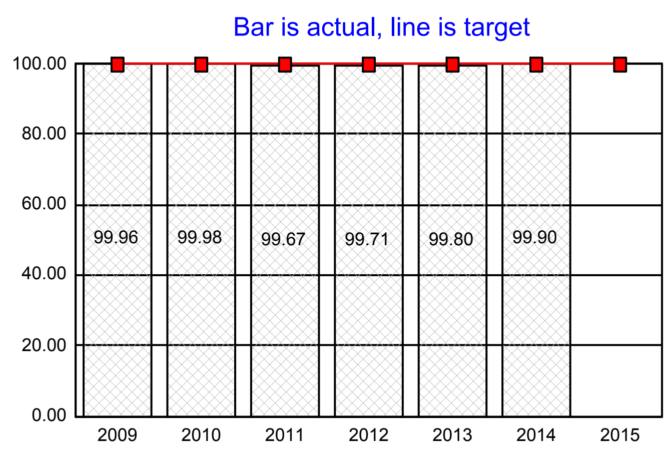
**7. ABOUT THE DATA**

1. The 2008 greenhouse gas emissions were collected using the Clean Air, Cool Planet protocol. It uses an established and system reflecting the various greenhouse emissions contributions and converting it into $CO_2$. How this toll was used in the past and how or if it will be used in the future is to be determined.
2. The energy consumption data is collected through the Utility Manager program. DAS uses a third-party company, LPB Energy, to enter and verify the data for

accuracy. The data was not analyzed for 2009, 2010, 2011 and 2012.
3. The renewables data is extrapolated using the data in Utility Manager. This methodology needs to be reevaluated
4. The fleet data is compiled by State Fleet using a spreadsheet and collection tool developed by a statewide group in 2005.
5. The procurement data needs a new tool to ensure accuracy.
6. The IT data needs a new tool to ensure accuracy.
7. The Interagency Coordinators Network data is compiled by attendee rosters at the meetings. The DAS outreach data was compiled into a Word file as new opportunities are discovered. This effort and measurement needs to be reestablished.8. Data is reported using the calendar year (January through December).

| KPM #16 | DATA CENTER - Percentage of time systems are available. | 2007 |
|---|---|---|
| **Goal** | Right service, at the right time, for the right price | |
| **Oregon Context** | Serve the state government to benefit the people of Oregon | |
| **Data Source** | Network and Computing availability monitoring tools | |
| **Owner** | Bryan Nealy, Enterprise Technology Services, 503-373-0224 | |

Data Center- Systems Availability




Data is represented by percent

## 1. OUR STRATEGY

The measure shows the availability of the State Data Center's Information Technology environment to support the strategy of optimizing performance to provide efficient and effective government infrastructure.

## 2. ABOUT THE TARGETS

The target of 99.9 percent availability was reached though mutual agreement between the data center and its customers.

## 3. HOW WE ARE DOING

The availability of 99.9% for FY 2014 is on target, and improved since FY 2013. Additional detail is provided in section #7, about the data.

## 4. HOW WE COMPARE

99.9 percent is a common availability goal for the data center industry.

## 5. FACTORS AFFECTING RESULTS

Availability data still includes planned outages and false outage reports that cause the availability to be reported at lower value than actual. Data collection is improved, as expected, expect higher availability has been reported.

## 6. WHAT NEEDS TO BE DONE

Refine collection methods and define agreed service hours for each device. In addition, replacement of outdated and end-of-life equipment will increase availability. Development of standard processes will ensure changes to systems can occur without causing unscheduled outages.

## 7. ABOUT THE DATA

Some of the availability data was not available for the time period. The availability data contains some duplication of outage reports, and some devices are not included. The SDC is implementing a new availability management process and availability monitoring system. The data will be available for the 2010-11 fiscal year. Data is reported from July through June. Availability for each area is calculated using the following formula: (AST-DT)/AST=Availability.

AST=Agreed Service Time and DT=Down time.

The three area availability numbers are averaged to get the overall availability number.

| ADMINISTRATIVE SERVICES, DEPARTMENT of | III. USING PERFORMANCE DATA |
|---|---|
| **Agency Mission:** Lead the pursuit of excellence in state government. | |

| | |
|---|---|
| **Contact:** Donna Haole-Valenzuela | **Contact Phone:** 503-378-2277 |
| **Alternate:** Sarah Jo Chaplen | **Alternate Phone:** 503-378-4691 |

**The following questions indicate how performance measures and data are used for management and accountability purposes.**

| | |
|---|---|
| **1. INCLUSIVITY** | *** Staff :** For the current strategic plan and KPMs, DAS took steps to align the KPMs to the plan. The strategic plan was developed with input from internal staff and managers, and with feedback from a small group of state agency directors. Every division within DAS has created a business plan that aligns with the goals of the strategic plan. These plans were developed with input form staff and managers of the respective divisions. Development of the new strategic plan has included staff input through a variety of mechanisms - employee satisfaction surveys, interviews with focus groups, staff meetings, and email distribution of the draft plan to provide all staff members the chance to review and comment.<br><br>*** Elected Officials:** High-level elements of the new strategic plan were developed by the HB5002 workgroup, which included members of the Oregon House and Senate. The workgroup was convened in response to a budget note directing the department to review its structure, service delivery and funding mechanisms. The HB5002 workgroup's final report can be found at: http://oregon.gov/DAS/docs/HB5002/Report.pdf.<br><br>*** Stakeholders:** The HB5002 workgroup included members from the following state agencies: Legislative Fiscal Office, Dept. of Human Services, Teachers' Standards and Practices, Dept. of Revenue, Dept. of Environmental Quality, and the Governor's Office. Many other agencies were provided the opportunity to weigh in on the strategic plan as it was being developed.<br><br>*** Citizens:** The HB5002 workgroup included membership from the private sector. Verizon Wireless and PACCESS graciously provided representatives to the workgroup. |
| **2 MANAGING FOR RESULTS** | The department continues to focus on developing the tools and processes necessary to manage for results. A major area of focus in the new strategic plan is performance management. The use of the Plan, Do, Check and Adjust methodology and tool kit is becoming the standard agency-wide. The department's leadership team expects data and performance information to be widely reported and analyzed on a regular basis. Regular reporting, standardized tools, and rigorous data analysis will provide useful and actionable management information. |

| | |
|---|---|
| **3 STAFF TRAINING** | Agency leadership is currently implementing a new set of planning and performance reporting tools, as well as developing an agency-wide culture of performance analysis and reporting. The use of those tools will become the standard for all employees. A training schedule on these tools is expected to be part of the rollout of performance reporting later this year. |
| **4 COMMUNICATING RESULTS** | *** Staff :** The Annual Performance Progress Report is the primary vehicle that DAS uses to communicate performance results. The results are posted on DAS web page, with a contact name and number http://www.das.state.or.us/DAS/about_us.shtml. Additionally, the results are communicated at executive staff meetings, which in turn are communicated to the individual division management and staff.<br><br>*** Elected Officials:** The Annual Performance Progress Report is the primary vehicle that DAS uses to communicate performance results to external stakeholders and is posted online at: http://www.das.state.or.us/DAS/about_us.shtml.<br><br>*** Stakeholders:** The Annual Performance Progress Report is the primary vehicle that DAS uses to communicate performance results to external stakeholders and is posted online at: http://www.das.state.or.us/DAS/about_us.shtml.<br><br>*** Citizens:** The Annual Performance Progress Report is the primary vehicle that DAS uses to communicate performance results to external stakeholders and is posted online at: http://www.das.state.or.us/DAS/about_us.shtml. |