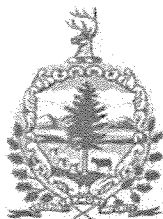


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**STATE OF VERMONT**  
GENERAL ASSEMBLY

**MEMORANDUM**

To: Neale Lunderville, Secretary of Administration  
From: Senator Diane Snelling  
Representative Donna Sweaney  
Date: July 9, 2010  
Subject: Challenges for Change July Progress Report

Dear Neale,

Thank you for the electronic 2nd Quarterly Progress Report received on July 1, 2010, on the Challenges for Change Acts 68 and 146, of 2010.

On behalf of the former Joint Legislative Government Accountability Committee, and the new Government Accountability Committee, we thank you for the hard work that is represented in this quarterly report. We appreciate your efforts to provide an organizational approach and a detailed update to legislators.

After an initial review and a series of discussions with the co-chair of the Joint Legislative Government Accountability Committee and others, what follows are some specific comments on the report and its approach.

**The Report Format:**

We are developing a format which should guide the discussion of Vermont's move to outcome based budgeting. In doing so we need to be thoughtful as to what we want the legislature to focus on.

To this end, we would prefer that the report be organized first to be specific to the outcomes as defined in Act 68, and the measures which indicate results in achieving the outcomes. This part of the report only needs to be long enough to list all outcomes, measures and baselines, with related data.

The more detailed content of what has been done and specific actions taken could be a part two of the report. In the next report, this component could be reduced as the administration and legislature become more comfortable with performance based evaluation.

**The Availability of Baselines:**

The report as submitted lacks baseline information for measurement in many areas and this is a key concern. As you add the baseline data this will bring the concept of measuring against the baseline into focus. This report should have had July 1 baseline information or at least a clear timeline when that will be in place.

For example, an outcome on performance contracting is to increase by \$70 million the dollar value of contracts that are performance based. The measure for this outcome is the value of grants and contracts that are performance based. We are expecting to see a baseline number as of July 1, 2010. What is the current dollar value of contracts that are performance based?

**A focus on spending appropriated funds rather than savings:**

A key conceptual change that we need to make is spending available appropriated funds rather than the constant reference to savings. We know what we have appropriated. If agencies can not live within their appropriation they would bring that need forward in the budget adjustment process. Finance and Management, with the help of the Joint Fiscal Office, should develop a tracking spreadsheet showing cross-agency budgets for Challenges. As part of this effort we need to move away from departmental silos. Some of the creativity in the Challenges was multidepartment initiatives and that should be reflected in budgeting information.

**The use of investment dollars:**

The concept of investment funds to bring long term savings needs its own follow up. We appropriated investment money for the purpose of supporting real redesign, stakeholder and employee engagement, improved measurement and reporting, technology improvements, and to get outside help doing redesign which is new to all of us. It would be valuable to have a clear presentation on the dollars invested and how they are used to increase innovation. This could be done in a spreadsheet format.

The GAC expects to work on improving the template for our continued review of Challenges outcomes and measures, and we would like to work with you to develop a format which will facilitate the most direct and transparent communication on the Challenges and move us all forward in a way that can achieve a greater outcome-based approach.

Again, we appreciate the care and effort that obviously went into the preparation of this report. We need to work together to bring about the focus on redesign that we are all trying to achieve. Thank you for your attention to these issues. We, and the entire Government Accountability Committee, look forward to working with you.

cc:

Jim Reardon, Commissioner of Finance and Management  
Tom Evslin, Chief Technology Officer  
Government Accountability Committee