

***STATE OF LOUISIANA  
LEGISLATIVE AUDITOR***

**Department of Labor:  
Analysis of Program Authority  
and  
Performance Data**

June 1997



***Performance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**Performance Audit  
Office of Legislative Auditor  
State of Louisiana**

**Daniel G. Kyle, Ph.D., CPA, CFE  
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June 25, 1997

The Honorable Randy L. Ewing,  
President of the Senate  
Honorable H. B. "Hunt" Downer, Jr.,  
Speaker of the House of Representatives  
and  
Members of the Legislative Audit Advisory Council

Dear Legislators:

This report gives the results of our performance audit of the Program Authority and Performance Data of the Louisiana Department of Labor. The audit was conducted under provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. In addition, this audit is one step toward meeting requirements of the Louisiana Performance Audit Program (Louisiana Revised Statute 24:522).

The report represents our findings, conclusions, and recommendations. We have also identified matters for legislative consideration. Appendix C contains the Louisiana Department of Labor's response. Appendix D contains the Office of Planning and Budget's response. I trust that this report will be of use to you in your legislative decision-making process.

Sincerely,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DGK/jl

[DEPARTMENT OF LABOR]





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[DEPARTMENT OF LABOR]



# Office of Legislative Auditor

## Executive Summary

### Department of Labor: Analysis of Program Authority and Performance Data

Performance data reported for the Louisiana Department of Labor in the 1996-97 executive budget may not enable users of the budget to determine progress made by the department's programs. It also may not be useful to legislators for making informed budgetary decisions. Some of the deficiencies in this data that cause this lack of usefulness are:

- ◆ Approximately two-thirds of all mission statements, goals, objectives, and performance indicators reported lack critical elements.
- ◆ Information presented in the program descriptions for two of the department's three budget units, which we analyzed as mission statements, does not include the full scope of the budget unit or fully identify client groups.
- ◆ Though most goals are consistent with the mission statements, fewer than half provide a sense of how to address the missions and reflect the direction toward which the programs are striving.
- ◆ Only one-third of objectives include specific targets and time frames for accomplishments.
- ◆ Though most performance indicators are consistent with the objectives and easy to understand, fewer than half measure progress toward the objectives. The primary reason is that many objectives do not specify quantitative targets toward which the indicators can measure progress.
- ◆ Over three-fourths of the performance indicators measure program output, rather than input, quality, efficiency, or outcome. Thus, many facets of the programs' performance are not measured.

In addition, one program description we analyzed as a mission and two program goals are not entirely consistent with the laws that support them. Also, we identified four programs and several related boards, commissions, and like entities that may have some overlapping aspects. Finally, we identified six programs whose functions are contained in statute that may be outmoded.

---

**Audit  
Initiation  
and  
Objectives**

The Office of the Legislative Auditor conducted this performance audit in response to certain requirements of Louisiana Revised Statute 24:522. This law requires us to evaluate the basic assumptions underlying all state agencies, programs, and services. The law also requires us to make recommendations relative to the effectiveness and efficiency of programs and services provided. To address these directives, we analyzed the program authority and performance data reported in the 1996-1997 executive budget for the Louisiana Department of Labor. We also searched for programs that may be potentially overlapping, duplicative, or outmoded.

This report is one of a series of reports on all major executive branch departments addressing the following objectives:

- ◆ Determine if the department's missions and goals as reported in the fiscal year 1996-97 executive budget are consistent with legislative intent and legal authority
- ◆ Determine if the department's missions, goals, objectives, and performance indicators as reported in the fiscal year 1996-97 executive budget are consistent with established criteria described in this report
- ◆ Determine if the department's objectives and performance indicators as reported in the fiscal year 1996-97 executive budget collectively provide useful information for decision-making purposes
- ◆ Identify any programs, functions, and activities within the department that appear to be overlapping, duplicative, or outmoded

---

**Missions  
and Goals  
Generally  
Consistent  
With Law**

The missions and goals presented in the 1996-97 executive budget are generally consistent with state and federal law. However, we noted three exceptions: the mission statement for the Office of Worker's Compensation - Second Injury Board budget unit, the goal of the Injured Workers Benefit Protection Program, and the goal of the Worker Protection Program. As a result of these exceptions, some programmatic information presented in the executive budget may not accurately reflect legislative intent.

*(See page 26 of the report.)*

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**Recommendations**

- 2.1** Using the information in the program description as a basis, the Louisiana Department of Labor and the Office of Planning and Budget staff should work together to develop a clearly identifiable mission for the Office of Worker's Compensation - Second Injury Board budget unit. The mission should reflect legislative intent as set forth in Louisiana Revised Statute 23:1371 regarding the definition of "physically handicapped" workers.
- 2.2** The Louisiana Department of Labor staff should work with the Office of Planning and Budget staff to revise the goal of the Injured Worker's Benefit Protection Program. The revised goal should not imply the existence of a financial function that pays claims.
- 2.3** The Louisiana Department of Labor and the Office of Planning and Budget staff should include a reference to reimbursement to employees for company-required medical exams and screens in the goal for the Worker Protection Program.

---

**Some Programs  
and Other  
Entities May Be  
Overlapping or  
Outmoded**

Four programs in the Louisiana Department of Labor may be overlapping in the areas of job training and placement. Specifically, the Job Placement, Job Training, Community Services, and Apprenticeship Programs (all within the Office of Employment Security budget unit) appear to have potential overlap. According to Louisiana Department of Labor officials, these programs may overlap because of federal laws or initiatives. Louisiana Department of Labor officials say they are addressing the situation in several ways. These include One-Stop Shops, a review by an outside consultant, and reorganization legislation introduced in the 1997 Regular Legislative Session. However, as a result of potential overlap, the Louisiana Department of Labor might be using more resources than necessary to provide services in the above areas. In addition, Louisiana Department of Labor officials and legislators may be making broad decisions related to job training and placement without full knowledge of the interaction among programs.

We also identified six programs that appear to be outmoded, yet remain in state law. According to department officials, these programs are either not funded or require no funding. These programs include the Youth Corps Litter Control and Incentive Employment Program, the Displaced Workers' Retraining Program, the Youth Summer Employment Program, the Work Opportunity Program, the Workforce Preparation Program, and a program that seeks to prohibit the employment of certain aliens. Officials also said the first four programs essentially duplicate existing federal programs. As far as we could determine, the programs that were not funded were not reported as such, as required by law. The potentially outmoded programs may cause confusion for some Louisiana Department of Labor officials and legislators making programmatic decisions.

Finally, we found that many of the Louisiana Department of Labor's related boards, commissions, and like entities work in the same or similar areas. Because of this, some of their functions may potentially overlap with each other's or with Louisiana Department of Labor programs. Potential overlap may exist primarily in the following four areas:

- ◆ Six entities that deal with information about and/or establishing standards for training and employment may have overlapping functions or activities. Legislation introduced this session combines the functions of most of these entities under a single commission. These entities include:
  - ◆ Louisiana Occupational Information Coordinating Committee
  - ◆ Louisiana Employment and Training Council
  - ◆ Louisiana Employment Security Advisory Council (may also include industry and local councils created at the governor's discretion)
  - ◆ Eighteen Private Industry Councils (consult with local governments--under workforce development legislation, may be restructured by local agreement)
  - ◆ Apprenticeship Council (affiliated with new commission under workforce development legislation)
  - ◆ Louisiana Private Employment Service Advisory Council (not specifically included in workforce development legislation)
- ◆ Three entities that examine and license or register occupations, or make recommendations with respect to licensing, may have overlapping functions or activities. These entities include:
  - ◆ Board of Barber Examiners
  - ◆ State Plumbing Board
  - ◆ Louisiana Private Employment Service Advisory Council
- ◆ Four councils are charged primarily with advisory functions. Entities whose responsibility is primarily to advise and report could, in some respects, overlap with the work of departmental officials and staff, as well as each other. These councils are:

- ♦ Apprenticeship Council
- ♦ Louisiana Employment Security Advisory Council
- ♦ Louisiana Private Employment Service Advisory Council
- ♦ Worker's Compensation Advisory Council
- ♦ The Employment Security Board of Review adds another level of appeal for unemployment insurance claims. As such, it does the same or similar work as Louisiana Department of Labor staff. According to Louisiana Department of Labor officials, the federal government funds this board. If Louisiana chose not to operate the board, all appeals would go to the state court system. The state would then absorb the cost of the appeals.

We did not identify any areas of duplication. The areas of potential overlap and the programs that appear to be outmoded should be reviewed further.

*(See page 31 of the report.)*

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## Recommendations

- 2.4 The Louisiana Department of Labor should determine if aspects of its budget units, programs, and related boards, commissions, and like entities do actually overlap. It may be possible to make this determination through the existing consultant contract. The department should develop additional strategies, if appropriate, to streamline and/or coordinate the activities of overlapping entities.
- 2.5 The Louisiana Department of Labor should monitor the One-Stop Shops and report the performance of these shops to the legislature.

- 2.6** The Louisiana Department of Labor should determine whether any programs authorized in statute are actually outmoded. If programs are no longer needed, the Louisiana Department of Labor should consider whether there is any advantage in leaving statutory structures of these programs in place. If the department finds no advantage in leaving the statutory structures in place, it should propose legislation to repeal the programs.
- 2.7** As part of the annual budget process, the three Louisiana Department of Labor budget units should report any legislatively authorized programs for which implementing funds were not appropriated, as required by Louisiana Revised Statute 49:191.1(A).

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## **Matters for Legislative Consideration**

- 2.1** The legislature may wish to further review the following programs that appear to be overlapping:
- ♦ Job Placement Program
  - ♦ Job Training Program
  - ♦ Community Services Program
  - ♦ Apprenticeship Program

In addition, the legislature may wish to further review the interaction of boards, commissions, and like entities with each other and with Louisiana Department of Labor programs. If a definite pattern of overlap is identified, the legislature may wish to address the problem areas by directing the Louisiana Department of Labor to identify additional coordinating strategies.



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## Matters for Legislative Consideration (Cont.)

- 2.2 The legislature may wish to further review whether any programs authorized in statute are actually outmoded. If programs are no longer needed, the legislature should consider whether there is any advantage in leaving the statutory structures of these programs in place. If the legislature finds no advantage in leaving the statutory structures in place, it may wish to repeal the programs.

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### No Clearly Identified Missions in Executive Budget; Mission Statements Incomplete

The 1996-97 executive budget contains no departmental mission for the Louisiana Department of Labor. In addition, the executive budget contains no missions labeled as such for budget units or programs. Missions are important because they identify the purposes and customers of the department, its budget units, and its programs. Because there are no clearly identified missions in the executive budget, a user of the budget might not understand the purpose and clientele of the Louisiana Department of Labor and its programs.

Though we did not find any clearly labeled missions, we were able to assess statements in the program descriptions that could be construed as missions for the budget units. However, for two of Louisiana Department of Labor's three budget units, these statements do not describe the full scope of the budget units. In addition, the statements do not fully identify target client groups. As a result, the statements do not fully convey the purpose and clientele of the budget units and their programs.

*(See pages 44 and 45 of the report.)*

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## Recommendations

- 3.1 The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to develop an overall departmental mission to be included in future editions of the executive budget.

- 3.2 The Louisiana Department of Labor and the Office of Planning and Budget staff should continue to ensure that missions are clearly identified and labeled as such in future editions of the executive budget.
- 3.3 The Louisiana Department of Labor and the Office of Planning and Budget should consider whether it would be desirable to craft missions for each program within each budget unit for inclusion in the executive budget.
- 3.4 The Louisiana Department of Labor and the Office of Planning and Budget staff should determine whether budget units should have missions. If so, they should work together to modify the missions for the Office of Employment Security and Office of Worker's Compensation budget units. The modified missions should include the full scope of the budget units' activities and the targeted client groups. The revised missions should also be clearly labeled as missions for inclusion in future editions of the executive budget.
- 3.5 If missions are developed for individual programs, they should fully identify the program's scope and clientele.

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**Goals Generally  
Do Not Address  
Program  
Activities**

The majority of program goals in the 1996-97 executive budget are consistent with the mission statements we assessed. However, fewer than half of the goals provide a sense of direction on how to address the mission and reflect the destination toward which the programs are striving. If goals do not provide this information, users of the executive budget may not be able to determine what the programs actually do or are striving to do.

*(See page 46 of the report.)*

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## Recommendation

- 3.6 The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to develop goals that provide a sense of direction on how to address the mission (e.g., through required activities) and reflect the destination toward which the program is striving.

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### Few Objectives Measurable and Timebound

Two-thirds of objectives included in the 1996-97 executive budget are not measurable and timebound. The objectives are, however, generally consistent with goals and results-oriented. When objectives are not measurable and timebound, they do not specify desired levels of performance and target dates for accomplishment. Consequently, a legislator making budgetary decisions may not have a frame of reference for how well or how timely the program is performing.

*(See page 47 of the report.)*

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## Recommendation

- 3.7 The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to develop objectives that are measurable and timebound.

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### Most Performance Indicators Do Not Measure Progress Toward Objectives

The majority of performance indicators included in the 1996-97 executive budget are easy to understand and consistent with the stated objectives. However, fewer than half measure progress toward the objectives. When indicators do not measure progress toward objectives, users of the executive budget may not know how well the programs did what they were supposed to do.

We found that most of the indicators that do not measure progress made toward corresponding objectives do not because the objectives are not measurable. Had the objectives specified quantitative targets for accomplishment, the indicators may have measured progress toward those targets.

We also noted that there are no performance indicators in the executive budget for administrative functions in the Administrative Program or the Office of Worker's Compensation budget unit. According to the assistant director of research at the Governmental Accounting Standards Board, performance indicators should be developed for administrative programs and functions. Administrative programs should measure their performance related to activities for which they are directly responsible.

*(See page 49 of the report.)*

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## **Recommendations**

- 3.8** The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to develop performance indicators that measure progress made toward corresponding objectives for inclusion in future editions of the executive budget.
- 3.9** The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to develop performance indicators for administrative functions based on administrative activities for which the programs are directly responsible. Only those administrative indicators that would be useful to parties external to the department should be included in the executive budget.

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**Performance  
Indicators  
Primarily  
Measure Output**

The majority of performance indicators included in the 1996-97 executive budget measure output. Only three programs or functions show outcome indicators, only four show efficiency indicators, and only one shows quality indicators. None of the programs or functions show input indicators. When programs have no outcome, efficiency, quality, or input indicators, users of the executive budget may not be able to determine how well the programs did what they were supposed to do, how much it cost to produce those results, or the total resources consumed in producing those results.

According to the Governmental Accounting Standards Board and *Manageware* (a publication of the Office of Planning and Budget), programs should develop a mix of the different types of indicators. What this mix should contain may be different for each program. When such a mix is properly developed, the indicators communicate more complete information on program performance that is useful in the process of making budgetary decisions. The Governmental Accounting Standards Board also suggests including explanatory information with performance indicators.

*(See page 50 of the report.)*

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**Recommendation**

- 3.10** The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to ensure that each program develops a mix of indicators that communicates all pertinent program performance for inclusion in future editions of the executive budget. Explanatory information should be included where appropriate.

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### **Performance Data Reported for Individual Programs Is Incomplete**

Approximately two-thirds of all missions, goals, objectives, and performance indicators reported in the 1996-97 executive budget do not meet all core criteria described in this report. That is, only about one-third of the performance data reported provides all information that it should provide. Consequently, the performance data may not be as useful as it could be to external audiences, such as legislators. At the same time, external audiences should not be inundated with too much information.

*(See page 54 of the report.)*

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### **Recommendations**

- 3.11** The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to develop performance data for all programs and major functions. The performance data should enable decision-makers to determine what the programs or functions actually accomplish relative to what they are expected to accomplish. They should also reflect how effectively and efficiently the programs accomplish these results.
- 3.12** The Louisiana Department of Labor and the Office of Planning and Budget staff should work together to ensure that missions, goals, objectives, and performance indicators within each program are consistent with each other. Also, at a minimum, they should meet all core criteria described in this report.
- 3.13** The Louisiana Department of Labor and the Office of Planning and Budget staff should ensure that the executive budget contains performance data that is useful to the legislature in making budgetary decisions. Performance data that is better suited for internal planning should not be included in the executive budget.

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# Chapter One: Introduction

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## **Audit Initiation and Objectives**

The Office of the Legislative Auditor conducted this performance audit of the executive budget program information for the Louisiana Department of Labor (LDOL) in response to certain requirements of Act 1100 of 1995. This act amended the state audit law by adding Louisiana Revised Statute (R.S.) 24:522, which created the Louisiana Performance Audit Program. Although the legislative auditor has been conducting performance audits since 1986, R.S. 24:522 formalizes an overall performance audit program for the state. In addition to finding solutions to present fiscal problems, the legislature created the Performance Audit Program to identify and plan for the state's long-term needs.

This report is one of a series of reports on all major executive branch departments addressing the following objectives:

- ♦ Determine if the department's missions and goals as reported in the fiscal year 1996-97 executive budget are consistent with legislative intent and legal authority
- ♦ Determine if the department's missions, goals, objectives, and performance indicators as reported in the fiscal year 1996-97 executive budget are consistent with established criteria
- ♦ Determine if the department's objectives and performance indicators as reported in the fiscal year 1996-97 executive budget collectively provide useful information for decision-making purposes
- ♦ Identify any programs, functions, and activities within the department that appear to be overlapping, duplicative, or outmoded

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**Report  
Conclusions**

**LDOL administers and enforces laws and programs designed to protect the economic and physical well-being of Louisiana's work force. The majority of its funding comes from the federal government, and most of its employees work in programs that are federally funded.**

**Four LDOL programs and several of its 29 related boards, commissions, and like entities may potentially overlap in some respects. If overlap is actually occurring, LDOL officials and legislators may be making broad programmatic decisions without a full understanding of the interaction among all entities involved. In addition, LDOL may be using more resources than necessary to provide services required by law. These areas of potential overlap should be reviewed in more detail to determine if any further action is necessary to address them.**

**There are also six programs that appear to be outmoded. These programs are not funded; however, they remain in state law. Maintaining their statutory structures could cause confusion for legislators and LDOL officials who must make funding and programmatic decisions. These programs should be reviewed further to determine if they should remain in state law or be repealed.**

**State law supports most of the goals and the statements we analyzed as missions in the 1996-97 executive budget. Therefore, they are generally consistent with legislative intent. However, one mission statement and two goals are not consistent with enabling legislation. As a consequence, they may not accurately portray what the legislature intended for these programs to do.**



**Overall, the performance data reported for LDOL in the 1996-97 executive budget does not provide sufficiently useful information about the progress or performance of labor programs. Therefore, the data may not be helpful to legislators charged with making budgetary decisions about the programs or to other users of the executive budget. Some of the problems we identified with the performance data include the following:**

- ♦ **Deficiencies in missions and goals, which can cause a lack of understanding of the scope of the programs, their target clientele, where they are trying to go, or how they plan to get there**
- ♦ **Objectives that are not measurable and timebound, meaning there are few specific targets for accomplishment against which the programs' performance can be measured**
- ♦ **Performance indicators that do not measure specific progress made and do not tell how effectively or efficiently the programs are operating**

**The Office of Planning and Budget and LDOL staff should work together to improve the quality of performance data reported in the executive budget so it will be more useful to decision-makers.**

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## **Accountability Initiatives**

Article XIV, Section 6 of the 1974 Louisiana Constitution reorganized the executive branch into 20 departments. State law says that the structure of the executive branch of state government is to, in part, promote economy and efficiency in the operation and management of state government. Since the reorganization, additional efforts have been undertaken to eliminate duplicative, overlapping, and outmoded programs and activities. Some of these efforts require internal reviews of programs, policies, and services of state agencies while others provide for external reviews.

R.S. 24:522 requires the legislative auditor to annually make recommendations to the legislature relative, in part, to the effectiveness and efficiency of programs and services that the various state agencies provide. In particular, it directs the auditor to evaluate the basic assumptions underlying all state agencies, programs and services to assist the legislature in identifying those that are vital to the best interests of the people of Louisiana and those that no longer meet that goal. The act also requires state agencies to produce certain information during the budgetary process.

In July 1996, the Office of the Legislative Auditor issued a report that examined the performance and progress of Louisiana state government. That report followed up on all recommendations made in performance audits and staff studies issued by the legislative auditor during the previous three years. In that report, we tracked the progress of agencies in implementing recommendations contained in the performance studies and identified related legislation. We also identified a number of problem areas in state government including inadequate oversight and inadequate planning.

As part of our continuing efforts to meet the requirements of R.S. 24:522, we have issued this report that examines the legal authority for LDOL's programs and services. This report also examines the program information contained in the fiscal year 1996-97 executive budget and builds on the need for better planning. As previously mentioned, similar performance audit reports are to be issued on all other executive branch departments.

State law (R.S. 49:190, *et seq.*) also requires agencies to provide the legislature with certain information to justify their continued existence. This is referred to as the sunset review process. This process allows the legislature an opportunity and mechanism to evaluate the operations of state statutory entities.

State law also requires an annual report by department undersecretaries on their department management and program analysis. These reports, required by the provisions of R.S. 36:8, are referred to as Act 160 reports, since Act 160 of 1982 originally enacted this law. This law requires agencies to conduct evaluations and analyses of programs, operations, and policies to improve the efficiency, economy, and effectiveness of the departments.

Other performance legislation includes an accountability act for colleges and universities. Also, various agency performance related reports are required to be submitted with the agency budget request. One of these reports is referred to as the “Sunset Review Budget Request Supplement.”

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**Program  
Budgeting and  
Strategic  
Planning  
Focus on  
Outcomes**

Act 814 of the 1987 Regular Legislative Session required the state to adopt a program budgeting system beginning in fiscal year 1988-89. R.S. 39:36 requires the executive budget to be in a format that clearly presents and highlights the programs operated by state government. According to *Manageware*, a publication of the Division of Administration’s Office of Planning and Budget (OPB), program budgeting is a budget system that focuses on program objectives, achievements, and cost-effectiveness. *Manageware* also states that program budgeting is concerned with outcomes or results rather than with individual items of expenditure.

Strategic planning is a process that sets goals and objectives for the future and strategies for achieving those goals and objectives, with an emphasis on how best to use resources. Program budgeting involves the development of missions, goals, objectives, and performance indicators. These factors are components of the strategic planning process.

Exhibit 1-1 on the following page shows how missions, goals, objectives, and performance indicators relate to each other. As can be seen in this exhibit, the mission is the base from which goals are derived. Objectives flow from the goals, and performance indicators flow from the objectives.

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**Exhibit 1-1****Major Components of the Strategic Planning Process**

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Source: Prepared by legislative auditor's staff using a similar diagram in *Manageware*.

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*Manageware* defines the above terms as follows:

- ♦ **Mission:** a broad, comprehensive statement of the organization's purpose. The mission identifies what the organization does and for whom it does it.
- ♦ **Goals:** the general end purposes toward which effort is directed. Goals show where the organization is going.
- ♦ **Objectives:** specific and measurable targets for accomplishment. Objectives include a degree or type of change and a timetable for accomplishment.
- ♦ **Performance Indicators:** the tools used to measure the performance of policies, programs, and plans.

Furthermore, *Manageware* categorizes performance indicators into five types:

1. **Input indicators** measure resource allocation and demand for services. Examples of input indicators are budget allocations and number of full-time equivalent employees.
2. **Output indicators** measure the amount of products or services provided or the number of customers served. Examples of output indicators include the number of students enrolled in an adult education course, the number of vaccinations given to children, and the number of miles of roads resurfaced.
3. **Outcome indicators** measure results and assess program impact and effectiveness. Examples of outcome indicators are the number of persons able to read and write after completing an adult education course and the change in the highway death rate. Outcome indicators are the most important performance measures because they show whether or not expected results are being achieved.
4. **Efficiency indicators** measure productivity and cost-effectiveness. They reflect the cost of providing services or achieving results. Examples of efficiency indicators include the cost per student enrolled in an adult education course, the bed occupancy rate at a hospital, and the average processing time for environmental permit applications.
5. **Quality indicators** measure effectiveness in meeting the expectations of customers, stakeholders, and other groups. Examples of quality indicators include the number of defect-free reports compared to the number of reports produced, the accreditation of institutions or programs, and the number of customer complaints filed.

*Manageware* also points out the benefits of program budgeting. According to *Manageware*, program budgeting streamlines the budget process. *Manageware* also says that program budgeting supports quality management by allowing managers more budgetary flexibility while maintaining accountability for the outcomes of programs. Since appropriations are made at the program level, program managers can more easily shift funds from one expenditure category to another to cover unanticipated needs, according to *Manageware*.

The need for accountability in government operations is gaining recognition both domestically and internationally. According to a recent report issued by the United States General Accounting Office, the federal government is currently implementing the Government Performance and Results Act of 1993. This act requires agencies to set goals, measure performance, and report on their accomplishments. The report also cites several states including Florida, Oregon, Minnesota, Texas, and Virginia and foreign governments such as Australia, Canada, New Zealand, and the United Kingdom that are also pursuing management reform initiatives and becoming more results-oriented.

In Louisiana, the 1996 general appropriation bill and resulting act included program descriptions for the first time. The 1997 general appropriation bill also includes key performance indicators. For fiscal year 1997-98, this information will be presented for informational purposes only. However, in the future, it will serve as a starting point for the full implementation of performance based budgeting.

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**Executive Budget  
Is Basis for  
General  
Appropriation  
Act**

Article VII, Section 11(A) of the Louisiana Constitution requires the governor to submit a budget estimate to the legislature that sets forth the state expenditures for the next fiscal year. This budget estimate, the executive budget,<sup>1</sup> must include recommendations for appropriations from the state general fund, dedicated funds, and self-generated funds.

R.S. 39:36 requires the executive budget to be configured in a format that clearly presents and highlights the programs operated by state government. This statute also requires the executive budget to include:

- (1) an outline of the agency's programmatic structure, which should include an itemization of all programs with a clear description of the objectives of each program;
- (2) a description of the activities that are intended to accomplish each objective; and
- (3) clearly defined indicators of the quantity and quality of performance of these activities.

OPB develops the executive budget based on voluminous material contained in various documents prepared by the departments as part of their budget requests. The budget request packages are made up of six separate components, which are listed below. These packages contain both financial and program information.

1. **Operational plans** describe the various programs within state agencies. They also give program missions, goals, objectives, and performance indicators. Operational plans are derived from long-range strategic plans. Operational plans tell what portions of strategic plans will be addressed during a given operational period.

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<sup>1</sup> The governor also submits a capital outlay budget. However, the scope of this audit includes only the executive budget.

2. **Existing operating budgets** describe the initial operating budgets as adjusted for actions taken by the Joint Legislative Committee on the Budget, the Interim Emergency Board, the legislature, and/or the governor.
3. **Continuation budgets** describe the level of funding for each budget unit that reflects the resources necessary to carry on all existing programs and functions at the current level of service in the ensuing fiscal year. These budget components include any adjustments necessary due to the increased cost of services or materials as a result of inflation and increased work load requirements resulting from demographic or other changes. Continuation budgets contain program information.
4. **Technical/other adjustment packages** allow for the transfer of programs or functions from certain agencies or departments to other agencies or departments. However, total overall revenues and expenditures cannot be increased. The technical/other adjustment packages also contain program information.
5. **New or expanded service requests** are designed to provide information about the cost of new and/or expanded services that departments will provide. These service changes can come about as a result of regulation or procedural changes that are/were controlled by the agency or by the addition of services that were not previously provided. The new or expanded service requests also contain program information.
6. **Total request summaries** provide a cross-check of the total budget request document. These forms are designed to provide summaries of all the requested adjustments made to arrive at the total budget requests.



According to *Manageware*, the total budget request must be accompanied by the Sunset Review Budget Request Supplement (i.e., BRS forms). The BRS forms list all activities that a budget unit has been directed to administer (through legislatively authorized programs and acts of the legislature) for which no implementing funds were appropriated in the existing operating budget. The BRS forms must be submitted to OPB, the Legislative Fiscal Office, and the Joint Legislative Committee on the Budget.

For the 1996-97 fiscal year, OPB prepared and published several volumes of a two-part executive budget using the departments' budget request packages. One part of the executive budget contains financial information, and the other part contains program information. The program information includes program descriptions, missions, goals, objectives, and performance indicators related to the services and products of each department resulting from spending state revenues.

According to R.S. 39:37, the governor must submit the executive budget to the Joint Legislative Committee on the Budget. The governor must make a copy of the executive budget available to each member of the legislature. The constitution requires that the governor submit a general appropriation bill for proposed ordinary operating expenditures in conformity with the executive budget document that was submitted to the legislature.

The general appropriation bill moves through the legislature similar to any other bill. The Appropriations Committee in the House of Representatives initially hears the bill. It then moves to the full House, then to the Senate Finance Committee and then to the full Senate. Both the House and Senate may amend the bill. The bill is voted upon in its final form by the full membership of both chambers. OPB monitors any amendments the legislature makes to the bill.

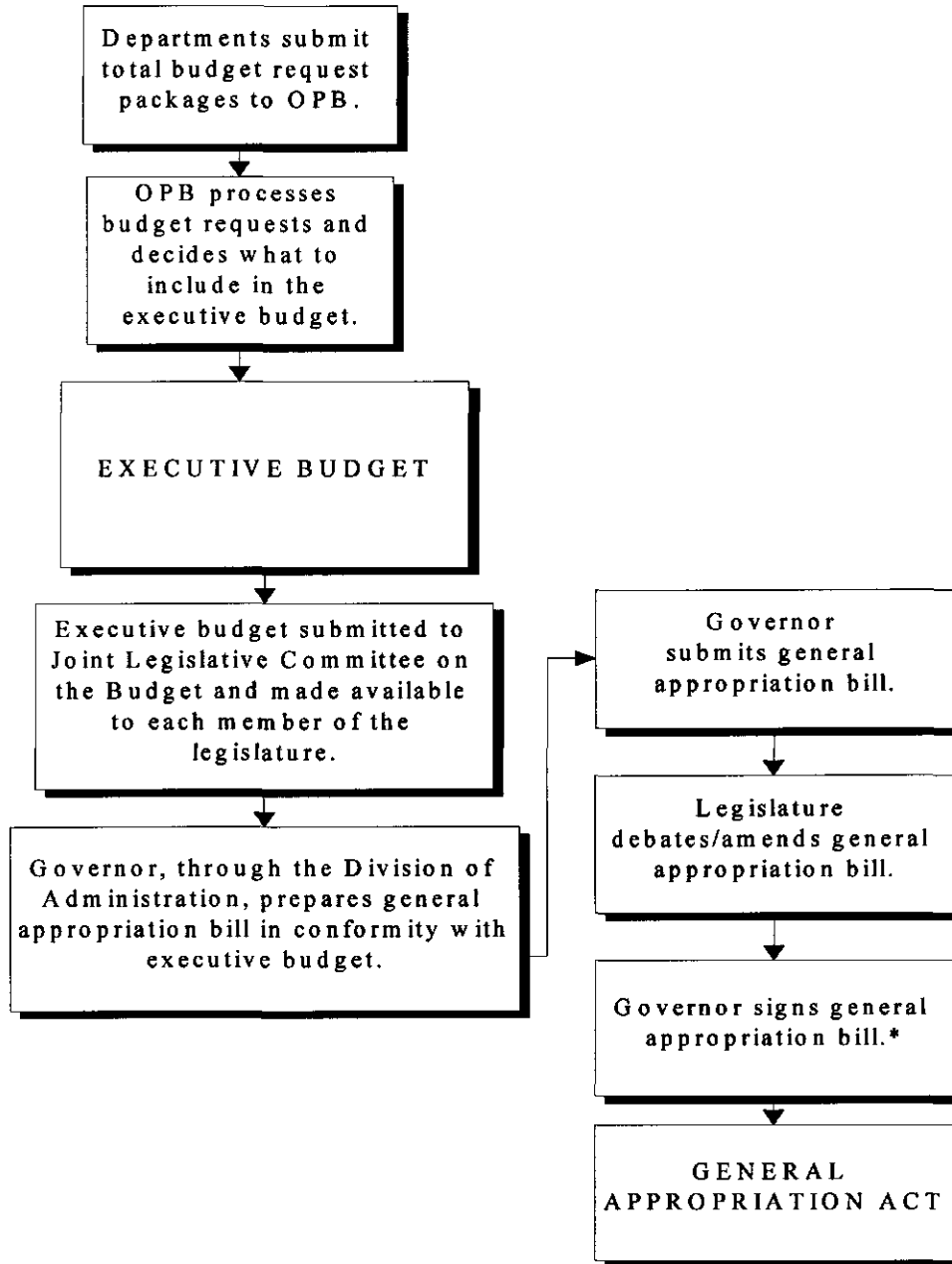
After the general appropriation bill passes the legislature, it is forwarded to the governor. Once the governor signs the bill, it becomes law in the form of the General Appropriation Act. After the governor signs the bill, OPB reports to the state departments any amendments made by the legislature. The state constitution allows the governor to veto any line item in the appropriation bill. A veto can be overridden by a two-thirds vote of the legislature. Exhibit 1-2 on the following page illustrates the executive budget and appropriation processes.

**Exhibit 1-2**

**Executive Budget and Appropriation Processes**

**Executive Budget Process**

**Appropriation Process**



\* Governor has line-item veto power.

Source: Prepared by legislative auditor's staff using the state constitution, state law, *Manageware*, and *House Legislative Services - State and Local Government in Louisiana: An Overview* (December 1995).

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## Scope and Methodology

**Overview.** This performance audit of LDOL's program information was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. All performance audits are conducted in accordance with generally accepted government auditing standards as promulgated by the Comptroller General of the United States. Work on this audit began in August 1996.

This section provides a summary of the methodology used in this audit. Based on planning meetings held by legislative audit staff, we formulated audit objectives that would address issues specific to the program information contained in the executive budget. The audit focused on the fiscal year 1996-97 executive budget program information.

**References Used.** To familiarize ourselves with performance measurement, program budgeting, and accountability concepts, we reviewed various publications including the following:

- ♦ *Manageware* published by the Office of Planning and Budget (1991 and 1996 editions)
- ♦ *Research Report - Service Efforts and Accomplishments Reporting: Its Time Has Come, An Overview* published by the Governmental Accounting Standards Board (GASB) (1990)
- ♦ *Executive Guide: Effectively Implementing the Government Performance and Results Act* published by the U.S. General Accounting Office (June 1996)
- ♦ Various reports by the Canadian Comprehensive Auditing Foundation
- ♦ Reports from various states related to program budgeting and strategic planning

These publications are listed in detail in Appendix A. We also conducted interviews with personnel of the Urban Institute, the federal Office of Management and Budget (OMB), and GASB. These individuals represent both the theoretical and practical sides of current performance measurement and accountability efforts.

To gain an understanding of the state's budget process, we reviewed state laws regarding program budgeting. In addition, we interviewed staff of OPB and LDOL regarding their budget processes.

**Legal Basis for Missions and Goals.** We searched state and federal laws to determine whether there is legal authority for the missions and goals reported for the department and its programs in the 1996-97 executive budget. We also reviewed applicable laws to determine legislative intent related to the creation of the department and the functions that the department and its programs are intended to perform. In addition, we reviewed and organized data obtained from the department on its structure, functions, and programs. We also interviewed key department personnel about these issues. We included the Worker's Compensation Second Injury Board within the scope of our detailed audit work because funding for this board was recommended through a specific line item in the executive budget. We also prepared a listing, which is contained in Appendix B, of all related boards, commissions, and like entities we identified, regardless of whether funding was recommended through a specific line item.

**Comparison of Program Information to Criteria.** We developed criteria against which to compare the department's missions, goals, objectives, and performance indicators as reported in the fiscal year 1996-97 executive budget. To help develop these criteria, we gathered information from GASB, OMB, the Urban Institute, and *Manageware*. During our criteria development process, we obtained ongoing input from GASB. We also obtained concurrence from GASB on our final established criteria. We then compared the missions, goals, objectives, and performance indicators to the established criteria.

In addition, we evaluated the objectives and performance indicators to determine if they collectively provide useful information to decision-makers. When deficiencies or other problems were identified, we discussed them with appropriate personnel of the department and OPB. We did not assess the validity or reliability of the performance indicators.

Although other documents contain program information on the department, we only compared the missions, goals, objectives, and performance indicators contained in the 1996-97 executive budget to the criteria. This decision was made because the executive budget is the culmination of OPB's review and refinement of the budget request components. It also represents the governor's official recommendation to the legislature for appropriations for the next fiscal year.

**Potentially Overlapping, Duplicative, or Outmoded Areas.** Finally, we reviewed the program descriptions and legal authority for the department's programs and related boards, commissions, and like entities to identify areas that appeared to be overlapping, duplicative, or outmoded. We defined these terms as follows:

- ♦ **Overlapping:** instances where two or more programs appear to perform different activities or functions for the same or similar purposes
- ♦ **Duplicative:** instances where two or more programs appear to conduct identical activities or functions for the same or similar purposes
- ♦ **Outmoded:** those programs, activities, or functions that appear to be outdated or are no longer needed

We did not conduct detailed audit work on the areas we identified as potentially overlapping or outmoded. We only identified them for further review at another time.

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### **Areas for Further Study**

During this audit, we identified the following areas that require further study:

- ♦ As previously mentioned, assessing the validity and reliability of performance indicators was not within the scope of this audit. However, if the legislature intends to include performance indicators in future appropriation bills and acts, validity and reliability become increasingly important. Consequently, in the future, the legislature may wish to direct a study of the validity and reliability of performance indicators included in appropriation bills.

- ♦ The programs, functions, and activities that appear to be overlapping or outmoded should be assessed in more detail to determine whether they are truly overlapping or outmoded. Once these assessments are completed, the legislature may decide whether any of these programs, functions, or activities should be altered, expanded, or eliminated.
- ♦ The availability of management information systems that can readily integrate data from a variety of sources is essential to a successful program budgeting system. Capturing accurate and meaningful performance data is important, in part, because of the increased emphasis the legislature is placing on program information. Therefore, the capabilities of the department's management information system as related to program data should be addressed in the near future.

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## Report Organization

The remainder of this report is divided into the following chapters and appendixes:

- ♦ **Chapter Two** describes the Louisiana Department of Labor. This chapter gives the legal authority for the department and its programs, as well as other information that describes the department and related boards and commissions. Chapter Two also compares the missions and goals of the department as reported in the fiscal year 1996-97 executive budget to their legal authority. In addition, this chapter discusses potentially overlapping, duplicative, and outmoded programs, functions, and activities.
- ♦ **Chapter Three** gives the results of our comparison of the department's missions, goals, objectives, and performance indicators as reported in the fiscal year 1996-97 executive budget to established criteria. In addition, this chapter discusses whether the objectives and performance indicators collectively provide useful information for decision-making purposes.

- ♦ **Appendix A** contains a list of publications used for this audit.
- ♦ **Appendix B** contains a list of related boards, commissions, and like entities that we identified.
- ♦ **Appendix C** contains Louisiana Department of Labor's response to this report.
- ♦ **Appendix D** contains Office of Planning and Budget's response to this report.





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# Chapter Two: Department Overview

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## Chapter Conclusions

**LDOL administers and enforces laws and programs designed to protect the economic and physical well-being of Louisiana's work force. The department was appropriated over \$180.1 million for the 1997 fiscal year. The majority of this funding comes from the federal government. Most of the department's 1,294 employees work in programs that are federally funded. We identified 29 boards, commissions, and like entities that are related to LDOL. One board is presented in the 1996-97 executive budget as a budget unit and program, with its own performance data.**

**The mission statements and goals presented in the 1996-97 executive budget are generally consistent with federal and state law. However, there are three exceptions. The mission statement for the Office of Worker's Compensation - Second Injury Board budget unit and the goals for the Injured Worker's Benefit Protection and Worker Protection Programs may not be entirely consistent with state law. As a result, they may not accurately reflect legislative intent.**

**Four LDOL programs (Job Placement, Job Training, Community Services, and Apprenticeship) may potentially overlap in the areas of job training and job placement. In addition, several of the 29 related boards, commissions, and like entities may potentially overlap in terms of job training and placement, licensing and registration, providing advisory functions, and providing an appeals forum for unemployment insurance claims. Because overlap could point to inefficiencies in the way services are provided, all areas of potential overlap should be reviewed to determine if any further action is necessary to address them.**

**In addition, six programs that are authorized in state law but not funded (according to LDOL officials) may be outmoded. Leaving the statutory structures of outmoded programs in place could cause confusion for legislators making programmatic decisions. These programs should also be further reviewed to determine if any action is necessary to address them.**

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**Department  
Creation  
and  
Purpose**

LDOL was created by Act 83 of 1977, which enacted R.S. 36:301. The department was created to “administer and enforce laws and programs designed to protect the economic and physical well-being of Louisiana’s work force.” The law also directs the department to coordinate and administer programs conducted by the state, or jointly with federal agencies, in the following areas:

- ◆ Manpower evaluation and training
- ◆ Employment
- ◆ Unemployment compensation
- ◆ Job safety
- ◆ Licensing and regulation of certain types of work
- ◆ Labor management relations

The purposes of the department are further detailed in state law (R.S. 36:308). These purposes include functions related to the following:

- ◆ Administration, enforcement, supervision, and direction of programs related to labor
- ◆ Employment security
- ◆ Employment and training
- ◆ Unemployment compensation
- ◆ Statewide employment service
- ◆ Minimum wage standards
- ◆ Worker’s compensation
- ◆ Welfare of workers
- ◆ Labor disputes

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**Department  
Budget, Funding,  
Staffing, and  
Clientele**

**Budget and Funding.** According to the state's June 30, 1996, *Supplemental Information to the Comprehensive Annual Financial Report* (CAFR Supplement), LDOL expenditures for the fiscal year ended June 30, 1996, totaled approximately \$154.9 million. The 1996-97 executive budget shows that over \$180.9 million in funding was recommended for LDOL for the fiscal year ending June 30, 1997. The department was appropriated over \$180.1 million for the 1997 fiscal year, according to the General Appropriation Act (Act 17 of the 1996 Regular Legislative Session).

Much of the department's funding comes from the federal government. Overall, according to the 1996-97 executive budget, about 69 percent of the total funding recommended for LDOL is estimated to come from federal funds. Additional funding sources include state statutory dedications (approximately 25 percent) and fees and self-generated revenue (approximately 5 percent). Other miscellaneous funding sources account for approximately one percent. Exhibit 2-1 on the following page shows budget and federal funding data for the department.

**Staffing.** The 1996 General Appropriation Act shows that the department has 1,294 authorized positions. As can be seen from Exhibit 2-1, the majority of these positions (69 percent) are concentrated in two programs: the Job Placement Program (384 positions) and the Worker Income Stabilization Program (508 positions). Both of these programs are funded almost entirely by the federal government.

**Clientele.** In general, LDOL serves employees and employers in the state of Louisiana. However, the department's clientele varies by program, depending on what each program is charged with doing. As can be seen from Exhibit 2-1, LDOL's clientele varies from broad groups such as "Louisiana employees and employers" (for the Injured Worker's Benefit Protection Program) to more specific groups such as 43 Community Action Agencies (for the Community Services Program).

**Exhibit 2-1**  
**Summary of Expenditures, Federal Funding, Staffing, and Clientele Data**  
**Louisiana Department of Labor**

Program	Actual Expenditures Fiscal Year 1996	Recommended Expenditures for Fiscal Year 1997	Estimated % Federally Funded for Fiscal Year 1997	Appropriations for Fiscal Year 1997	Authorized Positions for Fiscal Year 1997	Primary Target Clientele
Injured Worker's Re-Employment/ Ancillary	\$26,270,000	\$36,382,179	0%	\$36,382,179	11	Louisiana employees and employers
Administration	\$8,851,000	\$17,118,719	60.5%	\$16,990,390	145	Other offices of the department
Job Placement	\$14,099,000	\$28,473,288	98.5%	\$28,122,693	384	207,000 applicants; 50,000-70,000 employers
Worker Income Stabilization	\$22,960,000	\$21,458,489	93.3%	\$21,408,903	508	1.6 million unemployed persons
Job Training	\$63,702,000	\$54,653,265	100%	\$54,653,265	43	18 Service Delivery Areas
Community Services	\$9,643,000	\$11,654,574	100%	\$11,652,340	11	43 Community Action Agencies
Worker Protection	\$1,161,000	\$1,179,748	0%	\$1,179,748	30	80,000-90,000 employers; 145 private employment agencies; 72 apprenticeship programs
Injured Worker's Benefit Protection	\$8,171,000	\$9,996,551	3.0%	\$9,721,733	162	Louisiana employees and employers
<b>Total</b>	<b>\$154,857,000</b>	<b>\$180,916,813</b>	<b>69% of total recommended</b>	<b>\$180,111,251</b>	<b>1,294</b>	<b>--</b>
Sources for above data:	6/30/96 CAFR Supplement	1996-97 Executive Budget	1996-97 Executive Budget	1996 General Appropriation Act	1996 General Appropriation Act	Department Officials and Louisiana Revised Statutes

Source: Prepared by legislative auditor's staff from data supplied by sources listed above.

## **Boards, Commissions, and Like Entities**

We identified 11 boards, commissions, and like entities, in addition to 18 Private Industry Councils, that are related to LDOL. These entities are listed below:

- ◆ Apprenticeship Council
- ◆ Board of Barber Examiners
- ◆ Employment Security Board of Review
- ◆ Louisiana Employment Security Advisory Council
- ◆ Louisiana Employment and Training Council
- ◆ Louisiana Medical Benefits Council (Expired 1996)
- ◆ Louisiana Occupational Information Coordinating Committee
- ◆ Louisiana Private Employment Service Advisory Council
- ◆ Louisiana Worker's Compensation - Second Injury Board
- ◆ State Plumbing Board
- ◆ Worker's Compensation Advisory Council
- ◆ 18 Private Industry Councils

Appendix B provides further information about these boards, commissions, and like entities. The Second Injury Board is presented in the 1996-97 executive budget as a budget unit and program with its own performance data. As a result, we included this board in our analysis of the performance data presented in the 1996-97 executive budget (i.e., missions, goals, objectives, and performance indicators).

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**Program  
Presentation in  
Executive Budget**

The program structure presented in the 1996-97 executive budget differs from the offices established in state law. While state law establishes five offices, the executive budget shows three budget units and multiple programs.

State law [R.S. 36:301(C)(1)] establishes the following five offices:

- ♦ Executive Office of the Secretary
- ♦ Office of Management and Finance
- ♦ Office of Employment Security
- ♦ Office of Labor
- ♦ Office of Worker's Compensation Administration

The department is presented differently in the 1996-97 executive budget. Functions of all statutory offices except for the Office of Worker's Compensation Administration are reported under the Office of Employment Security budget unit (14-474). The Office of Worker's Compensation Administration is shown as a separate budget unit called the Office of Worker's Compensation (14-475). The Office of Worker's Compensation - Second Injury Board is a third budget unit (14-473).

Exhibit 2-2 on the following page presents a comparison of LDOL's statutory organization with the presentation in the executive budget.

## Exhibit 2-2

**Statutory Offices of LDOL Compared With  
1996-97 Executive Budget Presentation**

<b>Statutory Offices</b>	<b>Executive Budget Presentation</b>
<p><b>Executive Office of the Secretary Office of Management and Finance</b></p>	<p><b>Office of Employment Security (Budget Unit 14-474)</b></p> <ul style="list-style-type: none"> <li>• Administration (Program A)</li> </ul>
<p><b>Office of Employment Security</b></p>	<ul style="list-style-type: none"> <li>• Job Placement (Program B)</li> <li>• Worker Income Stabilization (Program C)</li> </ul>
<p><b>Office of Labor</b></p>	<ul style="list-style-type: none"> <li>• Job Training (Program D)</li> <li>• Community Services (Program E)</li> <li>• Worker Protection (Program F)               <ol style="list-style-type: none"> <li>1. Apprenticeship</li> <li>2. Private Employment Services</li> <li>3. Minor Labor Law</li> </ol> </li> </ul>
<p><b>Office of Worker's Compensation Administration</b></p>	<p><b>Office of Worker's Compensation (Budget Unit 14-475)</b></p> <ul style="list-style-type: none"> <li>• Injured Worker's Benefits Protection (Program A)               <ol style="list-style-type: none"> <li>1. Records Management</li> <li>2. Fraud Claims</li> <li>3. Worker's Compensation Hearings</li> <li>4. Medical Services</li> <li>5. Financial and Compliance Audit</li> <li>6. Safety and Health/OSHA Consultation</li> </ol> </li> </ul> <p><b>Office of Worker's Compensation - Second Injury Board (Budget Unit 14-473)</b></p> <ul style="list-style-type: none"> <li>• Injured Worker's Re-Employment (Program A)</li> <li>• Ancillary (Program B)</li> </ul>

**Source:** Prepared by legislative auditor's staff using R.S. 36:301(C)(1), the 1996-97 executive budget, and other sources provided by LDOL.

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**Missions and  
Goals Generally  
Consistent With  
Law****Missions and Goals Reported in 1996-97 Executive  
Budget Are Generally Consistent With Law**

The missions and goals presented in the 1996-97 executive budget are generally consistent with state and federal law. However, we noted three exceptions. As a result of these exceptions, some programmatic information presented in the executive budget may not accurately reflect legislative intent.

As a part of this audit, we reviewed state and federal law to determine whether the missions and goals presented in the 1996-97 executive budget were consistent with these laws. Although there are no clearly identified mission statements in the executive budget, we did identify and analyze three statements in the program descriptions that could be construed to be missions. We also analyzed the eight goals included in the executive budget.

We found that all statements we analyzed as missions and all goals are supported by state and/or federal law, with three exceptions. One exception involves the mission statement for the Office of Worker's Compensation - Second Injury Board budget unit. The second exception relates to the goal of the Injured Worker's Benefit Protection Program. The third exception is the goal of the Worker Protection Program.

First, although there is no clearly identified mission for the Worker's Compensation - Second Injury Board budget unit, we assessed the program description for the Board as a mission. The Board reimburses employers and insurers for injuries suffered on the job by certain workers. Whereas state law says these workers are "physically handicapped," the mission information in the executive budget describes them as "previously injured." Because the mission information does not accurately characterize these workers according to law, users of the executive budget might not fully understand the scope and purpose of the Second Injury Board. In the 1997-98 executive budget, this language has been changed to "handicapped."

Second, the goal for the Injured Worker's Benefit Protection Program implies the program will maintain funds to pay claims. The goal specifically states that the program is to:



. . . administer a financially sound program to meet current and future claim obligations, control medical costs, maximize the quality of care received by workers injured on the job, and administer the resolution of workers' compensation disputes in an efficient, timely, and impartial manner.

We reviewed the statute that defines the scope of this program director's powers, duties, and functions (R.S. 23:1291). We found that the statute does not include claims payment. We also discussed this situation with a department official, who confirmed that the Injured Worker's Benefit Protection Program does not pay claims. Because of the way this goal is stated in the executive budget, a reader might expect to see information on a program that does pay claims.

Finally, the goal for the Worker Protection Program does not mention Reimbursements to Employees for Company-Required Medical Exams and Drug Screens. According to a document given to us by a department official, this is a program under the Worker Protection Program. The document says that the Worker Protection Program comprises four programs established by law: Apprenticeship, Private Employment Services, Minor Labor Law, and Reimbursements to Employees for Company-Required Medical Exams and Drug Screens. The first three are included in the goal, but the last one is not.

We also reviewed state law (R.S. 23:897) and found that it authorizes the Secretary of Labor to collect reimbursement from employers who charge applicants for fingerprinting, drug testing, or medical examinations. The document provided to us says LDOL is authorized to conduct audits and investigations to determine if violations have occurred. Despite the department's documentation of this program and the fact that it is mentioned in statute, it is not included in the goal. Because the Worker Protection Program's goal does not include this program, a user of the executive budget may not fully appreciate the scope of the Worker Protection Program.

A summary of federal and state laws describing the purposes of LDOL budget units and programs, along with missions and goals, is presented in Exhibit 2-3 on the following three pages.

## Exhibit 2-3

**Legal Basis for Budget Units and Programs  
Louisiana Department of Labor**

Budget Unit or Program (from 1996-97 Executive Budget)	Mission or Goal (from 1996-97 Executive Budget)	Statute or Federal Law	Created or Authorized to:
<p><b>Budget Unit</b> <b>Office of Worker's Compensation - Second Injury Board (14-473)</b></p> <p><b>Program A</b> <b>Injured Worker's Re-Employment</b></p>	<p><i>Mission:</i> *The Second Injury Board encourages employers to hire <u>previously injured workers</u> by reimbursing the employer and/or insurers for some of the associated costs if the previously injured employee suffers another injury on the job.</p> <p><i>Goal:</i> The goal of the Injured Worker's Re-Employment Program is to reintegrate all job-ready Louisiana workers with permanent, partial disabilities into the work force.</p>	<p>R.S. 23:1371</p>	<p>" . . . encourage the employment of <u>physically handicapped</u> employees who have a permanent, partial disability by protecting employers and insurers from excess liability for workers' compensation for disability" through subsequent injury.</p>
<p><b>Budget Unit</b> <b>Office of Employment Security (14-474)</b></p> <p><b>Program A</b> <b>Administration</b></p>	<p><i>Mission:</i> *The Office of Employment Security is responsible for the functions of the state relating to the administration and enforcement of programs and services affecting employment security and unemployment compensation, the direction of the employment and training program, and the administration of a statewide employment service.</p> <p><i>Goal:</i> The goal of the Administration program is to provide and communicate direction, leadership, and vision for the Department of Labor.</p>	<p>R.S. 36:301**</p> <p>R.S. 36:304, 36:306</p>	<p>" . . . coordinate and administer programs conducted by the state, or jointly with federal agencies, in the area of labor-management relations, manpower evaluation and training, employment, unemployment compensation, job safety, and the licensing and regulation of certain types of work. The department shall perform functions related to the administration of the community services block grant . . ."</p> <p>" . . . organize, plan, supervise, direct, administer, execute, and be responsible for the functions and programs vested in the department . . ." (through secretary); undersecretary responsible for "accounting and budget control, procurement and contract management, data processing, management and program analysis, personnel management, and grants management for the department and all of its offices . . ."</p>
<p><b>Program B</b> <b>Job Placement</b></p>	<p><i>Goal:</i> The goal of the Job Placement Program is to effectively and efficiently deliver manpower services in Louisiana to meet the labor market needs of the business community and general population, minimizing unemployment in Louisiana.</p>	<p>R.S. 23:1668</p>	<p>" . . . establish and maintain free public employment offices" within purview of federal act to establish a national employment system.</p>

## Exhibit 2-3

**Legal Basis for Budget Units and Programs  
Louisiana Department of Labor**

Budget Unit or Program (from 1996-97 Executive Budget)	Mission or Goal (from 1996-97 Executive Budget)	Statute or Federal Law	Created or Authorized to:
<b>Program C</b> Worker Income Stabilization	<i>Goal:</i> The goal of the Worker Income Stabilization Program is to promote economic growth and stability in employment by providing financial security to unemployed workers through timely payment of unemployment compensation benefits.	R.S. 23:1471	. . . prevent the spread and lighten the burden of unemployment by . . . "encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide for periods of unemployment . . ."
<b>Program D</b> Job Training	<i>Goal:</i> The goal of the Job Training Program is to decrease Louisiana's illiteracy rate, dropout rate, unemployment rate, and welfare dependency, and to produce a more educated and highly occupationally skilled labor force to meet the demands of technological advances during the 1990s.	Federal Job Training Partnership Act (PL 97-300, 96 Stat 1322)	" . . . establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increased educational and occupational skills, and decreased welfare dependency . . ."
<b>Program E</b> Community Services	<i>Goal:</i> The goal of the Community Services Program is to ameliorate the causes of poverty within Louisiana through financial and technical support to local Community Action Agencies.	R.S. 23:61	" . . . maximize community participation in administration and implementation of programs designed to develop employment opportunities for low-income individuals and to ameliorate impact of such income on their physical and mental well-being."
<b>Program F</b> Worker Protection	<i>Goal:</i> The goal of the Worker Protection Program is to ensure that every Louisiana worker is afforded protection from work-related abuses which violate state statutes regulating apprenticeship training, private employment agencies, and child labor.		
♦ Apprenticeship		R.S. 23:381	" . . . open to young people the opportunity to obtain training that will equip them for profitable employment and citizenship";
♦ Private Employment Services		R.S. 23: 112	" . . . to set up . . . a program of voluntary apprenticeship"; and related activities
			" . . . regulate and supervise the operation of the business of employment services . . ."

## Exhibit 2-3

**Legal Basis for Budget Units and Programs  
Louisiana Department of Labor**

Budget Unit or Program (from 1996-97 Executive Budget)	Mission or Goal (from 1996-97 Executive Budget)	Statute or Federal Law	Created or Authorized to:
<p>♦ Minor Labor Law</p> <p>♦ Reimbursement for Company-Required Medical Exams and Drug Screens</p>		<p>R.S. 23:153</p> <p>R.S. 23:897</p>	<p>". . . regulate and supervise the administration of minor labor laws . . ."</p> <p>". . . collect from each employer for reimbursement . . . any amount of money charged to an employee or applicant . . ." for the cost of fingerprinting, drug tests, medical examinations, or the cost of furnishing these records.</p>
<p><b>Budget Unit</b> <b>Office of Worker's Compensation (14-475)</b></p> <p><b>Program A</b> <b>Injured Worker's Benefit Protection</b></p>	<p><i>Mission:</i> * The Office of Worker's Compensation strives to prevent workplace injuries, deliver benefits to truly injured workers, gather information about workplace injuries, and assimilate and distribute such information to ensure a manageable, cost-effective worker's compensation system.</p> <p><i>Goal:</i> The goal of the Injured Worker's Benefit Protection Program is to <u>administer a financially sound program to meet current and future claim obligations</u>, control medical costs, maximize the quality of care received by workers injured on the job, and administer the resolution of workers' compensation disputes in an efficient, timely, and impartial manner.</p>	<p>R.S. 23:1291</p>	<p>. . . perform functions that include the following: rules and regulations for worker's compensation; own risk programs oversight; advisory council; claims section (hearing officer system); medical services section; safety plans; statistical data section; fraud section; enforcement of OSHA and the Worker's Compensation Cost Containment Act.</p>

Source: Created by legislative auditor's staff using state and federal laws and the 1996-97 executive budget.

\*There are no missions labeled as such in the executive budget. Instead, we assessed statements of purpose in the program narrative as missions. See Chapter Three.

\*\*Statute applies to LDOL; this budget unit encompasses entire department except for the Office of Worker's Compensation and the Office of Worker's Compensation - Second Injury Board budget units.

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## Recommendations

- 2.1 Using the information in the program description as a basis, LDOL and OPB staff should work together to develop a clearly identifiable mission for the Office of Worker's Compensation - Second Injury Board budget unit. The mission should reflect legislative intent as set forth in R.S. 23:1371 regarding the definition of "physically handicapped" workers.
- 2.2 LDOL staff should work with OPB staff to revise the goal of the Injured Worker's Benefit Protection Program. The revised goal should not imply the existence of a financial function that pays claims.
- 2.3 LDOL and OPB staff should include a reference to reimbursement to employees for company-required medical exams and screens in the goal for the Worker Protection Program.

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### Some Entities May Be Overlapping or Outmoded

### Four Programs May Overlap; Six Programs Found in State Law May Be Outmoded

Four programs in LDOL may overlap in the areas of job training and job placement. As a result of potential overlap, LDOL might be using more resources than necessary to provide services in the above areas. In addition, LDOL officials and legislators may be making broad decisions related to job training and placement without full knowledge of the interaction among programs. Also, six programs authorized in statute (or whose functions are authorized in statute) may be outmoded. LDOL officials told us these programs do not receive funding. These potentially outmoded programs may cause confusion for some LDOL officials and legislators making programmatic decisions. Areas identified as potentially overlapping or outmoded should be further reviewed.

We defined overlap as instances where two or more programs appear to perform different activities or functions for the same or similar purposes. We defined duplication as instances where two or more programs appear to conduct the same activities or functions for the same or similar purposes. We defined outmoded to mean those programs, activities, or functions that appear to be outdated or no longer needed. To identify potential overlap or duplication, we examined the missions, goals, and statutory authorizations of LDOL's programs. We then compared these provisions with each other. To identify whether any programs appear to be outmoded, we searched applicable statutes and asked departmental officials about entities that appeared to be outmoded. We also asked LDOL and OPB officials whether unfunded entities were reported on budget forms required by OPB or through any other means for 1996-97.

We did not identify any programs that appear to be duplicative. We did, however, identify several that may be overlapping or outmoded. These programs are discussed in detail below.

**Potentially Overlapping Programs.** We found that the Job Placement, Job Training, Community Services, and Apprenticeship Programs (all within the Office of Employment Security budget unit, 14-474) appear to overlap in certain respects. We compared the goals presented in the 1996-97 executive budget and the statutory purposes of these programs. We found that the goals and/or legal authority of all the programs address job training and placement. As a result, LDOL may be using more resources than necessary to provide services related to these areas. In addition, LDOL officials and legislators may be making decisions related to job training and job placement without full knowledge of the interaction among programs. Because of these possibilities, these areas of potential overlap should be reviewed further.

According to LDOL officials, these programs may overlap primarily as a result of federal laws or initiatives related to job training and job placement. For example, the federal Job Training Partnership Act (JTPA) governs the Job Training Program. The federal Wagner-Peyser Act provides part of the framework for the Job Placement Program.

We found that federal or state laws governing these four programs all include job training components. First, the federal law for the Job Training Program purports to "establish programs to prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services . . ." Second, the federal law governing the Job Placement Program says it shall provide training costs for adversely affected workers. Third, according to federal law, the Community Services Program has a component to help its clientele "attain an adequate education." Finally, the Apprenticeship Program seeks to, according to state law, "open to young people the opportunity to obtain training that will equip them for profitable employment and citizenship . . ."

We also found that these four programs all have job placement aspects. The Community Services Program's federal statutory responsibilities include providing activities for low-income individuals "to secure and retain meaningful employment." State law charges the Job Placement Program with providing free public employment offices. The Job Training Program may provide job placement assistance for dislocated workers, according to federal law. Finally, state law says the Apprenticeship Program is to promote employment opportunities for apprentices of various trades.

In summary, all four programs have legal authority that addresses job training and job placement. If overlap is occurring, LDOL may be using more resources than necessary to provide job training and job placement services. In addition, LDOL officials and legislators may be making decisions related to these areas without full knowledge of the interaction among programs. Thus, these areas should be further reviewed.

Department officials told us that LDOL is aware of the potential overlap and is taking steps to address it. For example, a department official stated that LDOL is addressing the issue of potential overlap with federally funded One-Stop Shops. The One-Stop Shops will provide customers with access to a comprehensive array of services, including information regarding

public and private service providers. According to literature published by the department, LDOL officials plan to establish One-Stop Shops in each of the 64 parishes. LDOL has also contracted with a consultant to address the department's future structure with respect to workforce development. Reorganization legislation may place some or all of these potentially overlapping programs under one statutory office.

**Possibly Outmoded Programs.** We identified six programs that appear to be outmoded, yet remain in state law. According to department officials, these programs either have not been funded or require no funding. As far as we could determine, the programs that are unfunded were not reported as such, as required by law. If programs are outmoded, maintaining their statutory structures may cause confusion for LDOL officials and legislators making programmatic decisions. Not reporting these programs as unfunded may add to the confusion. These programs should be further reviewed to determine if action is necessary to abolish or restructure them.

Outmoded programs are programs that appear to be outdated or no longer needed. LDOL officials told us that four programs mentioned in state law are not funded and duplicate existing federal programs. These four programs are as follows:

- ◆ Youth Corps Litter Control and Incentive Employment Program (R.S. 23:1821, *et seq.*)
- ◆ Displaced Workers' Retraining Program (R.S. 23:1841, *et seq.*)
- ◆ Youth Summer Employment Program (R.S. 23:1851, *et seq.*)
- ◆ Work Opportunity Program (R.S. 23:1801, *et seq.*)

In addition, we identified two other programs that may be outmoded. First is a program that seeks to prohibit the employment of certain aliens (R.S. 23:991, *et seq.*). LDOL's responsibilities under this program are to assess penalties and institute civil proceedings, if warranted. An LDOL official said that federal laws superseded this program in 1986. However, state statutes authorizing the program have not been repealed.



Second, the laws governing the Workforce Preparation Program (R.S. 23:1861, *et seq.*) require each state department administratively responsible for workforce preparation activities to annually prepare a plan for each workforce development program. These plans are to be submitted to the Louisiana Employment and Training Council. According to an LDOL official, this program needs no funding. An official also said that the plan was completed through 1995 but may not have been completed in 1996. Legislation related to workforce development might affect this reporting requirement.

LDOL officials told us that some of these possibly outmoded programs might serve a future purpose. For example, one official said that three programs (the Youth Corps Litter Control and Incentive Employment, Displaced Workers' Retraining, and Youth Summer Employment Programs) may serve as a structure for federal funds, if such funds should become available. Another official told us the program dealing with aliens would be useful if the federal government should decide to make states responsible for this function. However, none of these programs are currently active. Thus, retaining the state laws authorizing them may cause confusion for legislators and others making decisions related to job training, job placement, or other labor-related issues. These programs should therefore be further reviewed to determine if they should remain in state law or be repealed.

We did not find any evidence that any of the programs we identified as possibly outmoded were reported for fiscal year 1996-97. State law (R.S. 49:191.1) requires each budget unit of the state to report to the legislature, as part of the budget process, all legislatively authorized programs for which implementing funds were not appropriated. Some of the programs we identified, had they been active, may not have required implementing funds. However, programs and activities that would require funding should be reported under this law. If LDOL does not provide a list of such programs, the legislature may not know that they exist.

## **Related Boards, Commissions, and Like Entities May Overlap With Each Other and LDOL Programs**

We identified potential overlap among several of LDOL's 29 related boards, commissions, and like entities. We also noted that several of these entities may potentially overlap with LDOL programs. As a result of potential overlap, LDOL officials and legislators could be making decisions about broad areas such as job training without full knowledge of the interaction among related boards, commissions, like entities, and programs. Also, LDOL could be spending more time, money, and effort than is necessary to reach its clientele. Thus, these areas of potential overlap should be further reviewed.

We examined the purposes of the boards, commissions, and like entities (see Appendix B). We examined their statutory authorizations, then compared these provisions with each other and with LDOL program provisions. We found possible overlap within the areas of establishing standards for training and employment and licensing. We also identified several councils primarily charged with advisory functions. Finally, we identified potential overlap in the area of appeals for unemployment insurance claims.

Specifically, we found that potential overlap may exist in the following areas:

- ♦ The entities that deal with information about and/or establishing standards for training and employment may overlap in some respects. In addition, these entities may also overlap with LDOL programs related to training and employment (i.e., the Job Training, Job Placement, Community Services, and Apprenticeship programs). However, the functions of several of these entities are mandated by federal law. Workforce development legislation passed this session places the functions of several of these entities under the Louisiana Workforce Commission. Entities in this group are as follows:
  - ♦ Louisiana Occupational Information Coordinating Committee
  - ♦ Louisiana Employment and Training Council

- ♦ Louisiana Employment Security Advisory Council (may also include industry and local councils created at the governor's discretion)
- ♦ 18 Private Industry Councils (PICs--consult with local governments--under workforce development legislation, may be restructured by local agreement)
- ♦ Apprenticeship Council (affiliated with new commission under workforce development legislation)
- ♦ Louisiana Private Employment Service Advisory Council (not specifically included in workforce development legislation)
- ♦ Entities that examine and license or register occupations, or make recommendations to LDOL with respect to licensing, may overlap in some respects. These entities are as follows:
  - ♦ Board of Barber Examiners
  - ♦ State Plumbing Board
  - ♦ Louisiana Private Employment Service Advisory Council
- ♦ Four councils are charged primarily with advisory functions. LDOL officials said each of these councils provides a valuable outside perspective, particularly with respect to legislation or regulation. However, entities whose primary responsibility appears to be advising LDOL officials could, in some respects, overlap with the work of departmental officials and staff and with each other. These councils are as follows:
  - ♦ Apprenticeship Council
  - ♦ Louisiana Employment Security Advisory Council
  - ♦ Louisiana Private Employment Service Advisory Council
  - ♦ Worker's Compensation Advisory Council

- ♦ The Employment Security Board of Review adds another level of appeal for unemployment insurance claims. As such, it does the same or similar work as LDOL staff. According to LDOL officials, the federal government funds this board. If Louisiana chose not to operate such a board, all appeals would go to the state court system. The state would then absorb the cost of the appeals.

If boards, commissions, and like entities do actually overlap in some respects, it could mean that LDOL is spending more time, money, and effort than is necessary to reach its clientele. It could also mean that legislators could be making funding decisions without full knowledge of the interaction among these entities. Therefore, the potential overlap among these entities should be further reviewed.

In summary, our purpose was to identify potentially overlapping, duplicative, or outmoded areas for further review. The extent of our work was to compare the purposes of programs and related entities as portrayed in law and to note similarities. We did not conduct individual performance audits to determine if overlap is actually occurring or whether programs are actually outmoded. Before a final determination is made, it is important that the areas we have pointed out as potentially overlapping and outmoded are studied in more detail.

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## **Recommendations**

- 2.4** LDOL should determine if aspects of its programs and related boards, commissions, and like entities do actually overlap. It may be possible to make this determination through the existing consultant contract. The department should develop additional strategies, if appropriate, to streamline and/or coordinate the activities of overlapping entities.
- 2.5** LDOL should monitor the One-Stop Shops and report the performance of these shops to the legislature.

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## Recommendations (Cont.)

- 2.6** LDOL should determine whether any programs authorized in statute are actually outmoded. If programs are no longer needed, LDOL should consider whether there is any advantage in leaving statutory structures of these programs in place. If the department finds no advantage in leaving the statutory structures in place, it should propose legislation to repeal the programs.
- 2.7** As part of the annual budget process, the three LDOL budget units should report any legislatively authorized programs for which implementing funds were not appropriated, as required by R.S. 49:191.1 (A).

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## Matters for Legislative Consideration

- 2.1** The legislature may wish to further review the following programs that appear to be overlapping:
- ♦ Job Placement Program
  - ♦ Job Training Program
  - ♦ Community Services Program
  - ♦ Apprenticeship Program

In addition, the legislature may wish to further review the interaction of boards, commissions, and like entities with each other and with LDOL programs. If a definite pattern of overlap is identified, the legislature may wish to address the problem areas by directing LDOL to identify additional coordinating strategies.

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## **Matters for Legislative Consideration (Cont.)**

- 2.2** The legislature may wish to further review whether any programs authorized in statute are actually outmoded. If programs are no longer needed, the legislature should consider whether there is any advantage in leaving the statutory structures of these programs in place. If the legislature finds no advantage in leaving the statutory structures in place, it may wish to repeal the programs.

# Chapter Three: Analysis of Performance Data

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## Chapter Conclusions

There is no overall mission for LDOL in the 1996-97 executive budget. There are also no budget unit or program missions that are labeled as such. We did identify and analyze as missions three statements in the program descriptions related to the department's budget units. However, only one of these statements fully describes the scope of the programs or identifies client groups, as missions should. Without complete information on scope and client groups, legislators and other users of the executive budget may not fully understand the purpose and customers of the department and its programs.

The majority of goals presented in the 1996-97 executive budget do not reflect the destination toward which LDOL programs are striving. In addition, they do not fully provide a sense of direction as to how to address the missions. Because the missions and goals are incomplete, they may not effectively convey what the programs are trying to accomplish.

The majority of objectives presented in the 1996-97 executive budget are not measurable and timebound. Consequently, most of the performance indicators reported do not measure progress toward those objectives. In addition, there is not a balanced mix of the various types of indicators. Because of deficiencies in the objectives and indicators, they may not collectively provide useful information for evaluating program progress or making informed budgetary decisions.

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**Analysis  
Conducted**

We analyzed the performance data presented for LDOL in the program information volume of the 1996-97 executive budget. In particular, we assessed as missions three statements in the program descriptions not specifically labeled as missions but which the OPB planning analyst for LDOL concurred would suffice as missions. We also assessed eight program goals included in the executive budget. Finally, we assessed 15 objectives and 93 performance indicators to determine if they collectively provide information suitable for external reporting and budgetary decision making.

We evaluated all missions, goals, objectives, and performance indicators for each of the eight programs for which performance data is reported in the executive budget. (One program, Ancillary, has no performance data reported.) Our evaluation considered whether the executive budget provides useful information to enable a legislator or other reader to understand each program and make related budgetary decisions.

We also evaluated the missions, goals, objectives, and performance indicators against a set of core criteria. We used *Manageware* and consulted with various experts to develop these criteria. The criteria used in our evaluation are described in Exhibit 3-1 on the next page.



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**Exhibit 3-1****Criteria Used to Evaluate  
Performance Data Included in  
1996-97 Executive Budget**

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**MISSION: A broad, comprehensive statement of purpose**

- ✓ Identifies overall purpose for the existence of the organization, department, office, institution, or program as established by constitution, statute, or executive order
  - ✓ Identifies clients/customers of the organization or external and internal users of the organization's products or services
  - ✓ Organizationally acceptable
- 

**GOAL: The general end purpose toward which effort is directed**

- ✓ Consistent with department, program, and office missions
  - ✓ Provides a sense of direction on how to address the mission; reflects the destination toward which the entity is striving
- 

**OBJECTIVE: A specific and measurable target for accomplishment**

- ✓ Consistent with goals
  - ✓ Measurable
  - ✓ Timebound
  - ✓ Specifies desired end result
- 

**PERFORMANCE INDICATOR: Tool used to measure performance of policies, plans, and programs**

- ✓ Measures progress toward objective or contributes toward the overall measurement of progress toward objective
  - ✓ Consistent with objective
  - ✓ Clear, easily understood, and non-technical
- 

**Source:** Prepared by legislative auditor's staff based on input from *Manageware*, GASB, OMB, and the Urban Institute to show criteria used to evaluate the department's performance data.

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The results of our analysis are described in the findings that follow. Overall results for the entire department are presented first. The results of our analysis of specific programs are presented after the overall results.

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**No Clearly  
Identified  
Missions in  
Executive Budget**

**Executive Budget Has No Overall Mission for LDOL  
and No Clearly Identified Missions for LDOL's  
Budget Units and Programs**

The 1996-97 executive budget contains no departmental mission for LDOL. However, we identified four sources that contain information that could be used to develop a mission. In addition, the executive budget contains no missions labeled as such for budget units or programs. Because there are no clearly identified missions in the executive budget, a user of the budget might not understand the purpose and clientele of LDOL and its programs.

Although no overall mission appears in the executive budget, we identified four other sources that could be used to develop one. The Internet home page for LDOL contains a mission. In addition, the operational plan prepared by the department and state law (R.S. 36:301) also contain missions. Finally, an outside consultant hired by LDOL has recently formulated a departmental mission. It is important to communicate the mission because, as discussed on page 43, it identifies the overall purpose and clients or customers of the department.

In addition, there are no missions clearly labeled as such in the executive budget for the department's budget units or programs. Although there are no clearly identified missions for these entities, we did identify three statements in the program descriptions that could be construed as missions for the budget units. However, if these statements are not labeled as missions, users of the executive budget may not understand what the purposes and clientele of these budget units are. OPB has addressed this issue in the 1997-98 executive budget by labeling these statements as missions. The 1996-97 executive budget contains no statements that could be construed as missions for the programs. Without missions for the programs, users of the executive budget may not grasp what the purposes and customers of the individual programs are.

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## Recommendations

- 3.1 LDOL and OPB staff should work together to develop an overall departmental mission to be included in future editions of the executive budget.
- 3.2 LDOL and OPB staff should continue to ensure that all missions are clearly identified and labeled as such in future editions of the executive budget.
- 3.3 LDOL and OPB should consider whether it would be desirable to craft missions for each program within each budget unit for inclusion in the executive budget.

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## Mission Statements Incomplete

### Mission Statements in Executive Budget Do Not Include Full Scope or Client Groups

The statements we assessed as missions in the 1996-97 executive budget for two of LDOL's three budget units do not describe the full scope of these budget units. These statements also do not fully identify target client groups. As a result, the statements do not fully convey the purpose and clientele of the budget units and their programs.

First, we found that the mission statements for two budget units do not describe the full scope of those budget units. These two budget units are the Office of Employment Security and the Office of Worker's Compensation. For the Office of Employment Security budget unit (which encompasses four of LDOL's five statutory offices), the mission statement does not describe or refer to the Community Services or Worker Protection Programs, two of the six programs included in this budget unit. For the Office of Worker's Compensation budget unit, the mission statement does not include program aspects such as hearings, medical dispute resolution, and compliance with insurance requirements.

Second, we found that the mission statements for the Office of Employment Security and the Office of Worker's Compensation budget units do not fully identify target client

groups. That is, the mission statements do not clearly identify all customers these programs serve.

As previously discussed, an entity's mission should identify the overall purpose for its existence and the clients or customers it is intended to serve. If the mission statements in the executive budget do not clearly articulate these factors, users of the budget document may not understand what the programs are supposed to accomplish or the client groups they are intended to serve.

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## Recommendations

- 3.4 LDOL and OPB staff should determine whether budget units should have missions. If so, they should work together to modify the missions for the Office of Employment Security and the Office of Worker's Compensation budget units. The modified missions should include the full scope of the budget units' activities and the targeted client groups. The missions should also be clearly labeled as missions for inclusion in future editions of the executive budget.
- 3.5 If missions are developed for individual programs, they should fully identify the program's scope and clientele.

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## Goals Generally Do Not Address Program Activities

### The Majority of Goals Reported in the Executive Budget Do Not Address Program Activities

The majority of program goals in the 1996-97 executive budget are consistent with the mission statements we assessed. However, fewer than half of the goals fully provide a sense of direction on how to address the mission and reflect the destination toward which the programs are striving. If goals do not provide this information, users of the executive budget may not be able to determine what the programs actually do or are striving to do.

We found that six of eight program goals (75 percent) are consistent with the mission statements. The two goals that are inconsistent with mission statements are inconsistent because the mission statements are incomplete. Only three of the eight goals (38 percent) fully address the program's direction and required activities.

Also, we found that five goals (62 percent) do not mention the destination toward which the entity is striving or how to address the mission. For example, the goal for the Injured Worker's Re-Employment Program - Second Injury Board does not say how the program plans to reintegrate previously injured workers into the workforce.

As discussed on page 43, goals should provide a sense of direction on how to address the mission. They should also reflect the destination toward which the program or entity is striving. Without this information, users of the executive budget may not understand what the programs are intended to accomplish and what their primary activities are.

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## **Recommendation**

- 3.6** LDOL and OPB staff should work together to develop goals that provide a sense of direction on how to address the mission (e.g., through required activities) and reflect the destination toward which the program is striving.

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## **Few Objectives Measurable and Timebound**

## **The Majority of Objectives Reported in the Executive Budget Are Not Measurable and Timebound**

The majority of objectives included in the 1996-97 executive budget are not measurable and timebound. The objectives are, however, generally consistent with goals and results-oriented. Objectives that are not measurable and timebound do not specify desired levels of performance and target dates for accomplishment. Consequently, a legislator

making budgetary decisions may not be able to tell how well the program is performing or how timely the program's accomplishments are being made.

Overall, we found that all 15 objectives included in the executive budget (100 percent) are consistent with the goals. Thirteen objectives (87 percent) are results-oriented. However, only five objectives (33 percent) are measurable, and only eight objectives (53 percent) are timebound. Only five objectives (33 percent) are both measurable and timebound. Objectives that do not quantify targets and timetables for accomplishment give the program nothing for which to aim. In addition, performance indicators cannot measure progress toward such objectives.

More specifically, we found that 10 of the objectives (67 percent) lack target measurements for any or for all parts of the objective. For example, the monitoring, investigation, and audit activities described in the Worker Protection Program objectives are not measurable. Instead, they stress ongoing activities, without saying whether they expect to increase or decrease the level of these activities. Specifying the desired level of achievement is important because it tells exactly what the program expects to accomplish.

Also, we found that seven objectives (47 percent) do not include timeframes for achievement. Those objectives that do include timeframes use the fiscal year as the target date for achievement. When timeframe references are not included in objectives, users of this information may not be able to determine whether the program's accomplishments are achieved in a timely manner.

Finally, we found that only one-third of the objectives are both measurable and timebound. These objectives are for the Injured Worker's Re-Employment and Job Placement Programs and the Medical Services, Financial and Compliance Audit, and Safety and Health/OSHA functions of the Injured Worker's Benefit Protection Program. None of the other 10 objectives are both measurable and timebound. It is important to include objectives that are both measurable and timebound so that users of the executive budget can see the targeted levels of performance and the timeframes in which that performance is to be achieved.

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## Recommendation

- 3.7 LDOL and OPB staff should work together to develop objectives that are measurable and timebound.

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### Most Performance Indicators Do Not Measure Progress Toward Objectives

### The Majority of Performance Indicators Reported in the Executive Budget Do Not Measure Progress Toward Objectives

The majority of performance indicators included in the 1996-97 executive budget are consistent with the stated objectives and are easy to understand. However, fewer than half measure progress toward the objectives. When indicators do not measure progress toward objectives, users of the executive budget may not know how well the programs did what they were supposed to do.

We found that the majority of performance indicators included in the 1996-97 executive budget (53 of 93, or 57 percent) do not provide a quantitative measurement of progress made toward corresponding objectives. However, the majority are consistent with the objectives (83 of 93, or 89 percent) and are clear, easily understandable, and non-technical (65 of 93, or 70 percent).

Of the 53 indicators that do not measure progress toward objectives, 42 (77 percent) do not because the objectives are not measurable. Had the objectives specified quantitative targets for accomplishment, the indicators may have measured progress toward those targets.

We also noted that there are no performance indicators in the executive budget for the Administration Program. Also, three administrative functions (Administrative, Legal, and Information Systems) under the Office of Worker's Compensation budget unit do not have performance indicators or other performance data. According to the assistant director of research at GASB, performance indicators should be developed for administrative programs and functions. Administrative programs should measure their performance related to activities for which they are directly responsible. For example, payroll,

personnel, and inventory control are administrative support services for which different types of performance indicators could be developed. In addition, the performance of administrative oversight could be measured by determining whether the administrative program ensures that the other programs develop performance data and that proper policies are in place. GASB does not recommend measuring administrative programs by the performance of other programs or the department as a whole.

As described on page 43, performance indicators should measure progress toward objectives or contribute toward the overall measurement of progress toward objectives. They should also be consistent with the objectives and be clear, easily understood, and non-technical. If the executive budget does not include performance indicators with these characteristics, users of the budget cannot tell if the programs achieved what they were supposed to achieve.

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## **Recommendations**

- 3.8** LDOL and OPB staff should work together to develop performance indicators that measure progress made toward corresponding objectives for inclusion in future editions of the executive budget.
- 3.9** LDOL and OPB staff should work together to develop performance indicators for administrative functions based on administrative activities for which the programs are directly responsible. Only those administrative indicators that would be useful to parties external to the department should be included in the executive budget.



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**Performance  
Indicators  
Primarily  
Measure Output****The Majority of Performance Indicators Reported  
for LDOL Programs Are Output Indicators**

The majority of performance indicators included in the 1996-97 executive budget measure output. Only three programs or functions show outcome indicators, only four show efficiency indicators, and only one shows quality indicators. None of the programs or functions show input indicators. When programs have no outcome, efficiency, quality, or input indicators, users of the executive budget may not be able to determine how well the programs did what they were supposed to do, how much it cost to produce those results, or the total resources consumed in producing those results.

Specifically, we found that 72 of LDOL's 93 performance indicators (77 percent) measure output. Eight indicators (9 percent) are outcome measures, 11 indicators (12 percent) are efficiency measures, and 2 indicators (2 percent) are quality indicators. None of the indicators measure program inputs.

Only three programs or functions in LDOL have outcome indicators in the executive budget. These are the Worker Income Stabilization Program, the Job Training Program, and the Safety and Health/OSHA function. However, only the Safety and Health/OSHA function has measurable objectives. For outcome indicators to be useful to a decision-maker, the objective must provide a target for expected results or impact.

Decision-makers also need to understand what resources were consumed in producing program outputs and outcomes. These resource costs are best explained by efficiency indicators. However, only four programs or functions in the executive budget include efficiency measures: the Injured Worker's Re-Employment Program, the Job Training Program, and the Records Management and Worker's Compensation Hearings functions in the Office of Worker's Compensation budget unit. Without efficiency measures, decision-makers may not know whether a program is achieving an outcome at a reasonable cost per unit.

Only the Job Training Program has quality indicators reported in the executive budget. Quality indicators measure excellence. If quality indicators are not reported for programs, users of the executive budget may not be able to determine if expectations of customers and other groups are met.

We also noted that there are no input indicators in the 1996-97 executive budget. Without input measures, it is unclear what the program cost in terms of time, dollars, or employee effort. Therefore, the performance data reported may not be as useful as it could be for budgetary decisions. Though the 1996-97 executive budget has no input indicators, the 1997-98 version has begun to address the lack of input indicators. The new budget shows financial information in the same section with the performance data. This financial information includes the program expenditures and requested amounts as well as the number of full-time equivalent positions authorized and requested.

According to both GASB and *Manageware*, programs should develop a mix of the different types of indicators. What this mix should contain may be different for each program. When such a mix is properly developed, the indicators communicate more complete information on program performance relevant to the process of making budgetary decisions.

GASB also recommends reporting explanatory information with performance indicators. Explanatory information includes a variety of information about the environment and other factors that might affect an organization's performance. For example, the Worker Income Stabilization Program's goal is, in part, to promote economic growth and stability in employment. Explanatory information could clarify that factors other than this program may affect economic growth and employment stability.

Performance indicator types are explained on page 7 of this report. Exhibit 3-2 on the next page shows the number of each type of indicator included for each program in the 1996-97 executive budget.

## Exhibit 3-2

## Indicator Types Included in 1996-97 Executive Budget for LDOL

## Programs

Office of Worker's Compensation - Second Injury Board (Budget Unit 14-473)	Input	Output	Outcome	Efficiency	Quality	Total
A. Injured Worker's Re-Employment	0	6	0	1	0	7
Office of Employment Security (Budget Unit 14-474)	Input	Output	Outcome	Efficiency	Quality	Total
A. Administration	0	0	0	0	0	0
B. Job Placement	0	30	0	0	0	30
C. Worker Income Stabilization	0	4	2	0	0	6
D. Job Training	0	7	4	2	2	15
E. Community Services	0	1	0	0	0	1
F. Worker Protection						
1. Apprenticeship	0	3	0	0	0	3
2. Private Employment Services	0	3	0	0	0	3
3. Minor Labor Law	0	3	0	0	0	3
Office of Worker's Compensation (Budget Unit 14-475)	Input	Output	Outcome	Efficiency	Quality	Total
A. Injured Worker's Benefit Protection						
1. Records Management	0	3	0	3	0	6
2. Fraud Claims	0	5	0	0	0	5
3. Worker's Compensation Hearings	0	0	0	5	0	5
4. Medical Services	0	2	0	0	0	2
5. Financial and Compliance Audit	0	2	0	0	0	2
6. Safety and Health/OSHA Consultation	0	3	2	0	0	5
<b>Total</b>	<b>0</b>	<b>72</b>	<b>8</b>	<b>11</b>	<b>2</b>	<b>93</b>
<b>Percent</b>	<b>0%</b>	<b>77%</b>	<b>9%</b>	<b>12%</b>	<b>2%</b>	<b>100%</b>

Source: Created by legislative auditor's staff using performance indicators listed for LDOL in the 1996-97 executive budget.

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## Recommendation

- 3.10** LDOL and OPB staff should work together to ensure that each program develops a mix of indicators that communicates all pertinent program performance for inclusion in future editions of the executive budget. Explanatory information should be included where appropriate.

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### Performance Data Reported for Individual Programs Is Incomplete

#### Most Mission Statements, Goals, Objectives, and Performance Indicators Do Not Meet All Criteria

Approximately two-thirds of all mission statements, goals, objectives, and performance indicators reported in the 1996-97 executive budget do not meet all criteria we evaluated them against. That is, only about one-third of the performance data reported provides all information that it should provide. Consequently, the performance data may not be as useful as it could be to legislators and other users of the executive budget.

Specifically, we found that only one of the mission statements (33 percent), 3 goals (38 percent), 5 objectives (33 percent), and 30 performance indicators (32 percent) meet all respective core criteria. When performance data does not contain all elements that it should, users of that information may not be able to understand the intent, targets, and accomplishments of the programs.

At the same time, users of the executive budget should not be inundated with too much information, according to GASB. Performance data for the executive budget should be constructed so that it is useful to an external audience such as legislators. Certain performance data might be useful for internal planning, but too detailed to provide meaningful information to an outsider.

The following sections show the results of our analysis for individual budget units and programs.

**Budget Unit 14-473: Office of Worker's Compensation - Second Injury Board.** Overall, we found that *the performance data for this budget unit may not enable* decision-makers to determine progress made by the programs in this budget unit. In addition, the data may not be useful in helping legislators make informed budgetary decisions.

Specifically, the mission statement for the budget unit is not labeled as such. Also, while the goal for Program A (the Injured Workers Re-Employment Program) is consistent with the mission statement, it does not say how the program plans to reintegrate partially disabled workers into the workforce.

In addition, although the objective for Program A is measurable and timebound, the performance indicators do not measure progress toward that objective. In other words, none of the performance indicators measure the number of job-ready workers with permanent, partial disabilities who return to work. Therefore, a decision-maker might not know if the program is effective. Because of this, Program A's objective and performance indicators may not collectively provide useful information for decision-making.

We also noted that there are no missions, goals, objectives, or performance indicators in the 1996-97 executive budget for Program B (the Ancillary Program). Performance data should be developed to help users of the executive budget understand what this program does and how effectively and efficiently it does that. In the 1997-98 executive budget, a goal and input data are included for this program.

Exhibit 3-3 on the next page summarizes the results of our assessment of performance data for the Office of Worker's Compensation - Second Injury Board budget unit.

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**Exhibit 3-3**
**Comparison of Programs  
in the Office of Worker's Compensation -  
Second Injury Board With Core Criteria**


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**Budget Unit 14-473 Office of Worker's Compensation - Second Injury Board** (one mission, one goal, one objective, seven performance indicators)

- ◆ **Mission** meets 3 of 3 core criteria (100%): *identifies purpose, identifies clients, is organizationally acceptable*

**Program A: Injured Worker's Re-Employment**

- ◆ **Goal** meets 1 of 2 core criteria (50%): *is consistent with mission, gives no direction/destination*
- ◆ **Objective** meets 4 of 4 core criteria (100%): *is consistent with goal, is measurable, is timebound, is results-oriented*
- ◆ **Performance Indicators** (7) meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 7 (100%) *are consistent with objective*
  - ◆ 5 (71%) *are clear/non-technical*

**Program B: Ancillary**

- ◆ No performance data is included in the executive budget for this program.
- 

**Source:** Developed by legislative auditor's staff from comparisons conducted of 1996-97 executive budget performance data against core criteria listed in Exhibit 3-1.

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**Budget Unit 14-474: Office of Employment Security.**  
We found that collectively, the performance data included in the 1996-97 executive budget for this budget unit may not enable decision-makers to determine progress made by the programs. The data also may not be useful in helping legislators make informed budgetary decisions.

First, there is no mission labeled as such for this budget unit. In addition, the mission statement that is provided does not reflect the full scope of the programs included in the budget unit. It also does not fully identify client groups.

Second, there are no performance indicators for Program A (the Administration Program). There are 61 indicators reported for this budget unit. However, none of them are for Program A.

Third, we noted problems with several of the objectives and performance indicators. Only one of this budget unit's eight objectives (13 percent) is measurable and timebound. This objective is in Program B (the Job Placement Program). Even though the objective is measurable and timebound, the performance indicators for this program do not measure outcome. As a result, users of the executive budget may not be able to tell whether the program is effectively progressing toward this objective.

All 30 performance indicators for Program B are output indicators. All of these indicators are consistent with the objective and measure or contribute to the overall measurement of progress toward it. However, the program's objective calls for an "increase" in the "level of efficiency" of service to job seekers and employers. An appropriate short-term outcome indicator would show the change in the level of efficiency.

Exhibit 3-4 on the next three pages summarizes the results of our assessment of performance data for the Office of Employment Security budget unit.

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**Exhibit 3-4****Comparison of Programs  
in the Office of Employment Security  
With Core Criteria**

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**Budget Unit 14-474 Office of Employment Security (1 mission, 6 goals, 8 objectives, 61 performance indicators)**

- ♦ Mission meets 0 of 3 core criteria (0%): *does not fully identify purpose, does not fully identify clients, is not organizationally acceptable*

**Program A: Administration**

- ♦ Goal meets 1 of 2 core criteria (50%): *is consistent with mission, gives no direction/destination*
- ♦ Objective meets 2 of 4 core criteria (50%): *is consistent with goal, is not measurable, is not timebound, is results-oriented*
- ♦ Performance Indicators *none reported for this program.*

**Program B: Job Placement**

- ♦ Goal meets 2 of 2 core criteria (100%): *is consistent with mission, gives direction/destination*
- ♦ Objective meets 4 of 4 core criteria (100%): *is consistent with goal, is measurable, is timebound, is results-oriented*
- ♦ Performance Indicators (30) meet criteria as follows:
  - ♦ 30 (100%) *measure or contribute to overall measurement of progress toward objective*
  - ♦ 30 (100%) *are consistent with objective*
  - ♦ 25 (83%) *are clear/non-technical*

**Program C: Worker Income Stabilization**

- ♦ Goal meets 2 of 2 core criteria (100%): *is consistent with mission, gives direction/destination*
  - ♦ Objective meets 3 of 4 core criteria (75%): *is consistent with goal, is not measurable, is timebound, is results-oriented*
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**Exhibit 3-4****Comparison of Programs  
in the Office of Employment Security  
With Core Criteria (Cont.)**

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**Program C: Worker Income Stabilization (Cont.)**

- ◆ **Performance Indicators** (6) meet criteria as follows:
  - ◆ 4 (67%) *measure or contribute to overall measurement of progress toward objective*
  - ◆ 6 (100%) *are consistent with objective*
  - ◆ 2 (33%) *are clear/non-technical*

**Program D: Job Training**

- ◆ **Goal** meets 2 of 2 core criteria (100%): *is consistent with mission, gives direction/destination*
- ◆ **Objective** meets 3 of 4 core criteria (75%): *is consistent with goal, is not measurable, is timebound, is results-oriented*
- ◆ **Performance Indicators** (15) meet criteria as follows:
  - ◆ 1 (7%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 15 (100%) *are consistent with objective*
  - ◆ 12 (80%) *are clear/non-technical*

**Program E: Community Services**

- ◆ **Goal** meets 0 of 2 core criteria (0%): *is not consistent with mission, gives no direction/destination*
  - ◆ **Objective** meets 2 of 4 core criteria (50%): *is consistent with goal, is not measurable, is timebound, is not results-oriented*
  - ◆ **Performance Indicators** (1) meet criteria as follows:
    - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
    - ◆ 1 (100%) *is consistent with objective*
    - ◆ 0 (0%) *is clear/non-technical*
-

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**Exhibit 3-4****Comparison of Programs  
in the Office of Employment Security  
With Core Criteria (Concluded)**

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**Program F: Worker Protection**

- ◆ **Goal** meets 0 of 2 core criteria (0%): *is not consistent with mission, gives no direction/destination*
- ◆ **Objective (Apprenticeship)** meets 2 of 4 core criteria (50%): *is consistent with goal, is not measurable, is not timebound, is results-oriented*
- ◆ **Performance Indicators (3)** meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 3 (100%) *are consistent with objective*
  - ◆ 2 (67%) *are clear/non-technical*
- ◆ **Objective (Private Employment Services)** meets 2 of 4 core criteria (50%): *is consistent with goal, is not measurable, is not timebound, is results-oriented*
- ◆ **Performance Indicators (3)** meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 1 (33%) *is consistent with objective*
  - ◆ 3 (100%) *are clear/non-technical*
- ◆ **Objective (Minor Labor Law)** meets 2 of 4 core criteria (50%): *is consistent with goal, is not measurable, is not timebound, is results-oriented*
- ◆ **Performance Indicators (3)** meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 2 (67%) *are consistent with objective*
  - ◆ 3 (100%) *are clear/non-technical*

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**Source:** Developed by legislative auditor's staff from comparisons conducted of 1996-97 executive budget performance data against core criteria listed in Exhibit 3-1.

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**Budget Unit 14-475: Office of Worker's Compensation.** As with the other two budget units, we found that collectively, the performance data reported for this budget unit may not enable decision-makers to determine progress made by the programs. It also may not be useful to legislators for making informed budgetary decisions.

Again, there is no labeled mission for this budget unit. Further, the mission statement that is reported does not include complete information on the functions of the office and its target client groups.

Also, for the six functions in this budget unit, only three objectives are measurable and timebound. These functions are Medical Services, Financial and Compliance Audit, and Safety and Health/OSHA Consultation. Only the Safety and Health/OSHA function has outcome indicators that measure progress toward the objective. Consequently, this may be the only Worker's Compensation function for which decision-makers can see program results.

The performance indicators for the Medical Services and Financial and Compliance Audit functions do not measure progress toward the objectives. While the Medical Services objective is about cost reduction, no measures of cost reduction are reported. Instead, the two output indicators measure the number of disputes filed and resolved. Consequently, these indicators do not tell how successful the program is in reducing costs.

The two indicators for the Financial and Compliance Audit function are not consistent with the objective and do not measure progress toward it. While the objective calls for review of insurance companies for compliance with Worker's Compensation statutes, the indicators measure the number of self-insurance applications rather than compliance. As a result, these performance indicators may not provide meaningful information for decision-makers.

Exhibit 3-5 on the next two pages summarizes the results of our assessment of performance data for the Office of Worker's Compensation budget unit.

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**Exhibit 3-5****Comparison of Programs and Functions  
in the Office of Worker's Compensation  
With Core Criteria**

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**Budget Unit 14-475 Office of Worker's Compensation** (1 mission, 1 goal, 6 objectives, 25 performance indicators)

- ◆ **Mission** meets 1 of 3 core criteria (33%): *does not fully identify purpose, does not fully identify clients, is organizationally acceptable*

**Program A: Injured Worker's Benefit Protection**

- ◆ **Goal** meets 1 of 2 core criteria (50%): *is consistent with mission, gives no direction/destination*
- ◆ **Objective (Records Management)** meets 2 of 4 core criteria (50%): *is consistent with goal, is not measurable, is not timebound, is results-oriented*
- ◆ **Performance Indicators** (6) meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 1 (17%) *is consistent with objective*
  - ◆ 1 (17%) *is clear/non-technical*
- ◆ **Objective (Fraud Claims)** meets 2 of 4 core criteria (50%): *is consistent with goal, is not measurable, is not timebound, is results-oriented*
- ◆ **Performance Indicators** (5) meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 5 (100%) *are consistent with objective*
  - ◆ 2 (40%) *are clear/non-technical*
- ◆ **Objective (Worker's Compensation Hearings)** meets 1 of 4 core criteria (25%): *is consistent with goal, is not measurable, is not timebound, is not results-oriented*
- ◆ **Performance Indicators** (5) meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 5 (100%) *are consistent with objective*
  - ◆ 5 (100%) *are clear/non-technical*

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**Exhibit 3-5****Comparison of Programs and Functions  
in the Office of Worker's Compensation  
With Core Criteria (Concluded)**

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**Program A: Injured Worker's Benefit Protection (Cont.)**

- ◆ **Objective (Medical Services)** meets 4 of 4 core criteria (100%): *is consistent with goal, is measurable, is timebound, is results-oriented*
- ◆ **Performance Indicators (2)** meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 2 (100%) *are consistent with objective*
  - ◆ 0 (0%) *is clear/non-technical*
- ◆ **Objective (Financial and Compliance Audit)** meets 4 of 4 core criteria (100%): *is consistent with goal, is measurable, is timebound, is results-oriented*
- ◆ **Performance Indicators (2)** meet criteria as follows:
  - ◆ 0 (0%) *measures or contributes to overall measurement of progress toward objective*
  - ◆ 0 (0%) *is consistent with objective*
  - ◆ 2 (100%) *are clear/non-technical*
- ◆ **Objective (Safety & Health/OSHA Consultation)** meets 4 of 4 core criteria (100%): *is consistent with goal, is measurable, is timebound, is results-oriented*
- ◆ **Performance Indicators (5)** meet criteria as follows:
  - ◆ 5 (100%) *measure or contribute to overall measurement of progress toward objective*
  - ◆ 5 (100%) *are consistent with objective*
  - ◆ 3 (60%) *are clear/non-technical*

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**Source:** Developed by legislative auditor's staff from comparisons conducted of 1996-97 executive budget performance data against core criteria listed in Exhibit 3-1.

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## **Recommendations**

- 3.11** LDOL and OPB staff should work together to develop performance data for all programs and major functions. The performance data should enable decision-makers to determine what the programs or functions actually accomplish relative to what they are expected to accomplish. They should also reflect how effectively and efficiently the programs accomplish these results.
- 3.12** LDOL and OPB staff should work together to ensure that missions, goals, objectives, and performance indicators within each program are consistent with each other. Also, at a minimum, they should meet all core criteria described in this report.
- 3.13** LDOL and OPB staff should ensure that the executive budget contains performance data that is useful to the legislature in making budgetary decisions. Performance data that is better suited for internal planning should not be included in the executive budget.

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## Recommendations

- 3.11** LDOL and OPB staff should work together to develop performance data for all programs and major functions. The performance data should enable decision-makers to determine what the programs or functions actually accomplish relative to what they are expected to accomplish. They should also reflect how effectively and efficiently the programs accomplish these results.
- 3.12** LDOL and OPB staff should work together to ensure that missions, goals, objectives, and performance indicators within each program are consistent with each other. Also, at a minimum, they should meet all core criteria described in this report.
- 3.13** LDOL and OPB staff should ensure that the executive budget contains performance data that is useful to the legislature in making budgetary decisions. Performance data that is better suited for internal planning should not be included in the executive budget.

# Appendix A: List of Publications Used

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- California, State of--California State Auditor. *California Conservation Corps: Further Revisions Would Improve Its Performance-Based Budgeting Plan*. October 1996.
- Canadian Comprehensive Auditing Foundation. *Effectiveness: Reporting and Auditing in the Public Sector*. 1987.
- Canadian Comprehensive Auditing Foundation. *Effectiveness: Putting Theory Into Practice*. 1993.
- Craymer, Dale K. and Albert Hawkins. *Texas Tomorrow: Strategic Planning and Performance Budgeting*. October 1993.
- Government Accounting Standards Board. *Research Report--Service Efforts and Accomplishments Reporting: Its Time Has Come--An Overview*. September 1990.
- Louisiana, State of--Office of Legislative Auditor. *Louisiana's Planning, Budgeting, and Program Evaluation System*. February 1995.
- Lyndon B. Johnson School of Public Affairs/The University of Texas at Austin. *Managing for Results: Performance Measures in Government*. Conference Proceedings. March 1994.
- Minnesota, State of--Office of the Legislative Auditor. A series of reports that comment on state agencies' 1994 annual performance reports. 1995.
- Office of Planning and Budget, Division of Administration. *Manageware: A Practical Guide to Managing for Results*. January 1996.
- Office of Planning and Budget, Division of Administration. *Manageware: Strategic Management Manual for the State of Louisiana*. November 1991.
- Oregon, State of--Secretary of State Audits Division. *Service Efforts and Accomplishments*. (Report No. 95-33) August 31, 1995.
- Portland-Multnomah County Progress Board. *Portland-Multnomah County Benchmarks - Standards for Measuring Community Progress and Government Performance*. January 1994.



Texas, State of--Governor's Office of Budget and Planning. *Instructions for Preparing and Submitting Agency Strategic Plans for the 1992-1998 Period.* January 1992.

Texas, State of--Governor's Office of Budget and Planning. *Detailed Instructions for Preparing and Submitting Requests for Legislative Appropriations for the Biennium Beginning September 1, 1993 - Executive, Administrative, Human Service and Selected Public Education Agencies.* June 1992.

Texas, State of--State Auditor's Office. *Accurate and Appropriate Performance Measures Are the Foundation of Tomorrow's Texas.* February 1992.

Texas, State of--State Auditor's Office. *Accurate and Appropriate Performance Measures Are the Foundation of Tomorrow's Texas.* June 1992.

United States General Accounting Office, Comptroller General of the United States.  
Executive Guide: *Effectively Implementing the Government Performance and Results Act.* June 1996.

## Appendix B: Boards, Commissions, and Like Entities

Board, Commission, or Like Entity	Statutory or Executive Order Citation	Purpose/Function
1. Employment Security Board of Review	R.S. 23:1652, 23:1629-1630	The board reviews appeals filed regarding unemployment compensation benefits.
2. Louisiana Worker's - Compensation Second Injury Board	R.S. 23:1371-1372	The board is responsible for administering the Worker's Compensation Second Injury Fund to determine whether an employer or his insurer is entitled to reimbursement from the fund when a physically handicapped employee with a permanent, partial disability receives a subsequent injury that creates a greater disability than would have resulted from the subsequent injury alone.
3. Apprenticeship Council	R.S. 23:382	The council, subject to the approval of the secretary of the Department of Labor, is responsible for establishing standards and procedures for registration and de-registration of apprenticeship programs, for approving apprenticeship agreements, and for issuing related rules and regulations.
4. Louisiana Employment Security Advisory Council	R.S. 23:1658-1659	The council is responsible for assisting the administrator of the Office of Employment Security in formulating policies and discussing problems related to the administration of unemployment compensation and in assuring impartiality and freedom from political influence in the solution of such problems. The council aids and advises the administrator on issues including taking all appropriate steps to reduce and prevent unemployment; encourage and assist in the adoption of practical methods of vocational training, retraining, and guidance; investigate, recommend, advise, and assist in the establishment and operation of reserves for public works to be used in time of business depression and unemployment; promote re-employment of unemployed workers; and carry on and publish results of investigations and research studies. (The governor may also appoint local or industry advisory councils for this purpose.)
5. Worker's Compensation Advisory Council	R.S. 23:1294	The council is responsible for monitoring and reporting to the governor and the legislature on the implementation and administration of laws pertaining to the administration of worker's compensation and to make specific recommendations thereon.

Board, Commission, or Like Entity	Statutory or Executive Order Citation	Purpose/Function
6. Board of Barber Examiners	R.S. 37:341, 37:349, 37:353- 37:354, 37:356	The board is charged with examining and registering barbers, registering barber schools, and inspecting barber shops.
7. State Plumbing Board	R.S. 37:1361, 37:1366	The board examines and licenses applicants for plumbers' licenses.
8. Louisiana Occupational Information Coordinating Committee	EO MJF 96-70	The committee is responsible for planning, developing, and managing a statewide occupational information system consistent with the objectives and functions of the National Occupational Information Coordinating Committee (NOICC). The committee is also required to serve as a liaison to NOICC and to be exclusively responsible for the state's coordination of occupational information.
9. Louisiana Employment and Training Council	R.S. 23:2023-2024	The council is responsible for planning, coordinating, monitoring, and reporting on state and local programs and services under the Job Training Partnership Act. In addition, the council recommends a governor's coordination and special services plan and advises the governor and local entities whether their job training plans are consistent with the plan. The council reviews the operation of programs in each service delivery area, and reviews and comments on the state plan for the state employment service agency. Also, the council identifies (with appropriate state agencies) employment, training, and vocational education needs in the state and assesses approaches to meeting those needs. The council reviews plans of each state agency providing employment, training, and related services and comments to the governor, the legislature, and state and federal agencies on the relevancy and effectiveness of employment and training and related service delivery systems in the state. Finally, the council comments at least once annually on measures taken pursuant to Section 113(b)(9) of the Carl D. Perkins Vocational Education Act and carries out Section 317 functions of the Economic Dislocation and Worker Assistance Act of the Trade Bill.
10. Private Industry Councils (18)*	Federal Job Training Partnership Act (Sec. 102, 103; 29 U.S.C. 1501, PL 97-300)	The private industry councils provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for their service delivery areas in partnership with the unit or units of general local government within their service delivery areas.

Board, Commission, or Like Entity	Statutory or Executive Order Citation	Purpose/Function
11. Louisiana Private Employment Service Advisory Council	R.S. 23:103	The council is required to inquire into the needs of the employment service industry and to advise the assistant secretary on how the council may best serve employment applicants. The council makes recommendations to the assistant secretary with respect to all matters relating to employment in the state as well as the regulation of license holders.
12. Louisiana Medical Benefits Council (Expired 1996)	EO EWE 93-24, 93-33	The council is charged with studying the feasibility of creating a 24-hour medical coverage program through the State Employees Group Benefits Program.

**Note:** Entity names listed are those cited in statutes or executive orders.

\* Because Private Industry Councils are agencies of local government, they would normally not be within the scope of the Louisiana Performance Audit Program as set forth in R.S. 24:522(B). However, we included PICS in this audit report because they are included in the workforce development legislation discussed in Chapter Two.

**Source:** Created by legislative auditor's staff using Louisiana Revised Statutes; executive orders; federal laws; legislative auditor's September 1996 report titled *Boards, Commissions, and Like Entities - Report to the Legislature*; and other documents supplied by LDOL.



# Appendix C

## Response of Louisiana Department of Labor



M.J. "MIKE" FOSTER, JR.  
GOVERNOR

## State of Louisiana

DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
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ROBIN M. HOUSTON  
SECRETARY

June 2, 1997

Mr. Daniel G. Kyle  
CPA, CFE  
Legislative Auditor  
Office of the Legislative Auditor  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Kyle:

The Louisiana Department of Labor (LDOL) has received the preliminary draft of the Performance Audit conducted by your office as required by Act 1100 of 1995. The audit was conducted over the last several weeks, and the LDOL was provided the preliminary draft for response. The auditors from your office, Ms. Shirley Young and Ms. Kerry Fitzgerald, worked diligently with me and members of the LDOL staff to secure and assess the necessary information. They were both professional and helpful throughout this entire process.

The audit contains an analysis of the program authority and performance data reported in the 1996-97 Executive Budget for the Louisiana Department of Labor. I was appointed as the Secretary of Labor effective the 1996-97 Fiscal Year. Thus, my staff and I implemented the budget that was developed by the former administration of the LDOL. As with all executive budgets, the budget was written and developed during the year prior to its implementation. Many of the concerns reflected in the audit performance recommendations are concerns which my staff and I have identified during this 1996-97 year of implementation. Thus, many of the concerns have already been addressed and such actions are noted below.

The Performance Audit report contains a total of 13 recommendations which address the following objectives:

- Determine if the LDOL's missions and goals as reported in the fiscal year 1996-97 executive budget are consistent with legislative intent and legal authority.
- Determine if the LDOL's missions, goals, objectives, and performance indicators as reported in the fiscal year 1996-97 executive budget are consistent with established criteria.

- Determine if the LDOL's objectives and performance indicators as reported in the fiscal year 1996-97 executive budget collectively provide useful information for decision-making purposes.
- Identify any programs, functions, and activities within the LDOL that appear to be overlapping, duplicative, or outmoded.

The Performance Audit, within the 13 recommendations, note deficiencies in all four objective areas above. Thus, this response has been formatted in accordance with the above objectives.

**Objective 1: LDOL's missions and goals: Consistency with legislative intent and legal authority.**

The Performance Audit stated that LDOL's missions and goals are generally consistent with legislative intent. The Performance Audit found only one mission statement and two goals which were not consistent with enabling legislation.

Within the first six months of the 1996-97 year, the executive budget was reviewed along with its accompanying missions, goals, and objectives. Prior to determining the appropriateness of the missions, goals, and objectives, each program was analyzed with regard to its appropriate statutory legislation. Several programs had stated missions that were either ambiguous or not generally consistent with legislative intent. Further analysis revealed that the logistics of the program did, in fact, satisfy the legislative intent. However, the programs functioned in the absence of clearly articulated missions, goals, and objectives. Thus, the LDOL engaged the services of Andersen Consultants, Inc. to assist with the strategic review and development of visions, missions, goals, and objectives. Additional information about this project is provided below.

**Objective 2: LDOL's missions, goals, objectives, and performance indicators: Consistency with established criteria.**

The Performance Audit report found that mission statements were so inadequate that users of the executive budget could not fully understand the purpose of the LDOL. For some programs units, mission statements did not exist at all. The Performance Audit found that the majority of goals do not provide a sense of direction as to how to address the missions. Due to the incompleteness of the majority of missions and goals, the users of the executive budget could not effectively determine the purposes of the LDOL programs. In addition, the majority of objectives were not measurable nor time bound. Thus, most of the performance indicators did not measure progress toward those objectives. In conclusion, the Performance Audit cited the need for serious revisions within the areas of missions, goals, objectives, and performance indicators.



The 1996-97 mission, goals, objectives, and performance indicators were developed during the 1995-96 year by the previous administration. Early in the 1996-97 year, the LDOL staff noted the necessity for reviewing and revising the mission, goals, objectives, and performance indicators. This need became most apparent during the process of trying to “right size” the LDOL. Due to budget shortages, the LDOL had not filled vacant positions for several years. Attrition caused the entire agency to downsize. However, some program units lost staff in greater numbers than other program units. Attrition did not cause reductions evenly among all units. Thus, when funding became stabilized during the beginning of the 1996-97 year, the LDOL was faced with the necessity to “right size” the various program units to attain equity in staffing. The intent was to right size the agency in accordance with each program unit’s mission and objectives. The ambiguity within the stated mission and objectives of various units prompted the call for a *Strategic Visioning Project*. Basically, each unit’s vision, mission, and goals needed to be clearly articulated so that right sizing could be in accordance with each unit’s stated purposes.

The *Strategic Visioning Project* encompassed analyzing and revising the LDOL’s vision, missions, goals, objectives, and performance indicators for each program unit. Andersen Consultants were engaged for the project which involved analyzing the agency through research and onsite reviews.

The *Strategic Visioning Project* resulted in an LDOL vision and mission along with recommendations and an action plan for achieving that vision. The project team interviewed LDOL executive and senior managers and conducted a two-day strategic visioning meeting. The outcomes included the following vision and mission statements for LDOL.

The Vision:

*Through cooperative partnerships, LDOL provides an integrated employment, training, and support system for Louisiana’s employers and employees to promote economic prosperity and improve the quality of life for our citizens.*

The Top Four Mission Statements:

- *Fast, friendly, flexible employment training services*
- *Great place to look for work, great place to look for workers*
- *Joining Louisiana jobs and workers*
- *Creating a market ready workforce to enable Louisiana to retain and attract businesses*

The Andersen Report on the *Strategic Visioning Project* was the first of two reports prepared by Andersen Consultants. This first report represented the beginning of LDOL’s re-engineering process. The second report, the reorganization proposal, provided for an LDOL reorganization around client-focused business processes rather than among programmatic structures. The proposed reorganization maintains integrity for programs that are federally mandated and removes duplicative

service delivery processes in the field and at the State office. The reorganization proposal is currently under review by the Legislature. Once approved, missions, goals, objectives, and performance indicators will be developed by each organizational unit. The reorganization provides for six offices (three of which are new) in the LDOL. They are:

- Office of the Secretary
- Office of Management and Finance
- Office of Occupational Information Services
- Office of Worker's Compensation
- Office of Regulatory Services
- Office of Workplace and Workforce Development

To assist each organizational unit with the process of establishing missions, goals, objectives, and performance indicators, the LDOL has created a unit of *Professional Development* which reports directly to the Secretary. This unit is basically an extension of a previous unit that was developed through a temporary funding source. This extended Professional Development Unit has as its primary mission the development and enhancement of skills of the LDOL staff and recipients. Thus, the Professional Development Unit will serve an integral role in assisting each unit with the development of missions, goals, objectives, and performance indicators. The manager of this unit will be directed to receive training in "manageware" as established in the Performance Audit report. Each organizational unit will then be assisted in the development of its missions, goals, objectives, and performance indicators. The progress of this professional development and strategic planning will be the subject of monthly reports at the meetings of the LDOL Senior Staff. In addition, an *ad hoc* committee of the Senior Staff will be appointed to monitor the progress toward the development and implementation of the strategic planning for each organizational unit.

In conclusion, the LDOL has already initiated steps toward the analysis and revision of its vision, mission, goals, objectives, and performance indicators. LDOL's vision and missions are clearly articulated as a result of an encompassing strategic planning project. The LDOL's reorganization plan provides for organizational units that will subsequently develop missions, goals, objectives, and performance indicators. The leadership of each organizational unit will be guided in this development through the LDOL's Professional Development Center.

**Objective 3: LDOL's objectives and performance indicators: Useful information for decision-making purposes.**

The Performance Audit report indicated that LDOL's objectives are not measurable and time bound, meaning that there are few specific targets for accomplishment against which the program's performance can be measured. In addition, performance indicators do not measure specific progress and do not indicate how effectively or efficiently the programs are operating.

In accordance with LDOL's *Strategic Visioning Project* and the Professional Development initiatives, LDOL will address the language in its objectives and performance indicators. Each LDOL staff

member will participate in training that will focus on the “major components of the strategic planning process.” The LDOL staff will learn the major components (mission, goals, objectives, and performance indicators) and the operational definition of each component. While LDOL management staff will be responsible for working with their respective staffs to develop the various components, each LDOL staff member will gain a full understanding of all components of this process.

With regard to the performance indicators, the training will specifically focus on the five types of performance indicators. The LDOL staff will be able to identify and to write indicators which measure input, output, outcomes, efficiency, and quality. The training and progress toward development of the five components will be reviewed at the monthly Senior Staff meetings and through the *ad hoc* committee convened for these purposes.

Of importance, the objectives for each organizational unit will be both measurable and time bound. The current objectives assume accomplishment within one program or fiscal year. However, such time lines are not stated within the current objectives. When objectives stress ongoing activities, the objectives will further state the desired level of achievement expected from the increase and/or decrease of said activities.

During this process, the LDOL will interact with the Office of Planning and Budgeting (OPB). OPB will be requested to provide information and guidance to the leadership of the Professional Development Unit. In addition, OPB will be requested to send a representative to serve on the *ad hoc* committee that will monitor the strategic planning process. The representative to the *ad hoc* committee will be requested to attend meetings of the Senior Staff, also.

While professional development, through the training of the Professional Development Center, the monitoring of the *ad hoc* committee and the monthly reporting at the Senior Staff meeting, the progress toward implementing the recommendations of the audit review team will be measured by the success in moving toward meeting the recommendations of the Performance Audit team. The integral catalyst for change within each program unit is each respective unit’s Appointing Authority. The reports from the various program units will be presented at the Senior Staff meetings by the appropriate Appointing Authority. The appropriate Appointing Authority will provide the leadership and guidance in moving those units within his/her jurisdiction toward compliance with the recommendations of the Performance Audit team.

**Objective 4: LDOL Programs, Functions, and Activities: Overlapping duplicative and/or outmoded.**

The Performance Audit report indicated that four LDOL programs and several of its related boards and commissions may potentially overlap. In addition, they indicated that there are also six programs that appear to be outmoded.

With regard to the overlapping programs and related boards and commissions, LDOL has already addressed these matters through the promulgation of legislation on Workforce Development. The Louisiana Workforce Development legislation has successfully passed through both legislative branches and signed by the Governor. The Workforce Development legislation addresses duplicative and overlapping training programs and accompanying boards and commissions. A major purpose of the legislation is to coordinate services through streamlining and combining the functions of the various management and advisory boards and commissions. The legislation will result in more effective and efficient training programs and less duplication of efforts.

The Louisiana Workforce Development legislation creates the Louisiana Workforce Commission. This commission is created in Louisiana statute and is authorized through federal legislation. The 1992 amendments to the Job Training Partnership Act (JTPA) provide for the development of a Human Resource Investment Council (HRIC). Federal legislation allows for the HRIC to assume the responsibilities of the SJTCC and the responsibilities of other state advisory boards and councils. The Louisiana Workforce Commission has been created as an HRIC and, thus, has resulted in the abolishment of the following advisory boards and councils:

- The State Job Training Coordinating Council
- The State Council on Vocational Education
- The State Occupational Information Coordinating Council
- The Adult Education Advisory Council
- The Governor's School-to-Work Council
- The Louisiana Employment Security Advisory Council
- Such other state advisory commissions or councils as the commission recommends and the Governor approves.

While the HRIC has assumed the powers of the above boards and councils, such entities will continue to exist as standing committees. In their standing committee capacities, they will provide a critical source of guidance to the Louisiana Workforce Commission.

The Louisiana Workforce Commission will serve a critical role as oversight to the expenditure of training program funds in this state. Currently, Louisiana expends over \$400 million each year in training programs. While the numerous boards and commissions seek to direct the efficient expenditure of funds, the very nature of these structures cause fragmentation and duplication of services. The coordination of training funds through the Louisiana Workforce Commission will move Louisiana toward greater training opportunities for its people.

The Louisiana Department of Labor played a key role in the development and support of the legislation. The Louisiana Department of Labor continues to have an integral role in the implementation of this legislation. Specifically, the Occupational Information System will be directed by the Louisiana Department of Labor. The Occupational Information System will focus on:

1. Occupational Forecasting
2. Consumer Information
3. Score Card

A comprehensive and coordinated system of occupational information will provide the foundation and support for the success of the Workforce Development initiatives.

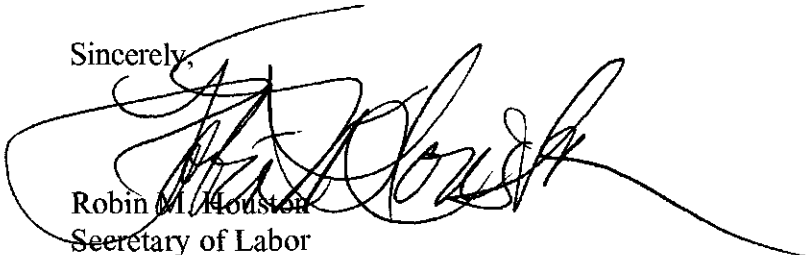
With regard to the six programs that appear to be outmoded, LDOL will review and revise these programs as necessary during the process of strategic planning. As each Appointing Authority works specifically with each program unit to identify missions, goals, objectives, and performance indicators, the programs that are outmoded will be identified and recommended for legislative termination, as necessary. Basically, these programs will be reviewed further to determine if they should remain in state law or be repealed.

***IN CONCLUSION:***

In conclusion, the LDOL expresses appreciation to the Legislative Auditors for their thorough and comprehensive Performance Audit report. While the recommendations contained within the report will provide guidance to the LDOL, several initiatives have already been undertaken. LDOL's vision and mission, as developed through the strategic planning process, will continue to be disseminated so that the vision and missions become integral to each program unit. Through technical assistance from the Office of Planning and Budgeting and the LDOL's Professional Development Center, all staff members will be introduced to the "manageware" language of: Mission, Goals, Objectives, and Performance Indicators. With the leadership and guidance of each Appointing Authority, respective program units will analyze and revise, as necessary, their mission, goals, objectives, and program indicators. When such analysis indicates outmoded programs and/or duplicative functions, appropriate remedial actions will be taken. Throughout the processes of analysis and revision, the LDOL Senior Staff will receive monthly reports and an *ad hoc* committee will be appointed to monitor progress. In the final analysis, LDOL expects to have its performance data reported in the 1997-98 executive budget in a format that will enable users of the budget to determine progress made by the various program units and by the entire Louisiana Department of Labor.

Thank you for this opportunity to respond.

Sincerely,



Robin M. Houston  
Secretary of Labor

RMH:BF:pbs

# Appendix D

## Response of Office of Planning and Budget



State of Louisiana  
DIVISION OF ADMINISTRATION  
OFFICE OF PLANNING AND BUDGET

M. J. "MIKE" FOSTER, JR.  
GOVERNOR

MARK C. DRENNEN  
COMMISSIONER OF ADMINISTRATION

May 27, 1997

Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Re: Analysis of Program Authority and Performance Data for Louisiana Department of Labor

Dear Dr. Kyle:

Thank you for the inclusion of members of our staff in the pre-exit and exit conferences for your office's performance audit of the Louisiana Department of Labor as well as this opportunity to respond to the audit report, Department of Labor Analysis of Program Authority and Performance Data.

Our office agrees with audit recommendations regarding ways to improve the department's planning and performance accountability. The Office of Planning and Budget maintains a standing offer to all state agencies of training and technical assistance in planning, budgeting, and performance accountability. Louisiana Department of Labor executives have recently discussed such training and technical assistance with our staff, and we anticipate working with the department over the summer to undertake strategic planning, make appropriate changes to the department's operational plan, and develop better performance indicators.

Sincerely,

Stephen R. Winham  
State Director of Planning and Budget

SRW/TNM

c: Robin Houston, Secretary  
Louisiana Department of Labor