

# Government Efficiency – Deliver Greater Value and Efficiency in Government

## Contributing Agencies & Mission Statements

### Office of Administration

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Naomi Wyatt, Secretary  
[www.oe.state.pa.us](http://www.oe.state.pa.us)  
Complement Level: 680  
Total Budget: \$208.089 M

*The Office of Administration serves the Governor and the citizens of Pennsylvania by providing leading technologies and a dedicated workforce to all state agencies.*

### Office of the Budget

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Mary A. Soderberg, Secretary  
[www.budget.state.pa.us](http://www.budget.state.pa.us)  
Complement Level: 781  
Total Budget: \$68.098

*The mission of the Office of the Budget is to develop, coordinate and oversee the execution of a balanced financial plan for the commonwealth that reflects the policies and priorities of the Governor, promotes the efficient allocation and use of resources, and ensures that all funds received and disbursed for commonwealth programs are accounted for in accordance with current laws, regulations and policies.*

### Department of General Services

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James P. Creedon, Secretary  
[www.dgs.state.pa.us](http://www.dgs.state.pa.us)  
Complement Level: 1,334  
Total Budget: \$117.868 M

*The mission of the Department of General Services (DGS) is to provide high-quality services at a fair price to support the operation of state government. As the state's central purchaser of commodities and services, the manager of the state's public works program that builds and repairs the commonwealth's buildings and infrastructure, and the manager of most state owned facilities, it is imperative that DGS make cost-effective service its primary mission. DGS also works to make state government friendlier to the citizens and suppliers, expand opportunities for minorities and women-owned businesses and reduce operating costs for all state agencies.*

### Office of Inspector General

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Donald L. Patterson, Inspector General  
[www.oig.state.pa.us](http://www.oig.state.pa.us)  
Complement Level: 349  
Total Budget: \$27.168 M

*The mission of the Office of Inspector General is to initiate, supervise, and coordinate investigative activities related to fraud, waste, misconduct or abuse in executive agencies, and, when invited, in independent agencies; recommend policies for and to conduct, supervise and coordinate activities designed to deter, detect, prevent, and eradicate fraud, waste, misconduct, and abuse in executive agencies; to refer violations of criminal law or matters requiring civil actions by the commonwealth involving executive agencies to the Governor's General Counsel; to cooperate with federal, state and local law enforcement agencies in the prosecution of criminal violations of federal and state benefit programs; to prevent, detect and deter fraud prior to authorization of program benefits; to recover overpaid program benefits; to promote public awareness of effective government; and to ensure proper distribution of benefits to citizens in need.*

### Department of Revenue

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C. Daniel Hassell, Secretary  
[www.revenue.state.pa.us](http://www.revenue.state.pa.us)  
Complement Level: 2,385  
Total Budget: \$1,007.4 M

*The mission of the Department of Revenue is to fairly, efficiently and accurately administer the tax laws and other revenue programs of the commonwealth to fund necessary government services.*

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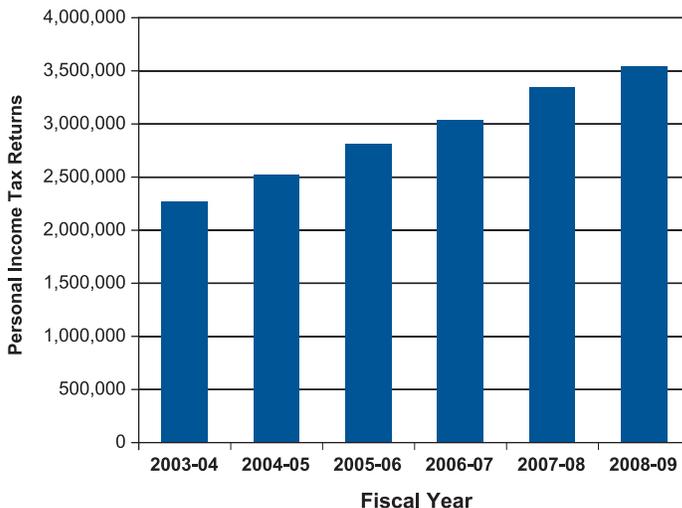
## Tax Filing and Delinquent Tax Collection

**Key Objective:** Increase the use of electronic tax filing.

**Why this objective is important:** The use of electronic filing increases efficiency and eases the burden on taxpayers in filing state tax returns and paying taxes. Electronic filing dramatically reduces common filing errors and is the most cost-efficient method for the Department of Revenue to process the millions of tax returns it receives every year. Each electronically filed return saves state government \$3.19 in processing costs.

**How we are doing:** More than 3.5 million, or 58 percent, of Pennsylvanians filed personal income tax returns electronically in 2009, a 6 percent increase since 2008. The number of new businesses registering electronically with the state also continues to increase. Eighty-two percent of businesses submitted electronic applications in 2008, an increase of 36 percent since 2003. Electronic filing saves Pennsylvania more than \$1.8 million each year.

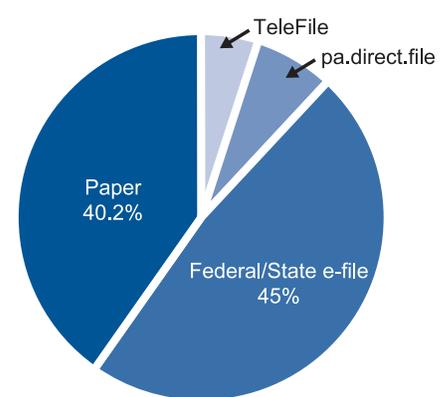
**Pennsylvania Continues to See Growth in Electronic Personal Income Tax Filing**



Note: Tax returns filed may include prior year or amended returns.

Source: Department of Revenue

**2008 Personal Income Tax Returns Processed in 2009**



Note:

TeleFile is a free service that allows you to file your tax return over the telephone.

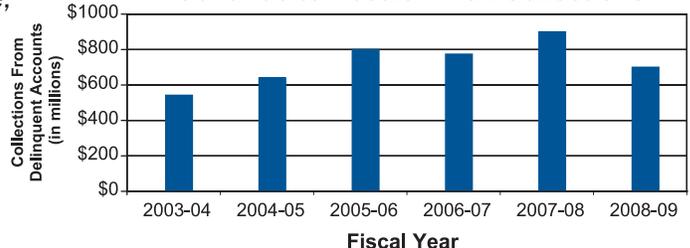
pa.direct.file is a free service that allows you to complete your Personal Income Tax return over the Internet and transmit the return directly to the Department of Revenue.

**Key Objective:** Increase delinquent tax collection.

**Why this objective is important:** By equitably enforcing the tax laws of the commonwealth, the Department of Revenue not only collects more money for state programs and services but also levels the playing field for individuals and businesses that responsibly pay taxes in a timely manner.

**How we are doing:** Through increased enforcement and initiatives encouraging voluntary compliance, the Department of Revenue collected a record \$900 million in delinquent taxes in 2007-08 and another \$700 million in 2008-09. The department has increased its delinquent tax collection 29 percent since 2003-04 and in 2008-09 collected more than \$11 in delinquent taxes for every dollar spent on enforcement.

**Enforcement and Compliance Initiatives Continue to Result in Tax Collections**



Source: Department of Revenue

# Government Efficiency – Deliver Greater Value and Efficiency in Government

## Commonwealth Budget

**Key Objective:** Maintain a balanced commonwealth budget.

**Why this objective is important:** In accordance with the Pennsylvania Constitution, the commonwealth must maintain a balanced budget. The Governor's Budget Office works to ensure that commonwealth revenues and expenditures remain aligned as the agencies deliver programs and services to the public. The Governor's Budget Office works with the agencies to identify ways to expand and improve key services to the citizens of the commonwealth while implementing administrative cost-containment strategies. This helps to ensure that taxpayer dollars are spent effectively and efficiently.

**How we are doing:** The severe national recession, marked by rising unemployment and declining consumer spending, caused state government revenues across the country to plummet during the 2008-09 fiscal year. Pennsylvania was not immune to this drop-off in revenues. In 2008-09, the commonwealth's General Fund revenue collections were \$3.25 billion or 11.3 percent less than originally estimated and \$2.39 billion or 8.6 percent less than actual revenue collections in the 2007-08 fiscal year.

Given such a dramatic reduction in revenues, it was not possible for the commonwealth's General Fund to end the 2008-09 fiscal year in balance. However, action by the commonwealth to freeze nearly \$500 million of spending during the year, along with the enactment of fiscal relief for the states by the federal government, kept the 2008-09 year-end General Fund budget deficit to \$2 billion. In accordance with the Pennsylvania Constitution, this deficit was accounted for and corrected in the enactment of the 2009-10 budget.

**Key Objective:** Improve the commonwealth's accounting and financial reporting systems.

**Why this objective is important:** The financial affairs of government must be properly accounted for and reported to the taxpayers.

**How we are doing:** The Office of Comptroller Operations kicked off a finance transformation project in February 2008 to: improve the commonwealth's procurement-to-payment process; improve its revenue and cash-management processes; and restructure comptroller operations. These changes led to significant improvements in 2008-09, including achieving the project's goals of greater efficiency, increased accuracy and reduced costs – both within Comptroller Operations and in other commonwealth agencies. Improvements include the following:

- Imaging invoices at a central location has eliminated the need for paper invoices to travel across the state and potentially get delayed. This new technology has saved both time and costs for the commonwealth and its vendors.
- Each year the commonwealth receives thousands of invoices from utility companies. Formerly, each paper invoice was processed manually and mailed to the state Treasury for review and payment. With electronic invoicing, the commonwealth saves on paper and processing costs, while vendors save on paper and postage costs and receive their payments faster.
- As part of its restructuring, Comptroller Operations created a new Vendor Call Center. This center is a single point of contact for vendors to ask questions about vendor registration, payments, 1099 forms and other topics. In addition, vendors can now check on the status of invoices they submitted for payment by going to the Vendor Services Section of the Office of the Budget Web site at [www.budget.state.pa.us](http://www.budget.state.pa.us).

With the restructuring, comptroller operations has standardized processes and procedures across its organization. This has made it much easier to respond to changing situations. For example, the standardization of invoice processing has allowed management to shift staff and resources from one area or team to another with little difficulty as workload demands change. This flexibility is especially

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## Commonwealth Budget (continued)

crucial given the current uncertain economic conditions. These improvements have allowed Comptroller Operations to provide better service to vendors, agencies and therefore the commonwealth as a whole.

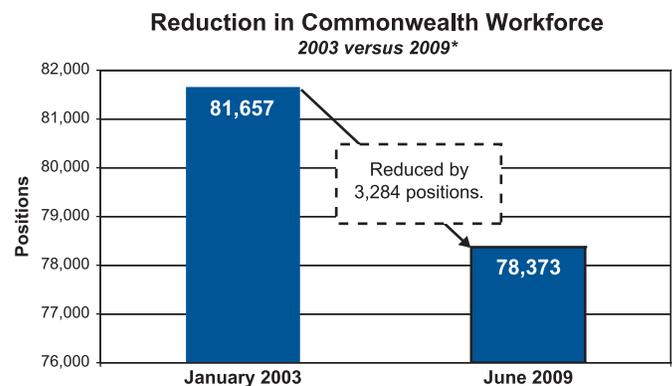
Key Performance Measurement	2006-07	2007-08	2008-09
Total number of invoices processed	1,442,752	1,471,951	1,500,134

**Key Objective:** Reduce the administrative costs of government.

**Why this objective is important:** The Governor’s Budget Office continuously works with commonwealth agencies to control the administrative costs of operating state government so that more of the commonwealth’s critical resources can be directed to investments in education, economic development, public safety and human services.

**How we are doing:** In 2008-09, costs to operate state government were actually 3.8 percent lower than in 2002-03, despite increased costs per employee for salaries/wages, health benefits and pensions.

In addition, total filled positions in agencies under the Governor’s jurisdiction have declined from 81,657 in 2002-03 to 78,373 in 2008-09 – a reduction of 3,284 positions that has saved money and enabled more state funds to be redirected toward necessary services for Pennsylvania’s citizens.



**Key Objective:** Maintain a manageable debt level and an excellent credit rating.

**Why this objective is important:** The commonwealth issues debt in the form of tax-exempt general obligation bonds to fund its capital budget and other voter-approved bond programs. The level of debt outstanding must never exceed the commonwealth’s ability to pay that debt, given the many other programs and services funded by the commonwealth’s budget.

**How we are doing:** Wall Street rating agencies have consistently recognized the commonwealth’s sound debt management practices by giving the commonwealth favorable credit ratings. These favorable credit ratings reduce the commonwealth’s interest costs on its debt.

- Since 2003, the commonwealth has refinanced \$2.7 billion in outstanding debt and achieved more than \$280 million in savings through 2008-09 that have been redirected to fund key state programs and initiatives.
- The commonwealth has maintained a sound credit rating from the Wall Street rating agencies based on its relatively low debt burden and sound financial management practices. In December 2008, Moody’s Investors Service – one of the leading credit-rating agencies – said the commonwealth has “an established record of good financial management, reflected in strong actions to preserve budget balance in recent years.”
- Moody’s ranks the commonwealth 23rd out of the 50 states in debt per capita and 27th in debt as a percent of personal income.

Key Performance Measurement	2006-07	2007-08	2008-09
Commonwealth credit rating	AA	AA	AA

# Government Efficiency – Deliver Greater Value and Efficiency in Government

## Workforce and Operations

**Key Objective:** Maintain a highly trained state workforce by increasing training course completion rates.

**Why this objective is important:** In order to carry out their job duties and provide high-quality services, state employees must be well trained.

**How we are doing:** Launched in 2006, the Office of Administration’s Enterprise Learning Management System (E-LMS) supports instructor-led courses and delivers Web-based training while enhancing reporting capabilities; provides valuable desktop training with minimal disruption to the workday; and cuts costs by reducing travel and downtime associated with off-site and classroom training. Using E-LMS has saved the state approximately \$17 million annually.

Commonwealth Workforce Training		
	2007-08	2008-09
Percentage of mandatory courses completed	75%	73%
Percentage of optional courses completed	61%	78%
Enterprise Learning Management System courses offered	1,364	1,155

Source: Office of Administration

Note: Chart data reflects course information housed in the Office of Administration’s E-LMS system and may not reflect all training offered and completed in all agencies.

**Key Objective:** Maintain and improve the health of the workforce.

**Why this objective is important:** Reducing absenteeism due to workplace injuries and other health issues improves workforce productivity.

**How we are doing:**

The Office of Administration’s Get Healthy health management program, started in 2007, helps employees improve their health while reducing the state’s health care expenses. Get Healthy members identify personal risk factors by completing an individual health assessment and enroll in appropriate health management programs to control disease and promote wellness. Get Healthy offers members a waiver of a portion of the employee contribution as an incentive to take the health assessment and participate in health management programs. These health management programs saved more than \$11 million in employee health care costs in 2008-09.

Commonwealth Absentee Reduction		
	2007-08	2008-09
Percentage of employees earning a Get Healthy waiver	42%	62%
Workers’ compensation claims filed	6,758	6,401
Absentee hours related to workers’ compensation claims	1,644,316	1,652,429
Hours dedicated by agencies and vendors to safety programs	6,800	13,400
Dollar value of hours dedicated to safety programs	\$484,324	\$1,063,567

Source: Office of Administration

# Government Efficiency – Deliver Greater Value and Efficiency in Government

## Workforce and Operations *(continued)*

**Key Objective:** Maintain targeted response times and low number of processing days for agency requests to support workforce needs (23 days or less).

**Why this objective is important:** Delays in meeting state workforce needs can adversely affect services and programs. In July 2008, the Office of Administration implemented a semi-annual customer survey of agencies to help identify areas that need improvement.

**How we are doing:**

Commonwealth Human Resources Processing Times	
	2008-09
Time required to review and approve requests to classify vacancies	20 days
Average processing time for temporary clerical staffing (clerks) work orders	6.82 days
Average processing time for temporary clerical staffing (typists) work orders	6.41 days

Source: Office of Administration

**Key Objective:** Reduce government operating costs.

**Why this objective is important:** The Office of Administration promotes efficiency and innovation in order to control costs and improve the quality of public services.

**How we are doing:** Since 2003, efforts to better manage state resources have focused on strategic sourcing, complement reduction, new technology and business process streamlining. In 2008-09, agencies reduced annual recurring costs by an estimated \$1.75 billion, including:

- \$94 million saved by overhauling the Retired Employees Health Program,
- \$30.5 million saved by internally issuing Supplemental Security Income checks, and
- \$16.2 million saved by avoiding change orders on major construction projects.

**Key Objective:** Maintain the lowest operating costs possible for state buildings and vehicles.

**Why this objective is important:** Controlling costs enables savings to be redirected to critical programs. Aggressive measures will benefit the state as non-renewable electricity rates rise.

**How we are doing:** The Department of General Services is saving \$1.3 million annually by:

- Increasing green energy purchasing from 0 percent in 2003 to 30 percent in 2008.
- Striving to increase green energy purchasing by another 20 percent over the next two years.
- Reducing energy costs through better management of state facilities.
- Reducing energy costs 18 percent since 2006, saving taxpayers \$2.2 million.
- Reducing state fuel consumption, downsizing state vehicles, decreasing the use of SUVs and reducing fuel consumption by 5 percent statewide.

The department is also facilitating similar energy conservation in agency contracting through the Guaranteed Energy Savings Act program. With 10 state agencies participating:

- 28 projects are under contract, saving \$336.6 million over the next 15 years and reducing annual greenhouse gas emissions by 112,406 tons.
- The Rachel Carson office building has reduced monthly energy use by 35 percent and the Governor's Residence has reduced winter monthly energy use by 30 percent.
- 13 additional building energy reduction projects are under contract for 2008-09.

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## Workforce and Operations *(continued)*

**Key Objective:** Continue to increase savings by strategically purchasing goods and services.

**Why this objective is important:** Using a centralized, strategic purchasing business model reduces the cost of goods and services and saves money for other government programs.

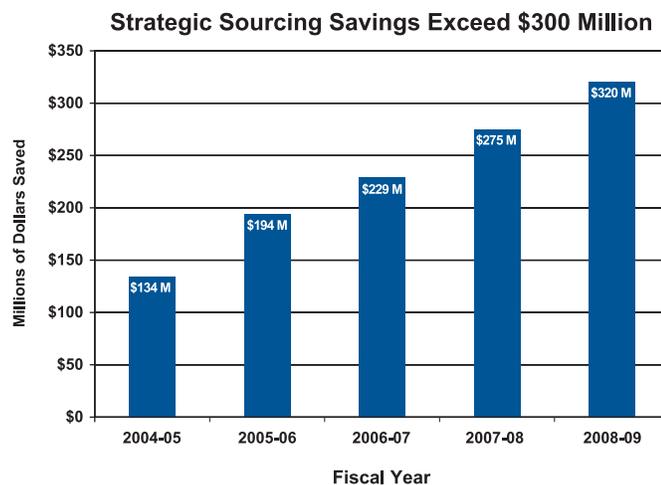
**How we are doing:** By using Strategic Sourcing to purchase approximately \$4 billion in goods and services annually, the Department of General Services has saved the state approximately \$320 million. With the new Web site eMarketplace enhancing procurement, the state remains a leader in Strategic Sourcing and a benchmark for other states.

- \$15 million saved over five years on integrated offender case management.
- \$8.7 million saved during the 2009 paving season on bituminous materials.
- \$5 million saved over two years on information technology servers.
- \$4.3 million saved over three years on peripherals/IT network equipment.
- \$1.7 million saved annually on dump trucks.
- \$10 million saved during the 2008-09 winter season on road salt.

The state uses green procurement, a cost-effective approach to purchasing goods and services, to minimize environmental impacts. This strategy is:

- Maximizing post-consumer and total recycled content,
- Minimizing waste,
- Conserving energy and water,
- Reducing the use of toxic materials,
- Minimizing global warming pollution, and
- Promoting reusable and recyclable behavior.

The state's energy strategy generates competition among power sources. This new strategy lowers future energy rates by combining use of the future commodities market, electronic bidding and electric grid membership.



Source: Department of General Services

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## Workforce and Operations *(continued)*

**Key Objective:** Maintain Security Monitoring (Goal is 100%).

**Why this objective is important:** The Office of Administration is responsible for establishing the state’s information technology security strategy, technical standards and policies. It does so by coordinating the agency security offices and communicating with external entities. The office also monitors security needs, stays current on best practices and responds to cyber incidents.

**How we are doing:**

Commonwealth Information Technology Security		
	2007-08	2008-09
Percentage of cyber attacks thwarted	98%	99.99%
Percentage of virus events activity blocked	99.7%	99.99%
Percentage of spam messages blocked	94%	95%

Source: Office of Administration

**Key Objective:** Increase the percentage of agency participation in the State Records Management Program through policy, training initiatives and auditing.

**Why this objective is important:** Updating records management policies makes state record management more efficient, minimizing costs while increasing access to public records.

**How we are doing:**

Record Management Efficiency	
	2008
Percentage of records management policies updated	75%
Number of records management and Right to Know Law trainings offered	15

Source: Office of Administration

Note: The Office of Enterprise Records Management was created and staffed in 2007 to oversee records management and directives.

## Contracting

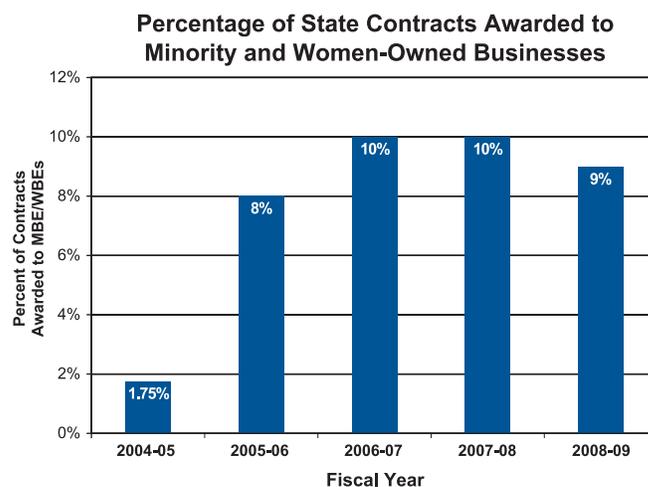
**Key Objective:** Increase the percentage of state contracts awarded to minority and women-owned businesses.

**Why this objective is important:** More participation by minority and women-owned businesses in state contracts increases diversity and supports small businesses.

**How we are doing:** Expanding opportunities for Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) continues to be a key priority. In 2008-09, the Department of General Services:

- Streamlined the process to become a certified MBE/WBE, resulting in a 5.5 percent increase in the number of eligible firms, from 1,850 to 1,957.
- Increased the MBE/WBE percentage of annual spending in state contracts from less than 2 percent to nearly 10 percent over the last three years.
- Achieved MBE/WBE participation levels as high as 22 percent in construction, real estate and energy services.

For information about contracting opportunities, visit the “How Do I” section on [www.dgs.state.pa.us](http://www.dgs.state.pa.us).



Source: Department of General Services

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## Contracting (continued)

**Key Objective:** Reduce change order rates to less than 5 percent of construction costs.

**Why this objective is important:** The Department of General Services oversees approximately \$3 billion annually in approximately 450 non-highway construction projects. Meeting budget constraints for construction requires strict management of change orders and timelines.

**How we are doing:** Since 2003, the department has been reducing change order costs and generating significant savings through an aggressive construction management program that is:

- Maintaining a change order rate of 4.5 percent or less,
- Processing 90 percent of payments to contractors in 45 days, and
- Completing 90 percent of construction projects on time.

The department also uses best value contracting, a procurement method that considers qualification and performance factors in addition to lowest cost during the contractor selection process, to ensure the quality of construction work. The Pennsylvania Judicial Center, a nine-story, 438,784 square-foot facility completed ahead of schedule, under budget and with no significant claims, was built using the best value contracting concept.

**Savings from Reducing Change Orders Exceed \$16 Million**



Source: Department of General Services

**Key Objective:** Increase savings available through contracts.

**Why this objective is important:** The Office of Administration's Shared Infrastructure Services initiative reduces costs by sharing existing information technology infrastructure.

**How we are doing:** It is anticipated that the commonwealth will save more than \$245 million through 2014 by negotiating shared service technology contracts.

## Oversight and Investigation

**Key Objective:** Increase government agencies' awareness of the investigative services and resources available from the Office of Inspector General.

**Why this objective is important:** Public confidence in state government hinges on hard-earned tax dollars being put to good use by government agencies and recipients of public-benefit programs.

**How we are doing:** The Inspector General and Chief Counsel have met with and continue to meet with various agency heads to promote Office of Inspector General investigative services. Additionally, the Office of Inspector General continues with its investigative work in the following areas:

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## Oversight and Investigation (continued)

Office of Inspector General Investigations			
	2006-07	2007-08	2008-09
General/Administrative Investigations – Investigating allegations of fraud, waste, or abuse involving state agencies, employees, and/or vendors and contractors.	296	243	268
Arrest Investigations – Monitoring cases, at an agency’s request, proceeding through the judicial system involving commonwealth employees who have been charged with a crime or crimes.	13	14	20
Background Investigations – Conducting background checks, at an agency’s request, of new hires and commonwealth employees under consideration for promotion.	191	210	145

Source: Office of Inspector General

**Key Objective:** Prevent, detect and deter fraud prior to an agency’s authorization of an individual for program benefits.

**Why this objective is important:** The receipt of public benefits based on fraudulent information detrimentally affects both the quality and the availability of governmental programs and services.

**How we are doing:** The Office of Inspector General works with the Department of Public Welfare to investigate questionable applications for benefits. Using a field investigation program, the office identifies fraudulent applications before benefits are authorized and prevents ineligible applicants from receiving benefits, saving the commonwealth from paying ineligible applicants. Investigations in 2008-09 identified that 10,897 of those questionable applications did contain fraudulent information and prevented those ineligible applicants from receiving benefits, saving Pennsylvania more than \$57.3 million.

Questionable Applications for Benefits Investigated			
	2006-07	2007-08	2008-09
Application Referrals Received	21,390	22,948	25,802
Cost Savings	\$58,277,108	\$57,612,937	\$57,300,545

Source: Office of Inspector General

**Key Objective:** Hold accountable those individuals who fraudulently obtain public benefits.

**Why this objective is important:** By investigating overpaid benefits to determine fraudulent intent, the Office of Inspector General seeks to prosecute individuals who defraud the public, ensure that benefits are repaid and disqualify those found guilty of fraud. Imposing penalties deters others from attempting to obtain benefits illegally.

**How we are doing:** For every dollar spent on welfare fraud investigative and collection activities, the Office of Inspector General saves the commonwealth taxpayers approximately \$11.29. Collections and cost savings cumulatively average more than \$832,000 per Claims Investigation Agent and Welfare Fraud Investigator.

# Government Efficiency – Deliver Greater Value and Efficiency in Government

## Oversight and Investigation (continued)

<b>Fraudulent Recipients Investigated</b>			
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Criminal Complaints Filed	836	1,002	1,399
Criminal Complaint Monetary Values	\$2,856,730	\$3,555,802	\$4,374,429
Administrative Disqualification Hearing Letters Sent	39	106	92
Administrative Disqualification Hearing Monetary Values	\$40,756	\$95,431	\$150,079
<b>Disqualification Actions</b>			
Administrative Disqualification Hearings	60	64	157
Administrative Disqualification Hearings: Resulting Cost Savings	\$106,838	\$85,576	\$142,941
Prosecutions	1,152	1,182	1,248
Prosecutions: Resulting Cost Savings	\$1,148,153	\$1,274,739	\$1,586,217

Source: Office of Inspector General