Office of Financial Management
STATE OF WASHINGTON

Activity Inventory Performance Measure Assessment

Department of Labor and Industries

Specialty Compliance Services

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Office of Financial Management Assessor:

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Based on a review of the following: The agency strategic plan, the budget activity inventory, internal performance measure reports, and an interview with the agency contacts

Current Strengths and Good Practices

- For the most part, the language used in the performance measure titles is easy to understand for someone without specialized agency or industry knowledge.
- Enough data was available on most of the measures to allow for some statistical analysis of the variation patterns.
- All the related budget activities are linked to at least one performance measure.

Budget Activity and Performance Measure Comments and Potential Improvements

- The program should review the targets as they appear on charts, and how they are entered into the performance measure tracking system.
  - Many targets are annual, but the actual data is reported quarterly. The automated charts in PMT will not display that information in a meaningful way.
  - There are hard to explain jumps and reversals in the targets. Targets should be used to express strategic intent, planned change, and resource allocations.
- A number of measures do not send a clear message of intent. A reader could argue that either an increase or a decrease is desirable. These measures should be either modified, dropped, or better explained:
  - Contractor bond dollars awarded to consumers (slide 10)
  - Underground economy contractor infractions (slide 11)
  - Underground electrician citations (slide 13)
  - Serious electrical connection avoidance (slide 14)
  - Unpaid wages collected for workers (slide 18)
  - Violations issued to plumbers (slide 24)
- There are a few output measures that could be dropped or replaced with new outcome measures because they are not very relevant to a budget/policy development audience (Slides 17, 20, and 25).
- Some of the titles are too long. Explanations need to be moved to the footnotes (Slides 11, 13, 14, and 24).
- Now that the contractor registration renewal turnaround time is down to one day (Slide 12), it appears like this measure could be retired.

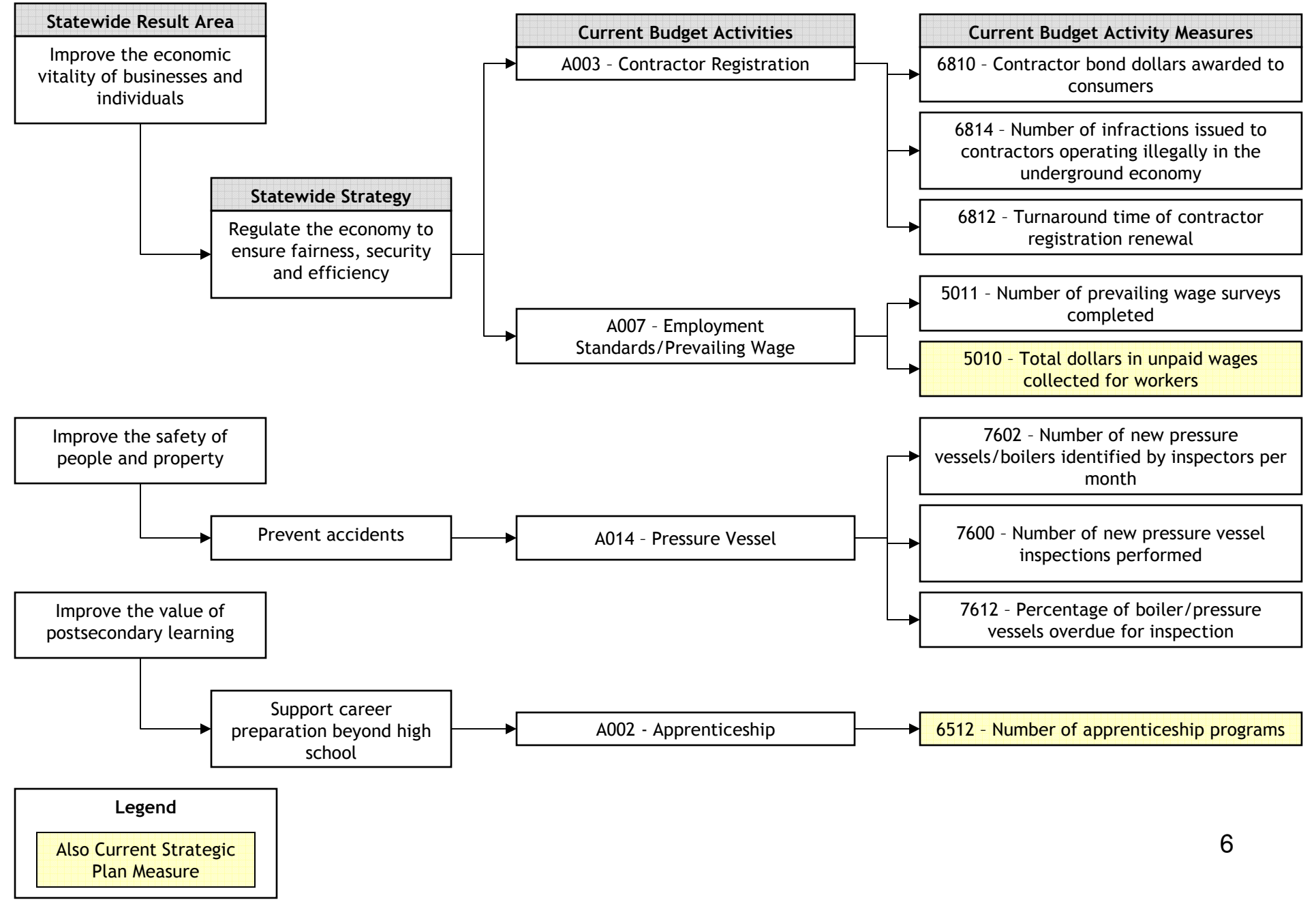
Analysis of Current Activity Measure Data

- Most of the measures demonstrate stable and predictable variation patterns, which indicate that nothing is really changing over time. The problem with those patterns occurs when the actual data either cannot achieve the targets, or if the targets are changing. In both circumstances, either the targets need to be adjusted, or the underlying processes need to be changed significantly to produce the desired results. Here is a list of the measures that appear to be candidates for process improvement efforts or target adjustment:
  - Number of apprenticeship programs (slide 9)
  - Serious electrical connection avoidance (slide 14)
  - Unpaid wages collected for workers (slide 18)
  - Factory Assembled Structure plan review turn around times (slide 21)
  - Number of pressure vessel inspections (slide 25)
- The number of infractions issued to underground economy contractors (slide 11) demonstrates a predictable trend that is increasing by about 50 every quarter. The cause of the trend should be identified, and the targets should be readjusted to reflect the trend.
- Two measures, the number of mobile home alteration inspections (slide 20) and the number of plumber certifications (slide 23) demonstrate abnormal variation patterns that usually indicate a change to the underlying process. The cause, if any, should be identified.
- The measure for the number of new pressure vessels identified did not receive a critique because there was no data to analyze.

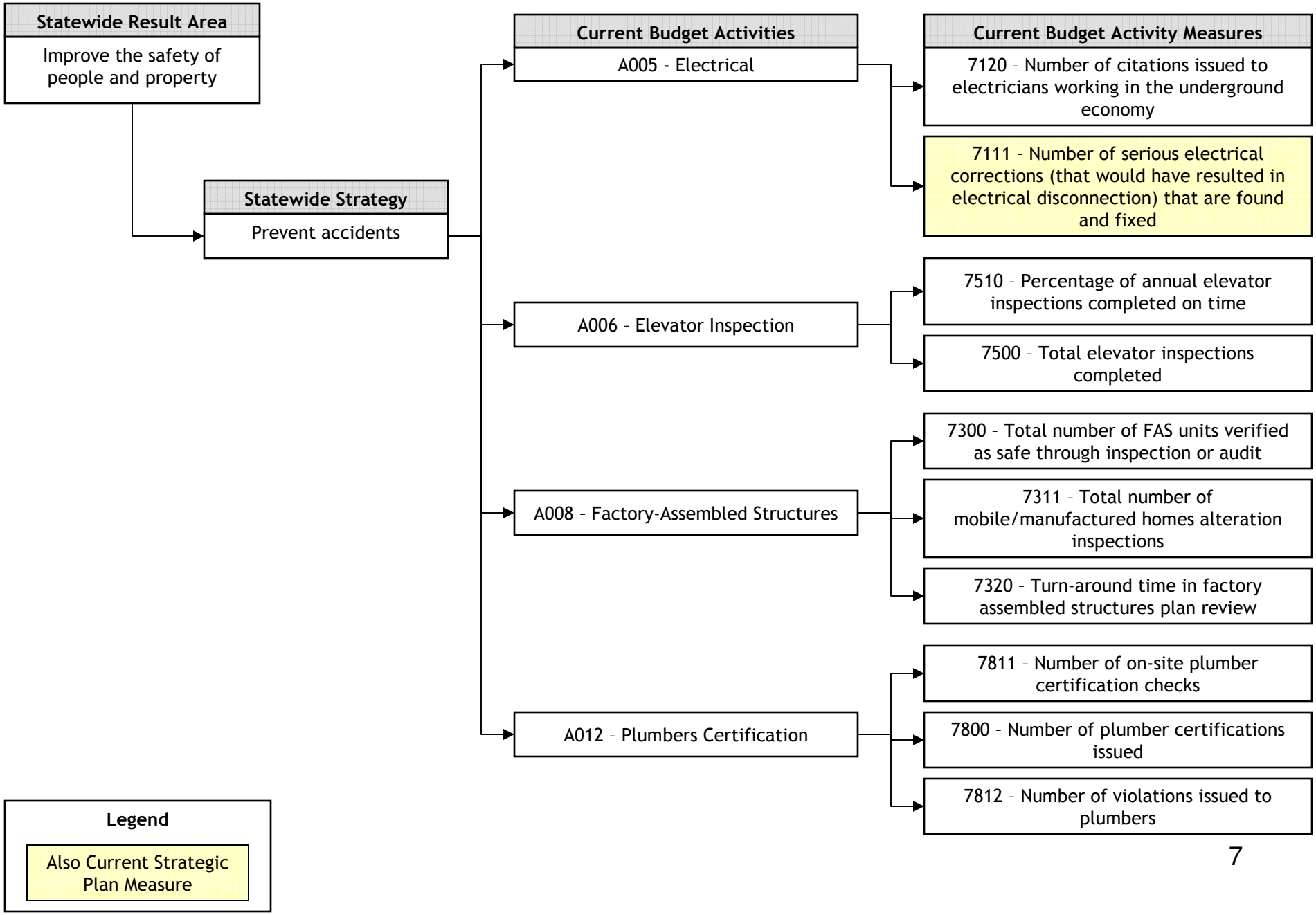
Agency Comments and Future Actions

- The agency was unable to provide any comments or edits during the timeframe of this assessment.

Budget Activity & Performance Measure Linkages

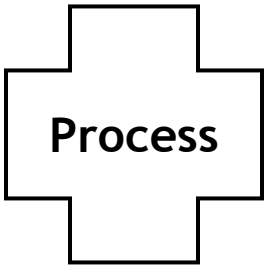


Budget Activity & Performance Measure Linkages



Budget Activity Measure Perspectives

(5) Process characteristics the customers/stakeholders want



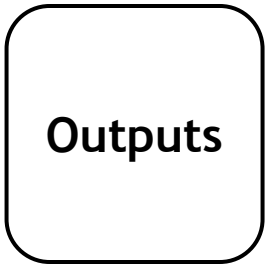
(6) Process characteristics the agency wants

Turnaround time of contractor registration renewal	(5)
Percentage of boiler/pressure vessels overdue for inspection	(6)
Percentage of annual elevator inspections completed on time	(6)
Turn-around time in factory assembled structures plan review	(5)

Legend

Strategic Plan and Budget Activity Measure

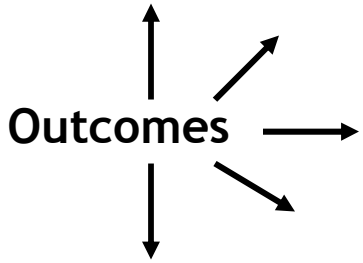
(3) Product/service attributes customers/stakeholders want



(4) Product/service attributes the agency wants

Number of infractions issued to contractors operating illegally in the underground economy	(3)
Number of prevailing wage surveys completed	(4)
Number of new pressure vessels/boilers identified by inspectors per month	(4)
Total elevator inspections completed	(4)
Number of new pressure vessel inspections performed	(4)
Total number of mobile/manufactured homes alteration inspections	(4)
Number of apprenticeship programs	(3)
Number of citations issued to electricians working in the underground economy	(3)
Number of on-site plumber certification checks	(3)
Number of plumber certifications issued	(3)

(1) Customer/stakeholder desired outcomes



(2) Agency desired outcomes

Contractor bond dollars awarded to consumers	(1)
Total dollars in unpaid wages collected for workers	(1)
Number of serious electrical corrections (that would have resulted in electrical disconnection) that are found and fixed	(1)
Total number of FAS units verified as safe through inspection or audit	(1)
Number of violations issued to plumbers	(1)

Activity Measure Critique – Number of Apprenticeship Programs

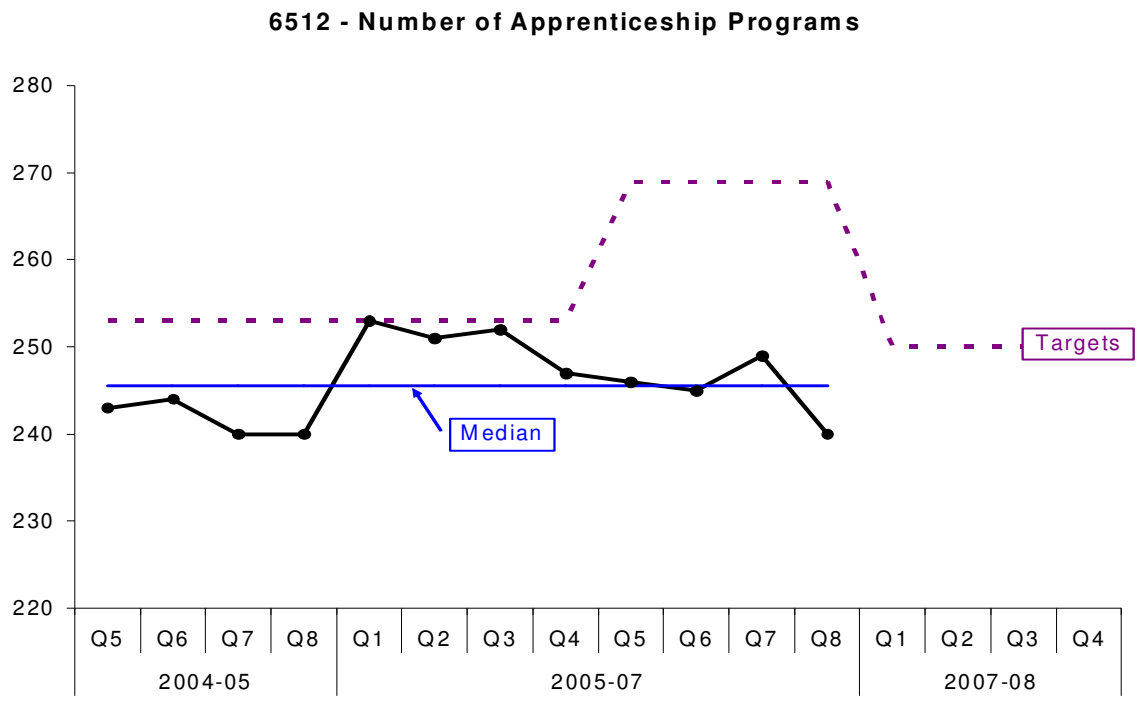
Performance Measure Description: Training programs that combine on-the-job experience with classroom instruction.

Budget Activity Links: A002 - Apprenticeship

Category of Measure: The number of programs is an output of the coordinating, promoting, and expanding processes.

Analysis of Variation: The patterns are stable and predictable. Future results should be similar to current performance levels. Key underlying process elements will need to be changed if the agency hopes to achieve the current targets.

Analysis of Targeted vs. Actual Performance: The actual performance only met or exceeded the targeted levels once out of the twelve quarters reported.



Comments About Desirable Characteristics

Relevance: It is not immediately evident why more apprenticeship programs are good, and how that could impact key result measures.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: The language used in the measure is very easy to understand.

Reliability: It depends on a uniform definition of what constitutes a valid apprenticeship program.

Comparability: Does the agency compare these performance levels with other states?

Cost Effectiveness: The agency also uses this information for internal strategic plan measurement tracking purposes.

General Comments & Explanations:

Activity Measure Critique – Contractor Bond Dollars Awarded

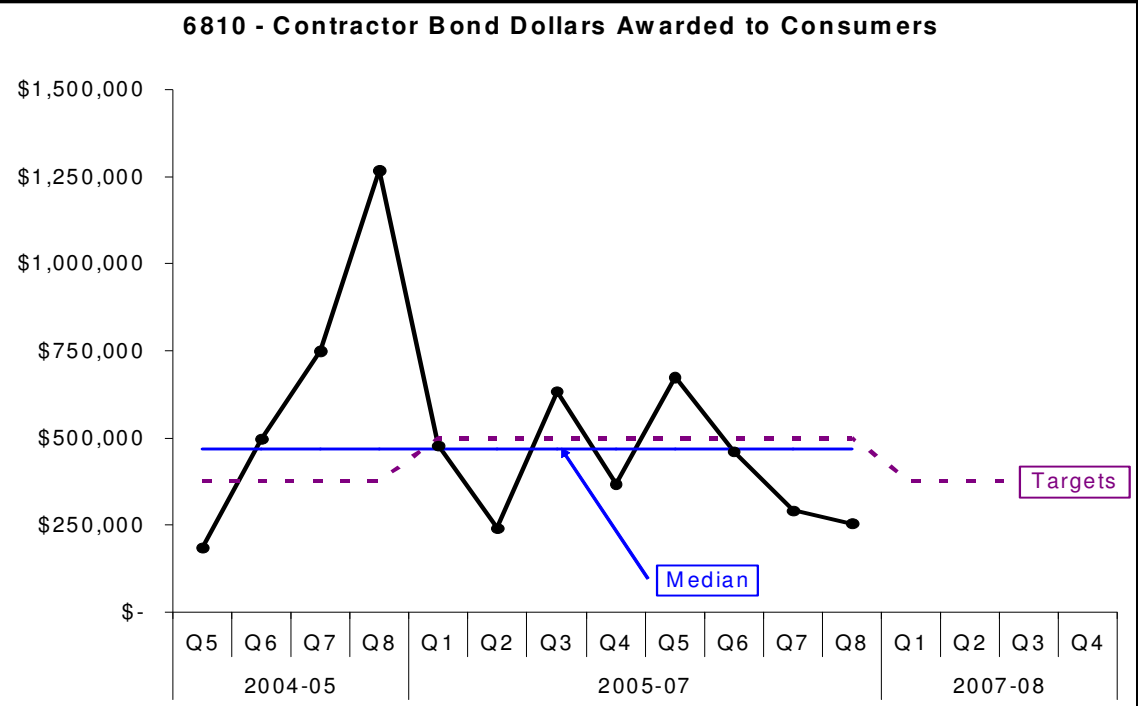
Performance Measure Description: Funds disbursed to harmed consumers.

Budget Activity Links: A003 – Contractor Registration

Category of Measure: An immediate outcome of the process to ensure contractors are bonded and insured.

Analysis of Variation: Data appears to be cumulative in 2004-05 and non-cumulative in 2005-07. Aside from that, the patterns appear to be stable and predictable.

Analysis of Targeted vs. Actual Performance: The targets were met or exceeded roughly 50% of the time.



Comments About Desirable Characteristics

Relevance: The problem with this measure is that one could argue that both more dollars and fewer dollars awarded are desirable.

Timeliness: This measure might be better as an annual measure, especially if the program wants to use cumulative data.

Understandability: The two data reporting methodologies are confusing.

Reliability: Depends on the quality of the data collection methodology.

Comparability: How does this compare with other states?

Cost Effectiveness: Depends on the level of automation the collection and analysis process.

General Comments & Explanations:

Activity Measure Critique – Underground Economy Contractor Infractions

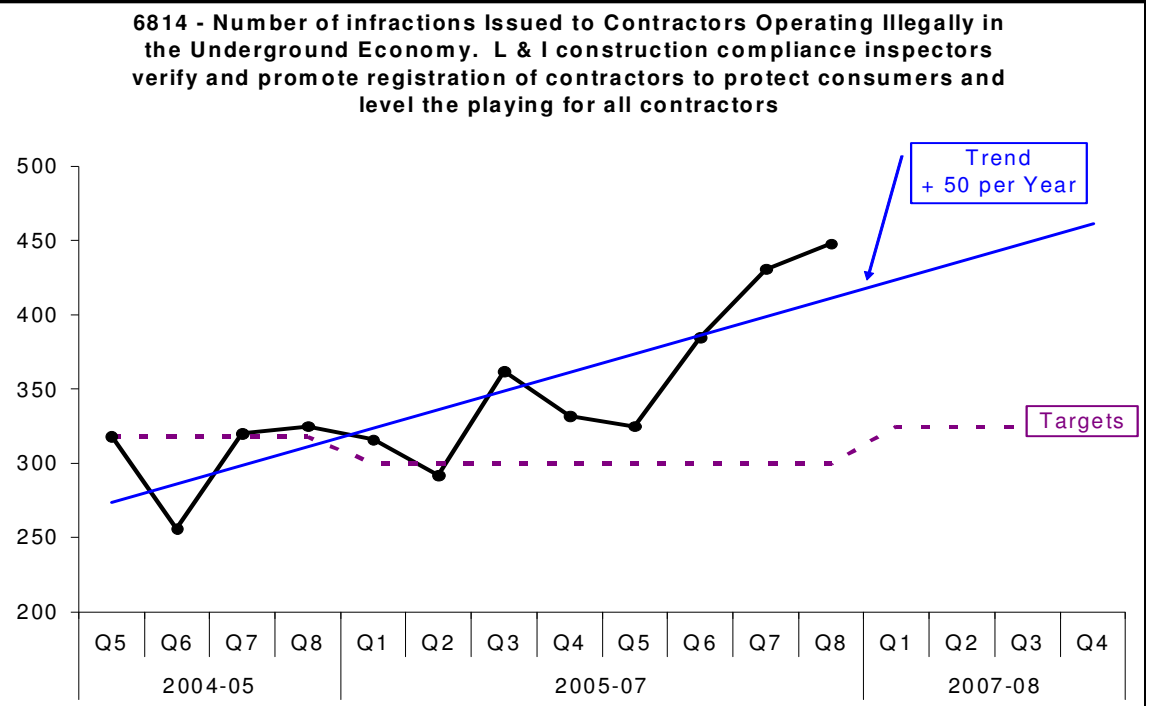
Performance Measure Description: The term underground economy refers to contractors who are not registered with the agency.

Budget Activity Links: A003 – Contractor Registration

Category of Measure: The number of infractions is an output of the inspection process.

Analysis of Variation: There is a stable and predictable increasing trend. If nothing changes in the process, future results should follow the trend line upward.

Analysis of Targeted vs. Actual Performance: The current targets appear to be obsolete because of the increasing trend. Recent performance has far outpaced the targets.



Comments About Desirable Characteristics

Relevance: Finding and fining more illegal operators is good, but is more a measure of the amount of error in the process than an indicator of fewer contractors operating illegally.

Understandability: The title is too long. Everything after the first sentence should be moved to a foot note.

Comparability: Without a clear description of whether more or less is desirable, comparisons are difficult.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Reliability: Should be good.

Cost Effectiveness: Counting the number of infractions does not appear to pose a significant additional cost to the process.

General Comments & Explanations:

Activity Measure Critique – Contractor Registration Timeliness

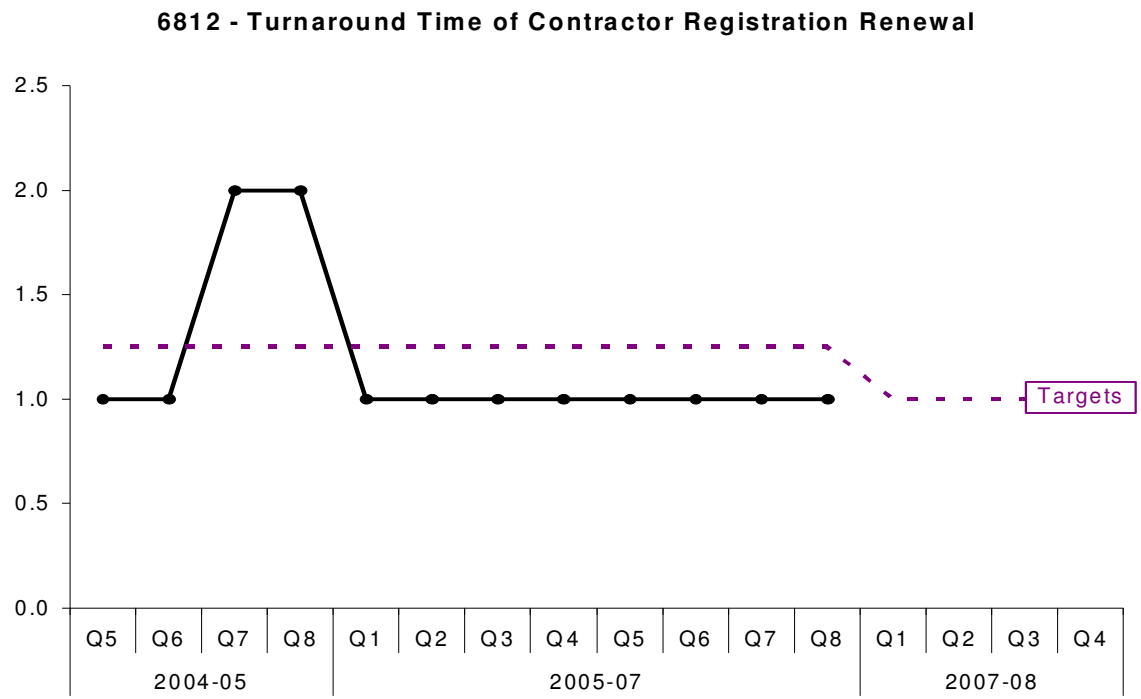
Performance Measure Description: The time it takes to process a renewal registration.

Budget Activity Links: A003 – Contractor Registration

Category of Measure: The amount of time it takes is a process-level measure.

Analysis of Variation: Aside from the jump in the last quarters of 2004-05, there is no variation. I would expect it to take 1 day to process a registration renewal.

Analysis of Targeted vs. Actual Performance: Actual performance exceeded the target in every quarter of 2005-07.



Comments About Desirable Characteristics

Relevance: Good, but there may not be much benefit in making this process any faster.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Good

Comparability: How does this compare with other renewal processes at the agency?

Cost Effectiveness: Good

General Comments & Explanations:

Activity Measure Critique – Underground Economy Electrician Citations

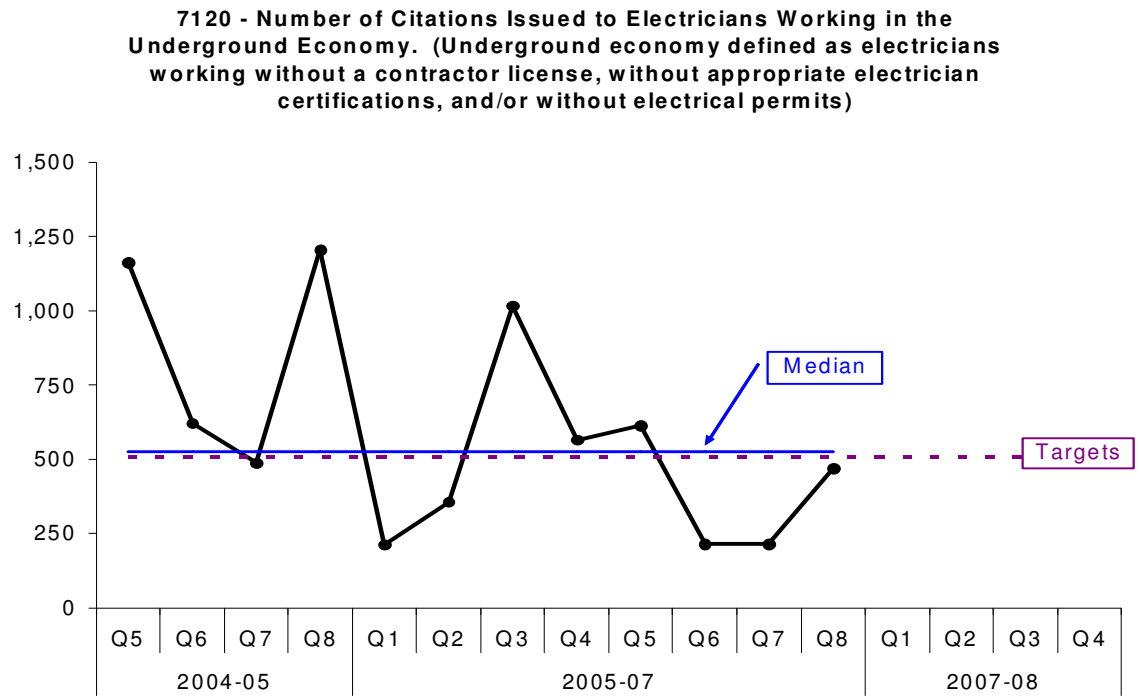
Performance Measure Description: No additional explanation required.

Budget Activity Links: A005 - Electrical

Category of Measure: An output of the inspection process.

Analysis of Variation: There are large swings in the quarter-to-quarter variation, but all the data reported is normal for this measure. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: The current process is capable of meeting or exceeding the target roughly half the time. Some improvement will need to be made to the underlying process if the agency wants to meet or exceed the target more frequently.



Comments About Desirable Characteristics

Relevance: Finding and fining more illegal operators is good, but is more a measure of the amount of error in the process than an indicator of fewer electricians operating illegally.

Understandability: The title is too long. Everything in parenthesis in the title should be moved to the footnotes.

Comparability: Without a clear description of whether more or less is desirable, comparisons are difficult.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Reliability: Should be good.

Cost Effectiveness: Counting the number of citations does not appear to pose a significant additional cost to the process.

General Comments & Explanations:

Activity Measure Critique – Serious Electrical Correction Avoidance

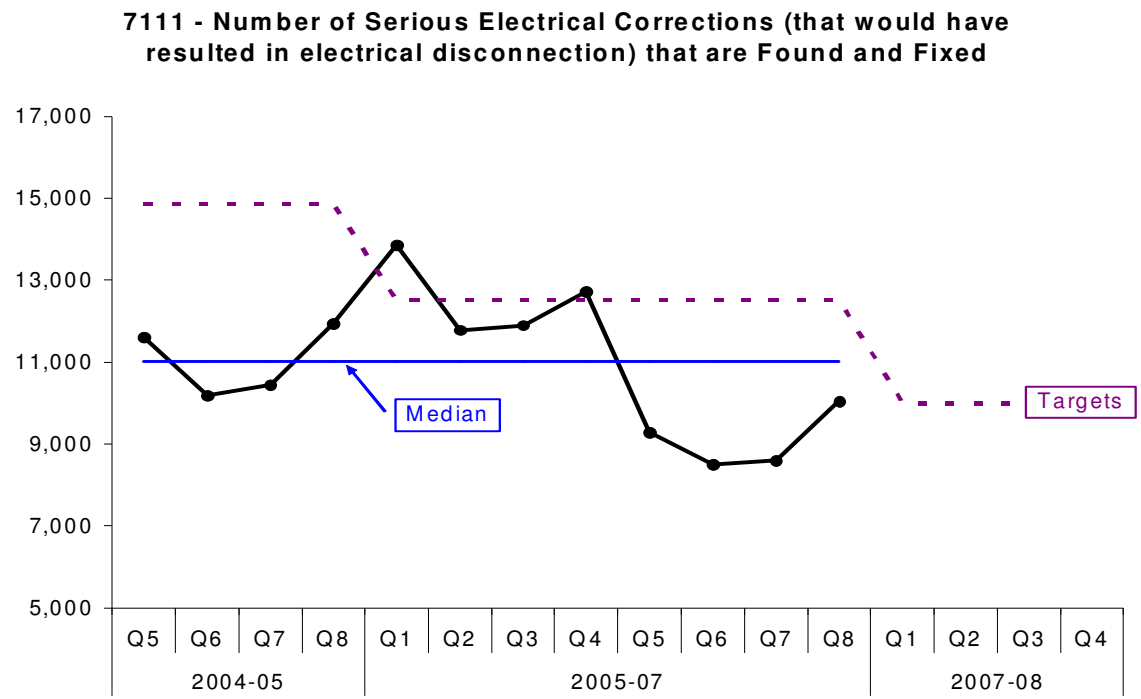
Performance Measure Description: No additional explanation required.

Budget Activity Links: A005 - Electrical

Category of Measure: An outcome

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: The decreasing targets over time give the impression that fewer serious problems found is desirable. If that is true, the current performance levels have only exceeded targeted levels twice in the 12 reported quarters.



Comments About Desirable Characteristics

Relevance: More problems found could be good news about the inspection process, but bad news about the overall competency of state electricians.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Good as long as the operational definition of the term, "Serious" is universally understood and applied.

Comparability: It is unlikely that other states use the same criteria to determine what is serious; making comparisons difficult.

Cost Effectiveness: If these counts come from the existing citation process, it should not cost much more to collect this data.

General Comments & Explanations:

Activity Measure Critique – Elevator Inspection Timeliness

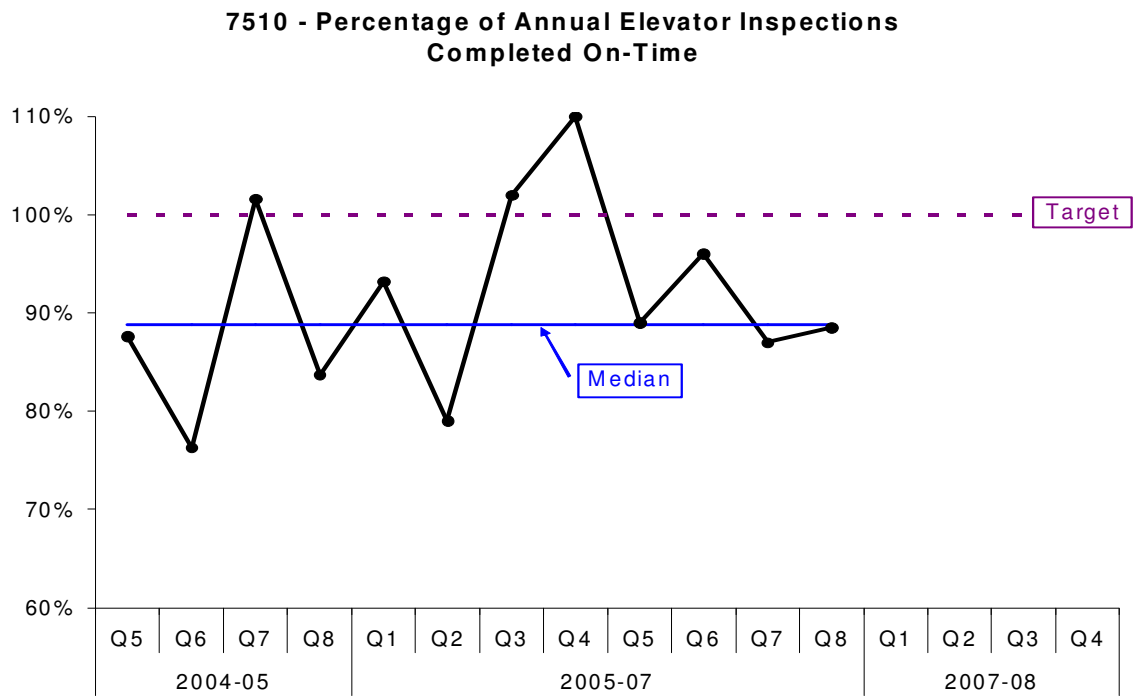
Performance Measure Description: No additional explanation is required.

Budget Activity Links: A006 – Elevator Inspection

Category of Measure: Completion timeliness is a process-level measure.

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: A 100% target is usually impossible to meet every period because of normal variation that exists in every process. The actual data met or exceeded (?) the target 3 times out of the 12 reported quarters.



Comments About Desirable Characteristics

Relevance: O.K. – In the attempt to measure an avoided negative outcome, it is reasonable to assume that more inspections completed on time is better than less.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Everything is easy to understand except how it is possible to have more than 100% inspection timeliness.

Reliability: Should be good as long as the operational definitions for the terms, "Completed", and "On-Time" are universally applied.

Comparability: How does this compare with other states?

Cost Effectiveness: Collecting and tracking this data should not be a significant additional expense to the inspection process.

General Comments & Explanations:

Activity Measure Critique – Completed Elevator Inspections

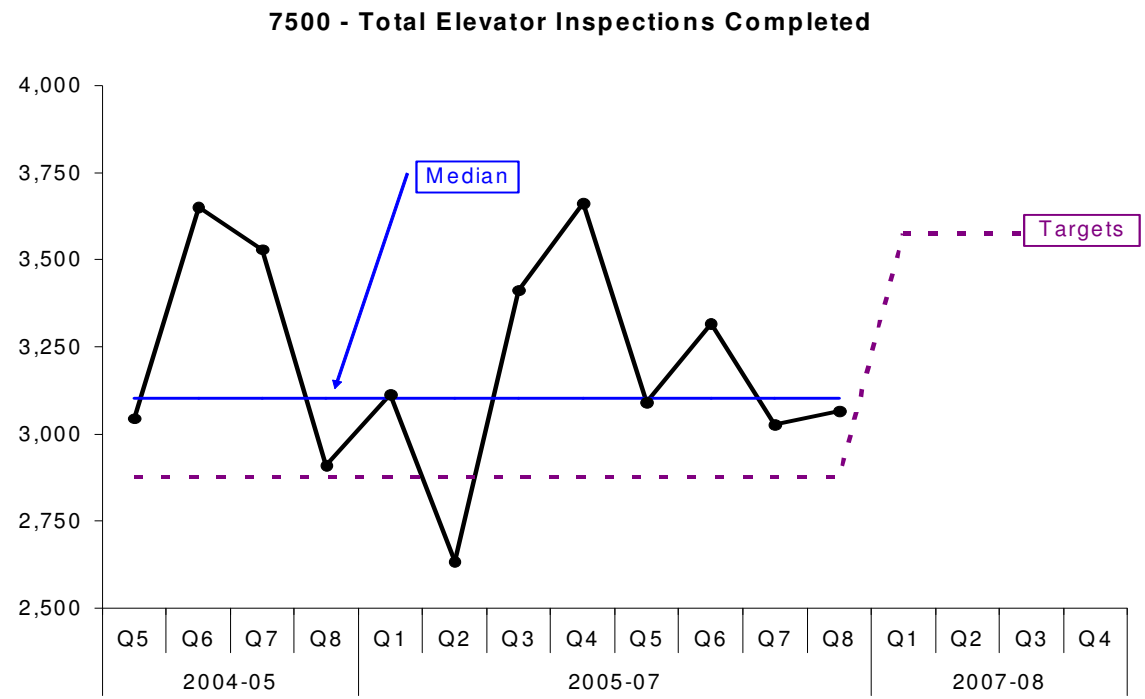
Performance Measure Description: No additional explanation is necessary.

Budget Activity Links: A006 – Elevator Inspection

Category of Measure: The number of inspections is an output of the inspection process.

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: The actual data exceeded the target in 11 out of the 12 quarters reported. The large increase in the target indicates that a significant process improvement is underway.*



Comments About Desirable Characteristics

Relevance: O.K. – In the attempt to measure an avoided negative outcome, it is reasonable to assume that more inspections is better.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Should be good.

Comparability: Since the number of elevators will always be different state to state, this may not be the best candidate for benchmarking.

Cost Effectiveness: Collecting and tracking this data should not be a significant additional expense to the inspection process.

General Comments & Explanations:

*** What is the program going to do to change the process so it can achieve the new targets in 2007-08?**

Activity Measure Critique – Prevailing Wage Surveys Completed

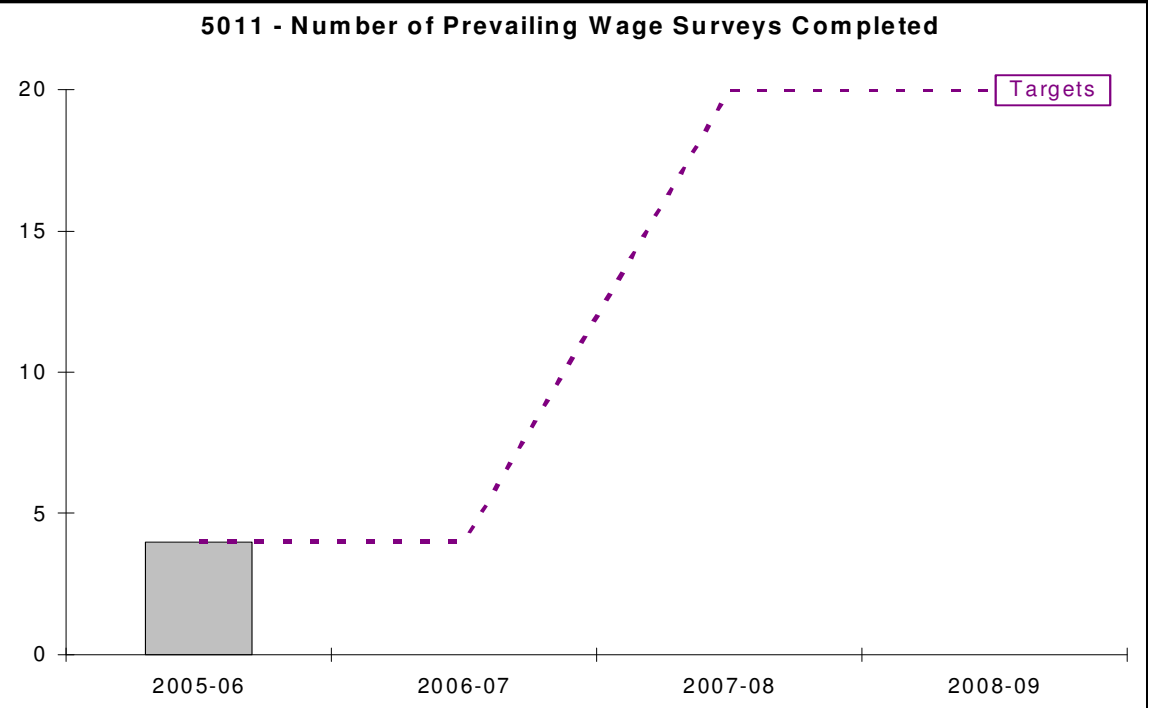
Performance Measure Description: A market-based survey of what similar employers are paying to use as a standard on public works projects.

Budget Activity Links: A007 – Employment Standards/Prevailing Wage

Category of Measure: The number of surveys completed is an output.

Analysis of Variation: Not enough data for any analysis.

Analysis of Targeted vs. Actual Performance: For the one year reported, the actual data met the target. How the program is going to jump from 4 to 20 over the next few years needs to be explained.*



Comments About Desirable Characteristics

Relevance: The number of surveys completed is not as important as what result the agency is trying to mitigate by conducting the surveys.

Timeliness: Annual measures are not timely. Data for 2007-07 was not available at the time of this assessment.

Understandability: "Prevailing Wage" is jargon.

Reliability: Should be good as long as the operational definition for the term, "Completed" is universally applied.

Comparability: How does this compare with other states?

Cost Effectiveness: With these volumes, even manual data collection would not be burdensome.

General Comments & Explanations:

* What is going to happen to the process to allow the number of completed surveys to climb so dramatically?

Activity Measure Critique – Unpaid Wages Collected

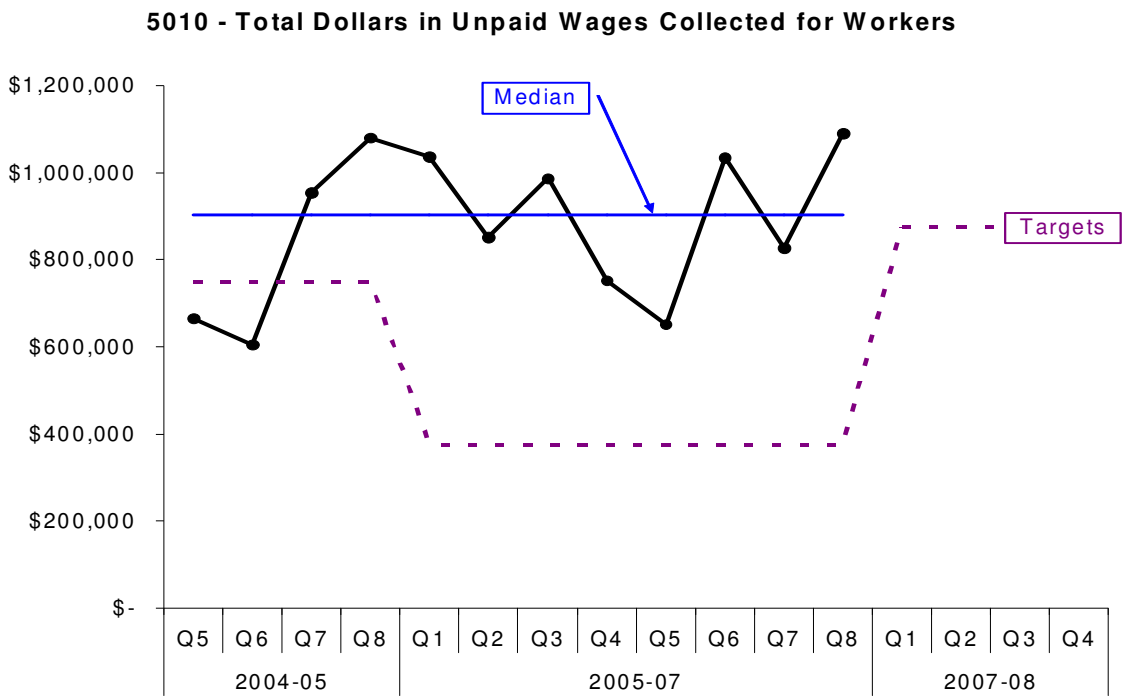
Performance Measure Description: Amounts collected from employers found to be underpaying employees after a complaint or investigation.

Budget Activity Links: A007 – Employment Standards/Prevailing Wage

Category of Measure: An immediate outcome of the collection process.

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: Actual performance exceeded targeted levels in in 2005-07. Similar success is unlikely without significant improvements in 2007-09.*



Comments About Desirable Characteristics

Relevance: More dollars collected could be good news about the investigation process, but bad news about employer compliance with fair wage standards.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Depends greatly on the selection process for compliance checks.

Comparability: How does this compare with other states?

Cost Effectiveness: This measure is also used for internal performance reporting purposes as a part of the agency strategic plan.

General Comments & Explanations:

* What is causing the targets to go up and down, and what improvements are planned for 2007-09?

Activity Measure Critique – Factory Assembled Structure Safety

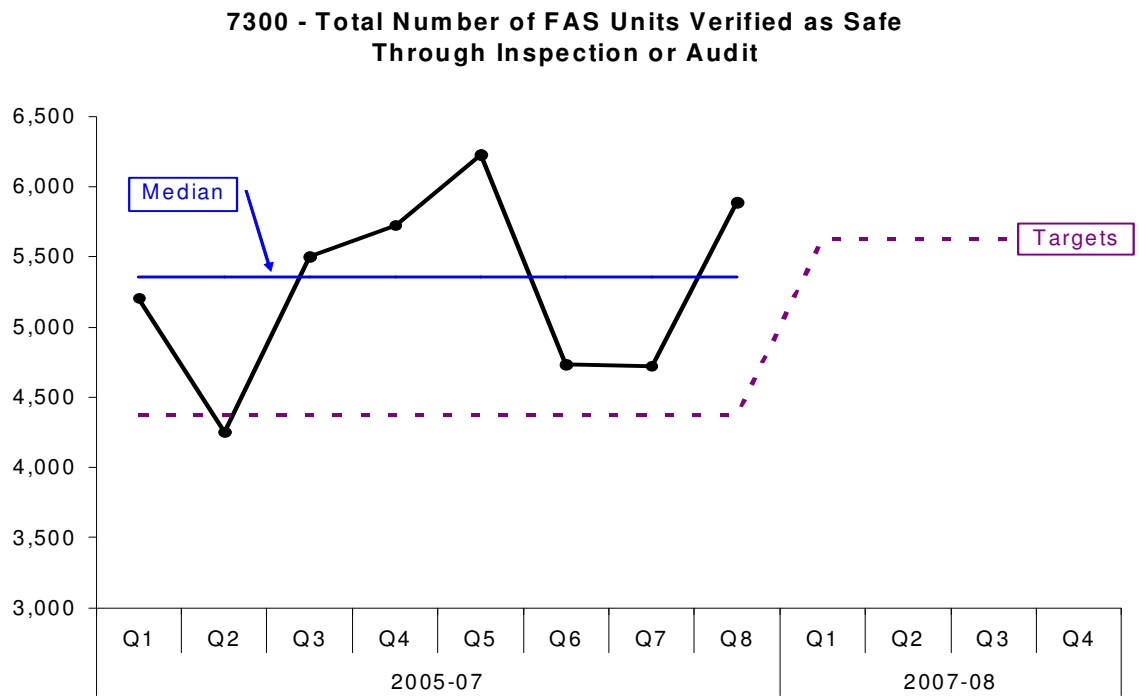
Performance Measure Description: Building inspections for mobile homes, modular school buildings, recreational vehicles, etc.

Budget Activity Links: A008 – Factory Assembled Structures

Category of Measure: An immediate outcome of the inspection process.

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: Actual performance exceeded targeted levels in in 2005-07 every quarter except one. Similar success is unlikely without significant improvements in 2007-09.*



Comments About Desirable Characteristics

Relevance: Very good – Compliance with a standard is a good way to get around trying to track the number of structural failures caused by manufacturing deficiencies.

Understandability: The acronym, "FAS", and the term, "Field Assembled Structure" are jargon. The activity description defines the term, but it should also appear in the footnotes.

Comparability: How does this compare with other states?

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Reliability: Depends greatly on the selection process for compliance checks and the number of structures built.

Cost Effectiveness: Data collection and analysis could get expensive without some automation.

General Comments & Explanations:

* What changes to the process will be introduced to give the process the capability of achieving the new targets?

Activity Measure Critique – Mobile/Manufactured Home Alteration Inspections

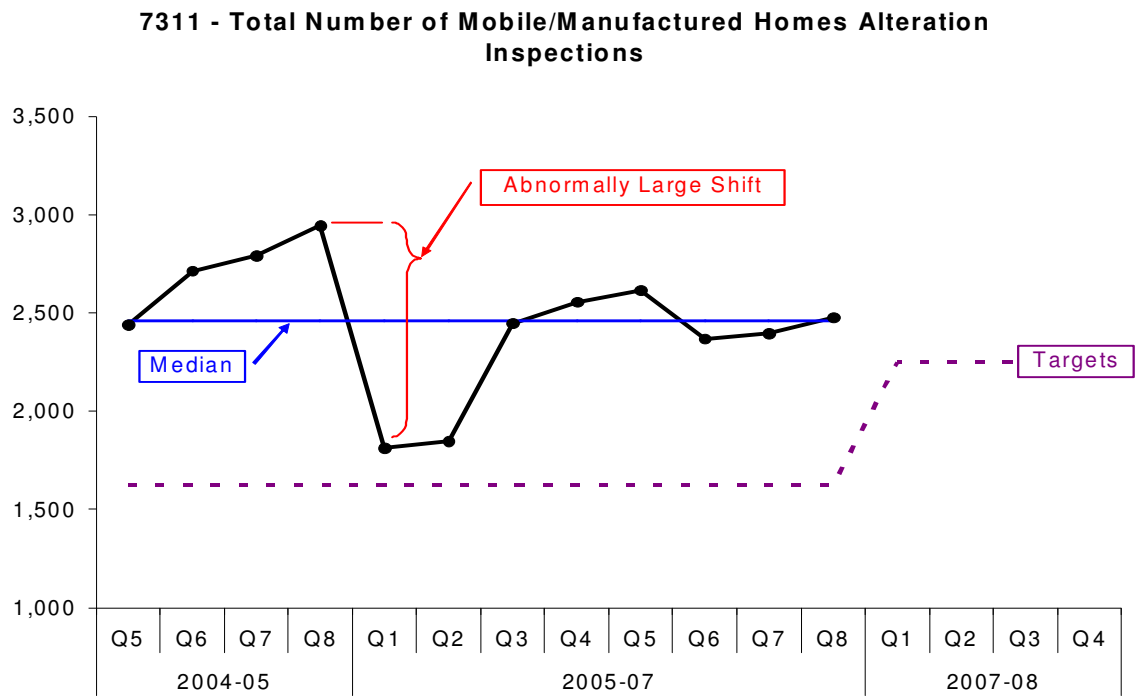
Performance Measure Description: Contractor inspections that involve alterations to the as-manufactured structure.

Budget Activity Links: A008 – Factory-Assembled Structures

Category of Measure: The number of inspections is an output measure.

Analysis of Variation: The abnormally large drop at the end of 2004-05 is an indication of a change in the process.* Since that time, actual performance seems to have stabilized around the median.

Analysis of Targeted vs. Actual Performance: Actual performance exceeded the targets in every quarter reported.



Comments About Desirable Characteristics

Relevance: The number of inspections is less relevant than the number of fatal flaws detected and corrected.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Increases and decreases can have as much to do with the number of permits filed as the productivity of the program staff.

Comparability: This is probably not a good candidate for benchmarking.

Cost Effectiveness: It should be fairly easy to keep track of the number of inspections conducted

General Comments & Explanations:

Activity Measure Critique – Factory Assembled Structure Plan Reviews

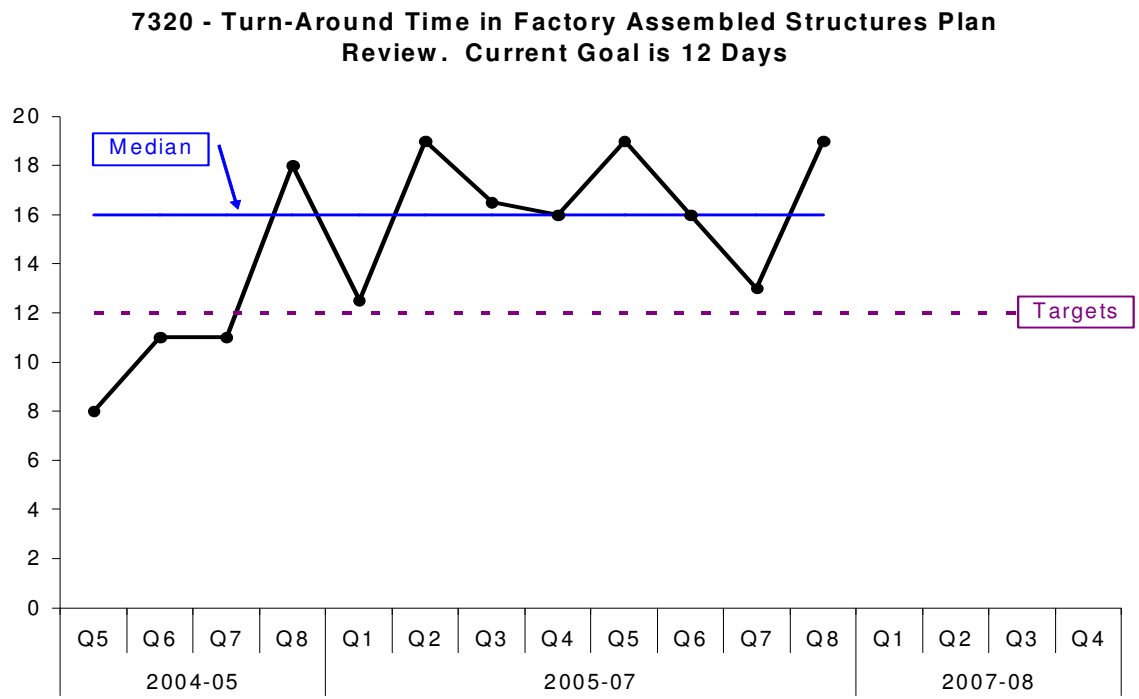
Performance Measure Description: How long it takes to review a plan from start to finish.

Budget Activity Links: A008 – Factory-Assembled Structures

Category of Measure: Turn around time is a process-level measure.

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: In 2005-07 the process was not capable of achieving the target in any of the reported quarters. Stable processes that are not capable of achieving their performance targets should be considered as process improvement opportunities.*



Comments About Desirable Characteristics

Relevance: Good – It follows that a fast turn around time is desired by the customers of the plan review process.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good – The goal statement is unnecessary.

Reliability: Good

Comparability: How does this compare with other states?

Cost Effectiveness: Good

General Comments & Explanations:

* What changes to the process are planned to improve actual performance?

Activity Measure Critique – Plumber Certification Checks

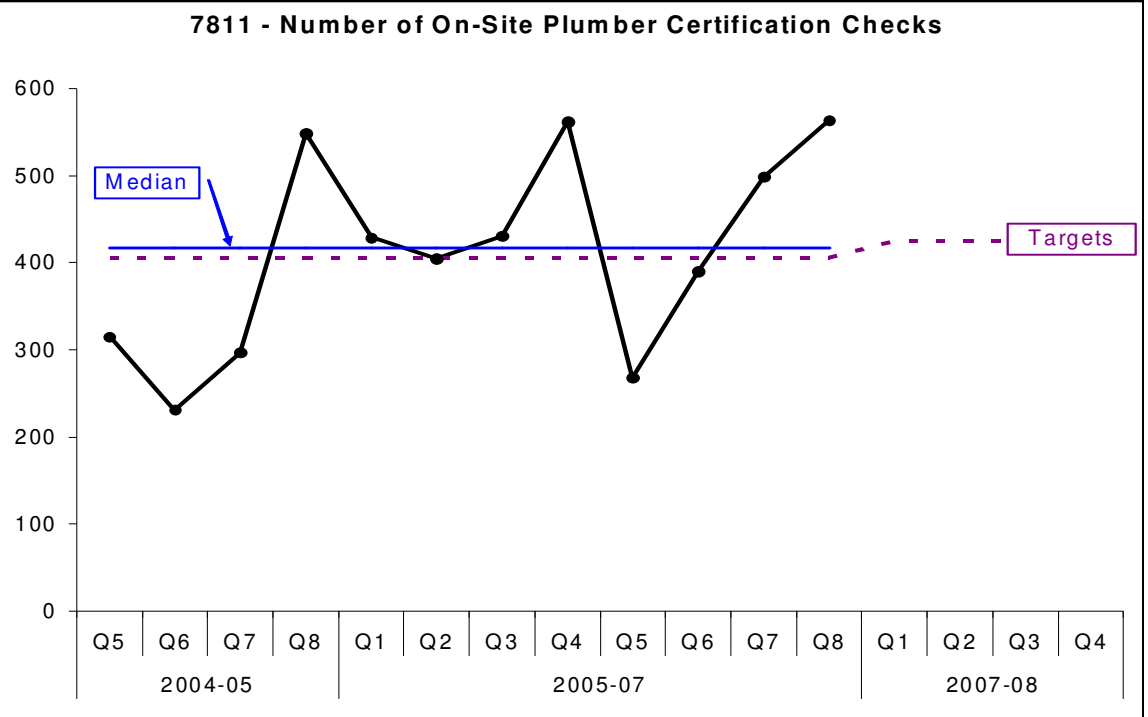
Performance Measure Description: No additional explanation is needed.

Budget Activity Links: A012 – Plumbers Certification

Category of Measure: The number of checks is an output.

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: The target and the median of the actual performance are almost identical. That means the process is capable of hitting its target roughly 50% of the time.



Comments About Desirable Characteristics

Relevance: O.K. – This output measure passes a simple logic test – It is reasonable to assume that more checks would be better.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Good

Comparability: This is probably not a good candidate for benchmarking since the number of checks would depend on staffing levels.

Cost Effectiveness: Good

General Comments & Explanations:

Activity Measure Critique – Plumber Certifications

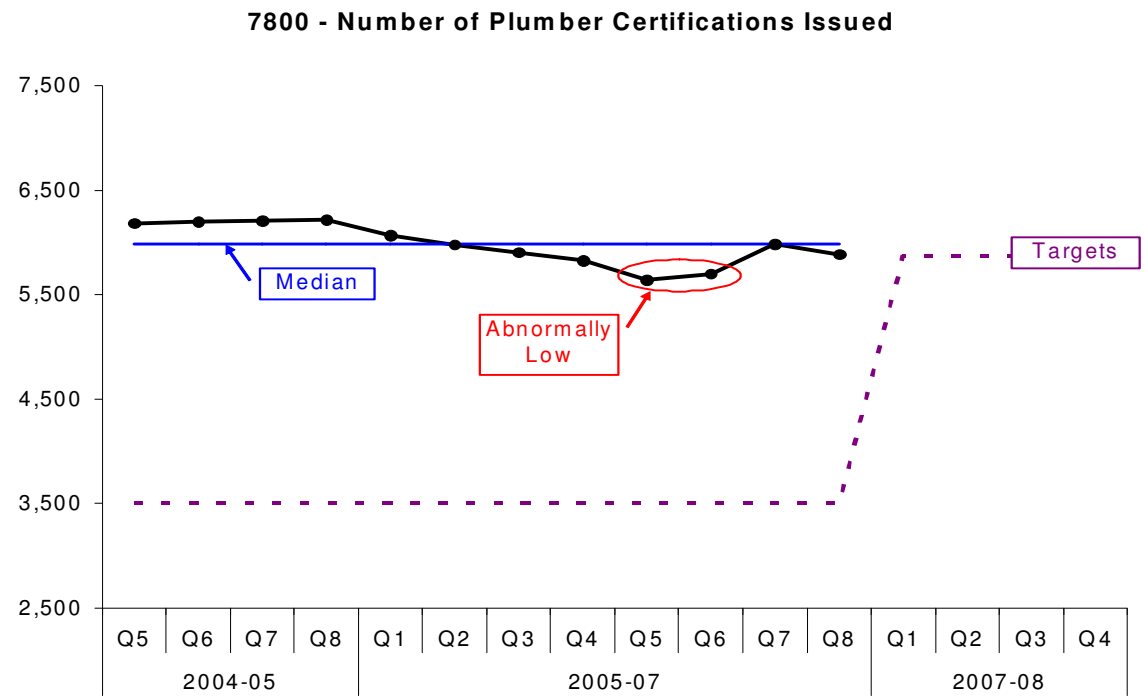
Performance Measure Description: No additional explanation is needed.

Budget Activity Links: A012 – Plumbers Certification

Category of Measure: The number of certifications is an output.

Analysis of Variation: The abnormally low data points are an indication that something in the process changed.*

Analysis of Targeted vs. Actual Performance: Actual performance exceeded targeted levels in all the quarters reported. Targets for 2007-08 show a large increase.**



Comments About Desirable Characteristics

Relevance: O.K. – This output measure passes a simple logic test – It is reasonable to assume that more certified plumbers would be better.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Good

Comparability: This is probably not a good candidate for benchmarking since the number of certified plumbers depends on how many are entering the field.

Cost Effectiveness: Good

General Comments & Explanations:

* Did something change in the middle of the 2005-07 biennium?

** Is the increase in targeted levels just an adjustment to bring it into line with actual performance levels, or is there a significant improvement planned?

Activity Measure Critique – Plumber Violations

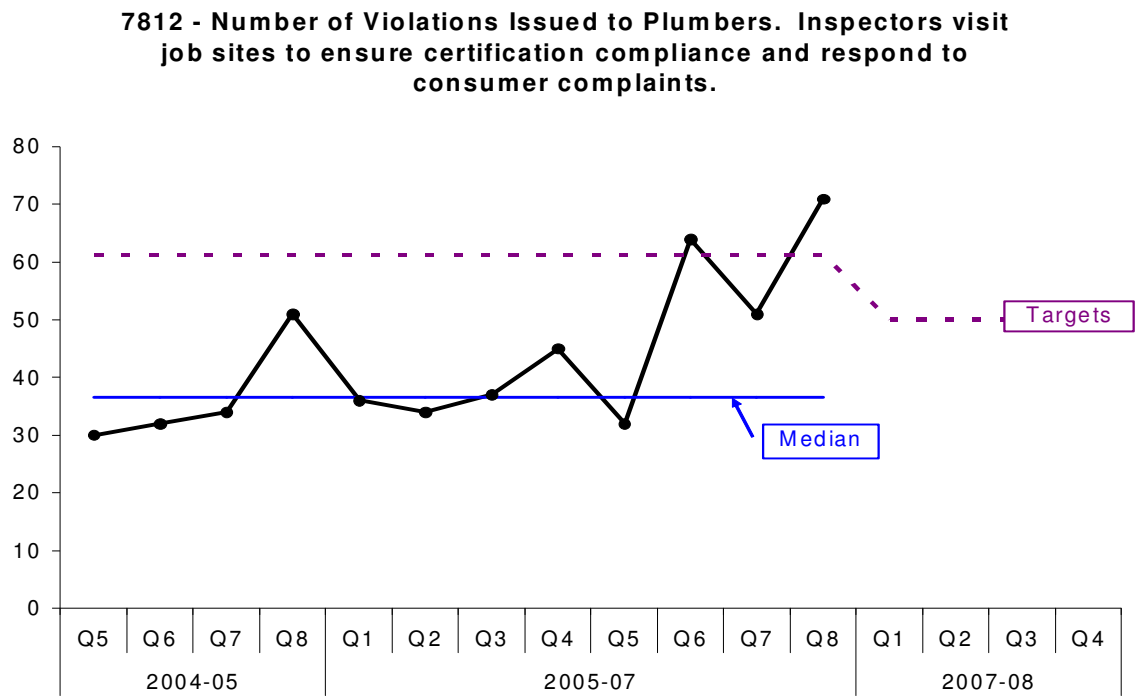
Performance Measure Description: No additional explanation is needed.

Budget Activity Links: A012 – Plumbers Certification

Category of Measure: An immediate outcome of the field investigation process.

Analysis of Variation: Despite the upturn in the last few reported quarters, the variation patterns appear t be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: In all but two of the quarters reported, actual performance was below the target.*



Comments About Desirable Characteristics

Relevance: More violations could be good news about the investigation process productivity, but bad news about employer compliance with plumber certification standards.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: It is not good if the reader can't tell if more or less of something is good, and the second sentence is unnecessary in the title.

Reliability: Depends on the methodology used to select employers and job sites to inspect.

Comparability: This is probably not a good candidate for benchmarking since the number of checks would depend on staffing levels.

Cost Effectiveness: Good

General Comments & Explanations:

* Why are the targets decreasing?

Activity Measure Critique – Pressure Vessel Inspections

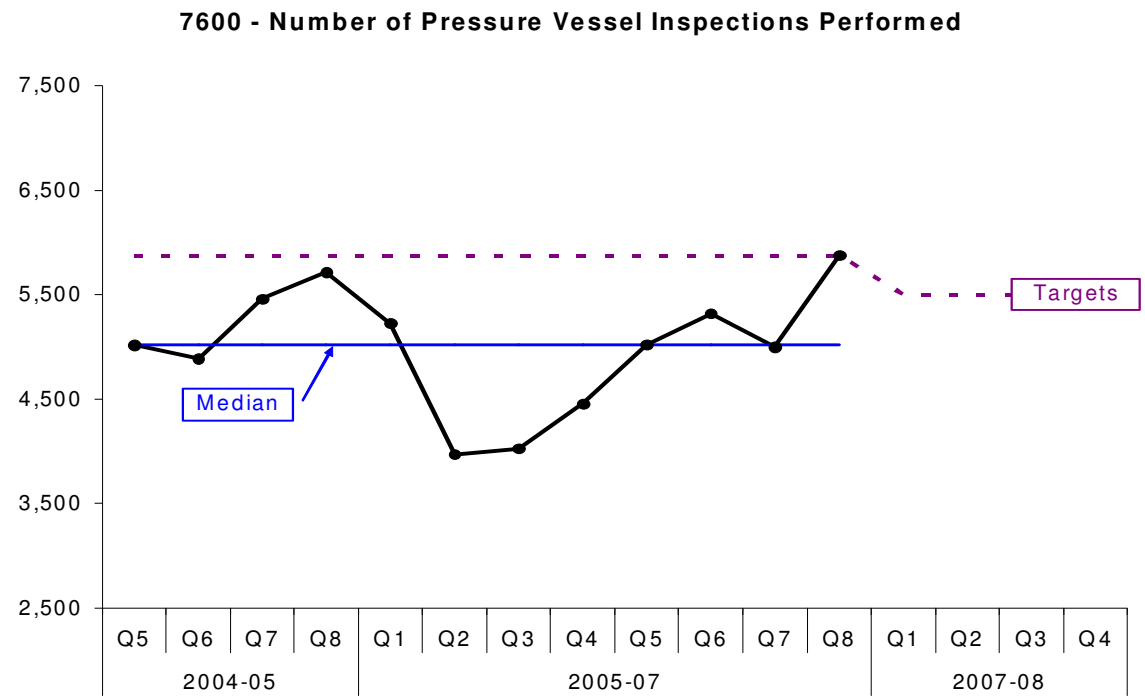
Performance Measure Description: No additional explanation needed.

Budget Activity Links: A014 – Pressure Vessel

Category of Measure: An output of the inspection process.

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: In 2005-07 the process was not capable of achieving the target in any of the reported quarters. Stable processes that are not capable of achieving their performance targets should be considered as process improvement opportunities.*



Comments About Desirable Characteristics

Relevance: The number of inspections is less relevant than the number of fatal flaws detected and corrected.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good

Reliability: Good

Comparability: This is probably not a good candidate for benchmarking since the number of inspections would depend on staffing levels.

Cost Effectiveness: Good

General Comments & Explanations:

* What is the plan to improve organizational performance?

** Why are the targets decreasing?

Activity Measure Critique – Overdue Boiler/Pressure Vessel Inspections

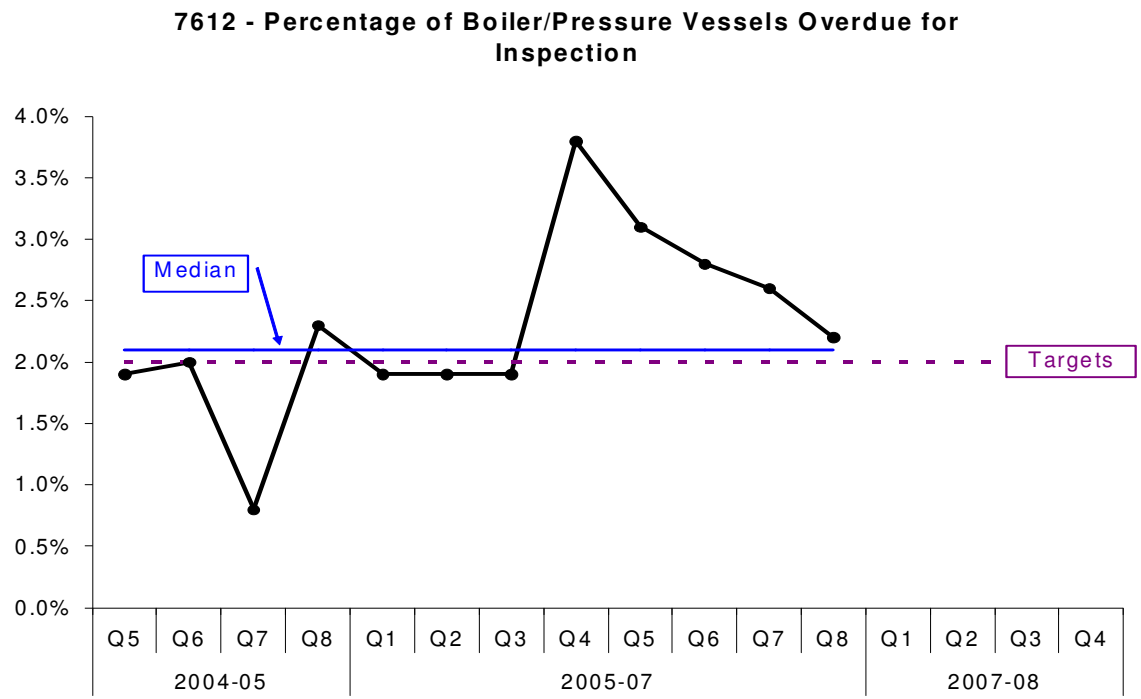
Performance Measure Description: The program inspects about 100,000 vessels every year.

Budget Activity Links: A014 – Pressure Vessel

Category of Measure: A process-level measure

Analysis of Variation: The variation patterns appear to be stable and predictable. Future results should be similar to current performance levels.

Analysis of Targeted vs. Actual Performance: The target and the median of the actual performance are almost identical. That means the process is capable of hitting its target roughly 50% of the time. **Is hitting the target 50% of the time acceptable? Shouldn't the targets be heading toward 0%?**



Comments About Desirable Characteristics

Relevance: Since this subject matter involves an undesirable outcome that should be avoided, overdue inspections are very relevant.

Timeliness: Data for the first quarter of 2007-09 was not available at the time of this assessment.

Understandability: Good – The average number of annual inspections should be in the footnotes.

Reliability: Good

Comparability: **How does this compare with other states?**

Cost Effectiveness: Tracking over 100,000 inspections will have a significant cost without an automated system.

General Comments & Explanations: