

Critical Issues Identified for FY07

Critical Issue review and analysis began during FY06. The SMART Governing Office continues to develop and refine the process. For example, the FY07 analysis resulted in a slightly different group of classifications from FY06. The new classifications are described below and will enable staff to better determine interventions intended to assist agencies and institutions in the resolution of these issues. During the FY07 SMART Cycle, both state agencies and institutions of higher education identified significant issues affecting the realization of their missions or goals. A total of 1,975 critical issues were listed by 188 agencies and institutions; 22 agencies listed no critical issues.

Critical Issues may be barriers or opportunities although most agencies list barriers. An issue is considered “critical” if 1) it is significant enough to affect the agency’s ability to achieve its mission or goals and 2) it is manageable by the agency or by another agency or group within the state. If there is no solution to an issue, it is not considered to be “critical” for this purpose. A close review of the 1,975 issues reported resulted in a determination that 621 did not meet the definition of “critical issue.” While the 621 did not meet the definition, some of these circumstances may have a significant impact on an agency and must be taken into account when developing plan and budget requirements. Critical issues for each agency or institution can be reviewed by looking at the FY07 SMART Budget Request for a specific agency. (Return to the SMART Governing home page for a link to view these forms.)

Critical Issues can be grouped or classified based in two ways; the first is based on whether the agency is able to address the issue itself or if the issue must be addressed by an external agency or group. Issues that require action by another agency or organization are external critical issues. The second is based on the potential solutions that could be employed to address the specific issue. Critical issues that may be managed within the agency are considered internal issues. The agency or institution will develop a strategy to deal with the issue without any external assistance. Critical issue classifications related to potential solutions are as follows:

- Communication: These are generally internal issues that relate to building relationships, educating and communicating within the agency and with members of the state legislature and Congress, federal officials, members of boards, the general public and others regarding agencies or programs.
- Coordination: These are generally external issues that include coordinating or collaborating with other public or private entities, including federal agencies regarding policies or procedures that impact the agency. Solutions or strategies may involve working out cooperative agreements, problem solving, etc.
- Funding: An issue should be classified as funding when no other solution or strategy would be successful. Provision of requested or adequate funds is expected to resolve the issue and have a positive impact on the

achievement of mission and goals. Funding issues may relate to Personnel, Information Technology, Purchase of Services, Non-IT Equipment/Supplies or Other for items not covered by the previous categories. Issues related to the most effective use of funds would be classified as “management”; this assumes that funding within the agency could be redirected based on an executive decision.

- Information Technology (IT): Solutions for issues in this classification can be found in IT hardware, software, infrastructure, etc.
- Legislation/Legal: Issues within this classification are related to state legislation needed or litigation in state or federal court. The solution to these issues may include passage of legislation to remedy a problem or provide an opportunity or it may involve resolution of current litigation. While some internal action may be needed, these are generally considered to be external issues.
- Management: These are primarily internal issues related to the use of resources, or internal policy and procedures. The assumption is that resources are available that could be redirected or other actions could be taken to resolve an issue.
- Personnel: Issues within this classification relate to the management of staff, including the need for staff, recruitment, retention, training, compensation, assignment of staff, succession planning, or any other issue related to staff. Issues may include actions needed in a specific agency (internal) or broad solutions across the state personnel system (external).
- State Administrative Policy/Procedure: The primary focus of this classification is policies and procedures that could be changed without legislation. These are rules developed by various state agencies that affect many agencies and that could be modified based on executive decision(s). These issues are generally external.
- Other: This classification is used as last resort when the solution does not fit within the other broad classifications.

Table 1 shows the type of critical issues raised by agencies/institutions within each functional area of government, including both the number of agencies/institutions and the percentage of agencies/institutions within that functional area. For example, in the functional area of Economic Development and Transportation 8 of 13 agencies or 61.5% reported a critical issue related to Personnel and 8 agencies also reported Funding issues. These were the top issue categories raised by this functional area. The third most reported issue was related to Management (7 of 13 agencies or 53.8%). An inspection of Table 1 indicates the top three issues for all agencies and institutions were (1) Personnel (all 8 functional areas listed this issue as one of the top three issues facing the agency/institution); (2) Funding (7 of 8 functional areas reported this as one of the top three issues); and (3) Management (5 of 8 functional areas indicated that this was one of the top three issues). It is interesting to note that the one functional area that did not list funding as one of the major issues was Licenses and Regulation. Agencies in this functional area generally do not receive monies from the General Fund but rather are self-funded through various fees. With this exception, both funding and personnel were

priority critical issues for all other functional areas of government. In many cases these issues may overlap; some personnel issues are directly related to a lack of funding and may be reflected in both reported issues.

The number and type of critical issues raised by agencies/institutions within functional areas are shown in Table 2 including both the number of issues and the percentage of issues within that functional area. For example, in the functional area of Economic Development and Transportation 29 of 112 issues or 25.9% reported were related to Funding and 26 issues related to Personnel. These were the top issue categories raised by this functional area. The third most reported type of issue was related to Management (21 issues or 53.8%). An inspection of Table 2 indicates of the top three types of issues for all agencies and institutions were (1) Funding (360 or 26.6% of issues); (2) Personnel (306 of 1354 or 22.6% of issues listed); and (3) Management (214 or 15.8% of issues listed). It is interesting to note that in this perspective, Funding was not in the top three for both the Licenses and Regulation and General Government functional areas. However, both Funding and Personnel were priority critical issues for all functional areas of government as in the analysis in the previous paragraph. As noted above, these issues may overlap with some personnel issues being directly related to a lack of funding.

Many of the issues described for FY07 are similar to the ones listed for FY06. Some of the prior year's issues were successfully resolved and were not listed again for FY07; however, others will require a longer time to develop and implement strategies to eliminate or reduce impacts. Critical issues in four classifications were selected as appropriate for follow-up as follows:

- Personnel: Several individual critical issues were combined into three summary statements. Most of these are very similar to the issues listed for FY06 and action had already begun to address them. (Information about actions taken based on the FY06 critical issues can be found in the FY06 Critical Issues Response Summary and the FY06 Critical Issues Response Report under the Library section of this web site.)

The State Personnel Department continues to work on initiatives begun in prior years. Department staff are working with agencies to identify specific needs to improve the recruitment, hiring, classifications and compensation for employees. In addition, the Department completed a study of employees who left state jobs to determine causes and have made some recommendations to address the underlying issues related to retention. The Department continues to provide support in the area of workforce planning and the provision of training for managers and supervisors. The Department continues to work on improvement in the area of on-line applications for employment and automation of certification of potential employees.

- Information Technology: Specific information has been provided to the Information Services Division of the Department of Finance. Some of these issues will require follow-up with the agency that listed the issue in order to determine specific concerns.
- Legislation: Information related to state legislation needed is being provided to the Lt. Governor and to the Speaker of the House for use in regard to the next legislative session. Some of the issues listed in the SMART Budgets Requests last November were addressed during the recent regular session. Additional information will be provided after the FY08 Budget Requests have been submitted. It is expected that agencies will be involved and work with the legislature concerning the required legislation.
- Coordination: Many coordination issues were listed but most are unique to a particular agency. Five agencies listed very similar issues related to the appointment of Board Members. The Governor's Office was already aware of those concerns.
- State Administrative Policy/Procedure: Follow-up is ongoing to identify specific solutions to general problems described in FY07 SMART Budget Requests.

Staff in the SMART Governing Office will follow-up on responses to these critical issues.

**Table 1
Critical Issue Classification by Function and Number of Agencies**

	Economic Development and Transportation	Education and Culture	General Government	Health and Human Services	Licenses and Regulation	Natural Resources and Environment	Protection of Persons and Property	Total%: Non- Higher Education	Higher Education	Grand Total% Agencies by Issue
Personnel	8	6	13	11	20	4	15	77	23	100
%	61.5%	35.3%	44.8%	57.9%	38.5%	33.3%	71.4%	47.2%	92.0%	53.2%
Funding	8	10	8	16	10	5	11	68	25	93
%	61.5%	58.8%	27.6%	84.2%	19.2%	41.7%	52.4%	41.7%	100.0%	49.5%
Management	7	6	8	10	11	2	9	53	24	77
%	53.8%	35.3%	27.6%	52.6%	21.2%	16.7%	42.9%	32.5%	96.0%	41.0%
Communication	5	5	9	9	9	2	4	43	22	65
%	38.5%	29.4%	31.0%	47.4%	17.3%	16.7%	19.0%	26.4%	88.0%	34.6%
Coordination	4	6	6	10	12	2	6	46	13	59
%	30.8%	35.3%	20.7%	52.6%	23.1%	16.7%	28.6%	28.2%	52.0%	31.4%
IT	3	4	6	5	17	0	11	46	12	58
%	23.1%	23.5%	20.7%	26.3%	32.7%	0.0%	52.4%	28.2%	48.0%	30.9%
Legislation/ Legal	5	2	6	8	22	2	7	52	5	57
%	38.5%	11.8%	20.7%	42.1%	42.3%	16.7%	33.3%	31.9%	20.0%	30.3%
State Administrative Policy/ Procedure	1	1	1	0	6	1	4	14	0	14
%	7.7%	5.9%	3.4%	0.0%	11.5%	8.3%	19.0%	8.6%	0.0%	7.4%
Other	0	0	1	1	0	1	0	3	0	3
%	0.0%	0.0%	3.4%	5.3%	0.0%	8.3%	0.0%	1.8%	0.0%	1.6%
Total Number of Agencies	13	17	29	19	52	12	21	163	25	188

The top three types of critical issues within each functional area are highlighted in yellow.

**Table 2
Critical Issue Classification by Function and Number of Critical Issues**

	Economic Development and Transportation	Education and Culture	General Government	Health and Human Services	Licenses and Regulation	Natural Resources and Environment	Protection of Persons and Property	Total/ %: Non-Higher Education	Higher Education	Grand Total/ % Agencies by Issue
Funding %	29 25.9%	24 28.6%	15 11.2%	46 25.7%	12 8.1%	16 22.9%	31 18.0%	173 19.2%	187 41.2%	360 26.6%
Personnel %	26 23.2%	19 22.6%	40 29.9%	46 25.7%	35 23.5%	21 30.0%	56 32.6%	243 27.0%	63 13.9%	306 22.6%
Management %	21 18.8%	15 17.9%	24 17.9%	19 10.6%	13 8.7%	8 11.4%	17 9.9%	117 13.0%	97 21.4%	214 15.8%
Coordination %	7 6.3%	7 8.3%	9 6.7%	17 9.5%	14 9.4%	4 5.7%	10 5.8%	68 7.6%	23 5.1%	159 11.7%
Communication %	6 5.4%	9 10.7%	14 10.4%	19 10.6%	12 8.1%	5 7.1%	7 4.1%	72 8.0%	63 13.9%	135 10.0%
Legislation/ Legal %	14 12.5%	3 3.6%	9 6.7%	16 8.9%	35 23.5%	10 14.3%	16 9.3%	103 11.4%	6 1.3%	109 8.1%
IT %	8 7.1%	6 7.1%	17 12.7%	10 5.6%	20 13.4%	0 0.0%	30 17.4%	91 10.1%	15 3.3%	106 7.8%
State Administrative Policy/ Procedure %	1 0.9%	2 2.4%	5 3.7%	0 0.0%	8 5.4%	2 2.9%	5 2.9%	23 2.6%	0 0.0%	23 1.7%
Other %	0 0.0%	0 0.0%	1 0.7%	1 0.6%	0 0.0%	4 5.7%	0 0.0%	6 0.7%	0 0.0%	6 0.4%
Total Number of Issues	112	84	134	179	149	70	172	900	454	1354

The top three types of critical issues within each functional area are highlighted in yellow.