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TO: Advisory Committee on Government Performance and Accountability
FROM: Jeff Tryens
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SUBJECT: Building Sustainability into Oregon Performance Management

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Executive Order 03-03, A Sustainable Oregon for the 21st Century, directs the Oregon Sustainability Board to recommend to the Governor “changes in performance management to better incorporate sustainability into the state’s management practices. These recommendations shall include, but are not limited to, performance standards for agencies, performance measurement and internal audit standards.” Approval by the Advisory Committee on Government Performance and Accountability is required before recommendations are made.

The executive order is “intended to support and drive the goals of the Oregon Sustainability Act.” The Sustainability Act passed in 2001, created the Oregon Sustainability Board. The goals of the Act are attached. For purposes of performance management, the Act creates two expectations. First, state government purchasing and investment practices should incorporate long-term costs and benefits into decision-making. Second, whenever possible, state purchasing and operations should aid Oregon communities, especially those that are economically distressed or historically under-served.

The executive order requires many state agencies to develop sustainability plans by February 1, 2004. These plans must: 1) create a sustainability goal that conforms to each agency’s mission and vision; 2) augment the agency’s existing strategic plan; 3) identify three new actions that will take place within a year; 4) describe how these actions will move the agency toward sustainability; and 5) include performance measures that will measure progress toward the sustainability goal.

Proposed Sustainability Board Recommendations to Governor Kulongoski -

Recommendation 1 – DAS should build on the experience of the Sustainable Supplier Council and existing facilities’ policies to further institutionalize policies that account for long term costs and benefits. The state should strive to assure that major purchases that are regularly made by many or all state agencies and major facilities’ purchases and improvements should be subject to these procedures, whenever possible.

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Recommendation 2 – DAS should include in the budget instructions for FY2005-07 guidance to agencies regarding how to incorporate sustainability-related performance measures into the state's existing performance measure framework. The Oregon Progress Board should provide agencies with examples of existing sustainability-related performance measures by March 1, 2004.

Recommendation 3 – DAS should modify the Oregon Accounting Manual to incorporate the sustainability plan criteria found on page eight of the *State Agency Guidance for Implementing Governor Kulongoski's Executive Order 03 – 03* into the standards used for internal agency audits for those agencies required to develop a sustainability plan.

Recommendation 4 – Agency director performance expectations, when appropriate, should include the goal or goals from the agency's sustainability plan.

Recommendation 5 – A training component should be developed for all interested agency personnel on the basics of sustainability. Understanding the principles of sustainability should be considered a key knowledge area for state agency managers. (The DAS procurement certification training already includes a sustainability component.)

Possible Recommendation for Future Consideration – State government should develop an inventory of current purchasing and operations standards and programs oriented toward supporting local communities. Upon completion of that task, DAS should recommend to the Governor feasible approaches for improved state government support of local communities through purchasing and operations. (Given current demands on the DAS State Procurement Office, this task could not be completed by that office in the foreseeable future. The Sustainability Board may wish to examine other means of completing the inventory sooner.)

GOALS OF THE OREGON SUSTAINABILITY ACT
ENACTED 71st OREGON LEGISLATIVE ASSEMBLY--2001 Regular Session
(House Bill 3948)

SECTION 4. The Legislative Assembly finds and declares the following goals for the State of Oregon regarding sustainability:

1. In conducting internal operations, state agencies shall, in cooperation with the Oregon Department of Administrative Services, seek to achieve the following objectives:
 - a. state purchases should be made so as to serve the broad, long term financial interests of Oregonians, including ensuring that environmental, economic and societal improvements are made so as to enhance environmental, economic and societal well-being;
 - b. investments in facilities, equipment and durable goods should reflect the highest feasible efficiency and lowest life cycle costs;
 - c. investments and expenditures should help promote improvements in the efficient use of energy, water and resources;
 - d. state operations should be located in diverse locations, including rural and distressed communities;
 - e. state operations and purchases should help maintain vital and active downtown and main street communities;
 - f. state purchases should help support opportunities for economically distressed communities and historically underemployed people;
 - g. state operations should reflect partnerships with communities and businesses;
 - h. state operations should help reduce adverse impacts on native habitats and species and help restore ecological processes;
 - i. state operations should be conducted in ways that significantly increase the efficient use of energy, water and resources; and
 - j. state operations and purchases should reflect the efficient use and reuse of resources and reduction of contaminants released into the environment.

2. In supporting sustainable communities, state agencies shall seek to enable and encourage local communities to achieve the following objectives:
 - a. resilient local economies that provide a diversity of economic opportunities for all citizens;
 - b. workers supported by lifelong education to ensure a globally competitive workforce;
 - c. an independent and productive citizenry;
 - d. youth supported by strong families and communities;
 - e. downtowns and main street communities that are active and vital;
 - f. development that wisely and efficiently uses infrastructure investments and natural resources;
 - g. affordable housing available for citizens in community centers;
 - h. healthy urban and rural watersheds, including habitats for fish and wildlife;
 - i. clean and sufficient water for all uses; and
 - j. efficient use and reuse of resources and minimization of harmful emissions to the environment.

3. Intensification of efforts to increase the economic stability of communities designated as economically distressed.