

Assessing Government Performance Across the

Triple Bottom Line



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Triple Bottom Line (TBL) is a sustainability concept acknowledging an organization's obligations to economic development, social justice and environmental stewardship (see **Figure 1**). By striking the appropriate balance between these interests, institutions can serve the needs of the present without compromising future generations' ability to meet their own needs.¹ Sustainability initiatives include investing in sources of renewable energy, reducing water consumption, waste-diversion activities, advancing administrative ethics, inclusion initiatives, maximizing health outcomes and many other virtuous undertakings.²

Businesses, as producers of goods modern society relies upon, play a major role in building a sustainable economy. Consequently, many have been aggressive at marketing their progress with more than 50 percent of all S&P 500 companies now publishing sustainability reports.³ For instance, British Petroleum uses the report to highlight environmental safeguards established in the aftermath of the Deepwater Horizon oil spill, and Walmart, to highlight fair labor practices. Although voluntary undertakings of the private sector show promise, governments must also play a key role in advancing sustainable practices.



Figure 1. Intersection of Triple Bottom Line

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Leading environmental policy scholars have pointed out the public sector is uniquely positioned to incentivize renewable energy and sustainable infrastructure investments by offering grants and tax credits to participants. Moreover, governments can perform a leadership role in the development of sustainability metrics and sponsor training and outreach activities.⁴ In the public sphere, a commitment to sustainability is demonstrated through the execution of effective policy, as well as adopting best practices within an organization.



ECONOMIC PROGRESS

In the modern era, governments influence the economy in many meaningful ways. The federal government can affect economic conditions through sound fiscal policy. State governments can attract high-demand, high-wage industries and can connect knowledge works to those jobs. The Michigan Regional Skills Alliance is one example of a collaborative public-private partnership focused on bridging gaps

between worker readiness and employer needs⁵ — in essence, cultivating conditions for businesses to thrive.

Local governments also play a critical role in the economic development of a community through commercial zoning and infrastructure planning. In California's Bay Area, cities have been particularly progressive on this front. San Francisco has focused on building eco-districts in various zones, such as undeveloped land, mixed-use, residential neighborhoods and industrial areas. These districts are committed to adapting innovative sustainable designs and practices.⁶ Meanwhile, a key initiative undertaken by Berkeley has been on launching a zero-waste program.⁷ The City of Oakland has promoted efforts of a sustainable business alliance encouraging locally-sourced purchases called Oakland Grown.⁸ Santa Monica and Santa Barbara each integrate sustainability initiatives into their long-range planning activities.⁹ Mountain View has appointed a sustainability coordinator to ensure such plans are executed.¹⁰ All of these efforts represent important steps being taken to advance sustainability practices.

Outside of building more livable communities, governments can demonstrate internal leadership across the economic dimension of the triple bottom line by managing taxpayer resources in a fiscally responsible manner. Most states and many local governments now engage in performance-based budgeting, a practice designed to bring performance information to bear in the process of balancing budgets.¹¹ North Carolina has taken the benchmarking concept a step further by creating an interactive

dashboard to assess service delivery and costs across local governments.¹² Most governments are already doing some form of sustainability reporting of an economic nature by merely being transparent with respect to spending activities and exercising sound fiscal discipline as evidenced by benchmarking tools.



BUILDING SOCIAL CAPITAL

All levels of government play a role in advancing a citizen's right to life, liberty and pursuit of happiness. Advancing public safety and administering justice in our civil, criminal, and administrative court systems are two such examples. When underserved populations are left behind by private markets, governments offer social welfare, health care and other forms of public assistance. Another important social responsibility is the effective delivery of public education. From this standpoint, governments foster social capital through their mere existence.

From the Atlantic to the Pacific coast, governments are grooming leaders to better meet customer needs, improve communities and maximize government outcomes. The Maine Development Foundation created a public-private partnership of 250 organizations focused on developing leaders and solving community problems through sustainable visioning.¹³ Burlington, Vt., has adopted a publicly funded affordable-housing solution considered a successful land-trusts model for the entire country.¹⁴ The desire to serve the public interest, and sense of action guiding public administrators,¹⁵ is evident in service-oriented initiatives occurring across the country.

In addition to these types of external partnerships, governments can advance the social dimension by promoting safe workplace conditions, offering competitive salary and benefits, and establishing ethical standards within the organization. Shortly after the Enron collapse, San Diego dealt with similar financial improprieties.¹⁶ To restore stakeholder confidence, the city embraced Sarbanes-Oxley Act type provisions, such as creation of an audit committee, financial certification by city officials, stronger internal control assessments, a code of ethics and whistle-blower protection.¹⁷ These types of bold moves demonstrate a clear commitment to advancing the social dimension.



PROTECTING THE ENVIRONMENT

Over the past 50 years, governments have been called upon to effectively regulate private behaviors to

minimize destruction of ecosystems. While unregulated market forces will not guarantee the protection of the environment, finding the appropriate balance of how stringently to regulate polluting activities of businesses and consumers is not easy. Sustainability is an approach that attempts to find a suitable balance between environmental and economic interests.

A collage of federal, state and local environmental regulations embody modern efforts to protect the planet. While the U.S. Environmental Protection Agency plays an important role in establishing standards, state and local governments focus on the implementation of solutions. For example, California has emerged as a leader in climate action planning. Assembly Bill 32 seeks to lower state global greenhouse gas emissions to 1990 levels by the year 2020. California state agencies have also been aggressive at regulating polluters, as evidenced by the California Air Resource Control Board enforcement of clean air standards against Volkswagen.¹⁸

In conjunction with regulatory activities, governments can model sustainable practices by diffusing environmental-friendly technologies. Numerous governments took advantage of American Recovery and Reinvestment Act of 2009 funds to make clean energy investments.¹⁹ Large municipalities, such as Chicago and Seattle, have invested in municipal fleets using alternative renewable sources and designed energy-efficient municipal buildings. Additionally, these entities promote sustainable building practices for their citizens.²⁰ Meanwhile, in Minnesota, Saint Paul and Minneapolis have built a light-rail network connecting the two cities and launched a car-sharing program, called Hourcar, consisting exclusively of hybrid vehicles.²¹ State governments, such as California, New Mexico, Pennsylvania, Michigan and Washington have created dedicated offices specifically focused on education initiatives advancing energy efficiency and renewable sources (see **Figure 2**).

Figure 2. Sustainability Guidance and Resources

ORGANIZATION	LINK
U.S. EPA – Sustainability	www.epa.gov/sustainability
Department of Energy – Energy Saver	www.energy.gov/energysaver/energy-saver
National Renewable Energy Laboratory	www.nrel.gov/
Database of State Incentives for Renewable Energy	www.dsireusa.org/
SASB	www.sasb.org/
ISO 14000 – Environmental Management	www.iso.org/iso/iso14000
ISO 26000 – Social Responsibility	www.iso.org/iso/home/standards/iso26000.htm
Accountability 1000 Standards	www.accountability.org/standards/
Social Accountability International 8000	www.sa-intl.org/index.cfm?
International Federation of Accountants	www.ifac.org/
Global Reporting Initiative	www.globalreporting.org/Pages/default.aspx
Green California	www.green.ca.gov/
Minnesota Milestones	mn.gov/admin/demography/data-by-topic/minnesota-milestones/
Pennsylvania Dept. of Environmental Protection	www.dep.pa.gov/DataandTools/Reports/Pages/default.aspx
WA Dept. of Ecology – Sustainability	www.ecy.wa.gov/sustainability/
Sustainable Santa Fe	www.santafenm.gov/sustainable_santa_fe
Green Living in Missoula County	www.makeitmissoula.com/housing/green-living/

Figure 3. A Sample of TBL Indicators Found in AGA Citizen-Centric Reports and GRI Reports

TYPE	METRIC	ENTITY
Environment*	Postal fleet petroleum use (million GGE)	U.S. Postal Service
Environment*	Carbon footprint – metric tons of CO2	UC Berkeley
Environment	Recycling rates (tons)	City of Baltimore
Environment	Average daily water consumption in gallons	Syracuse City
Environment	Homes serviced by recycling collections	Scottsdale, Ariz.
Environment*	Sustainable food purchases (as percentages)	UC Berkeley
Environment	Trademark applications processed electronically	U.S. Patent Office
Social	Number of vaccines administered to children	State of Texas
Social*	% of students and faculty involved in volunteer work	Ball State Univ.
Social	% of citizens who say they feel very safe or safe in their neighborhood	City of Baltimore
Social	Quality of life index	Tallahassee, Fla.
Social	Increase in data scientists and data infrastructure	National Science Foundation
Social	Miles of recreational trails	Polk County, Wisc.
Economic	Number of participants in tax relief programs (elderly/disabled and veterans)	Suffolk, Va.
Economic	New jobs created in targeted industries	Scottsdale, Ariz.
Economic	Clean audit opinion	West Valley City, Utah
Economic	General fund balance	City of Alvin, Texas
Economic	Investment earnings	Jefferson Township, Ohio
Economic	Gross state product (in relation to \$60 billion target)	State of Idaho

*Derived from corporate social responsibility report prepared in accordance with GRI G4 standards. All other metrics collected from entities' Citizen-Centric Reports.

SUSTAINABILITY KEY PERFORMANCE INDICATORS



Many governments highlight their performance across the triple bottom line through use of performance measures. In recent years, a number of sustainability-centric databases have been unveiled. These tools highlight core sustainability best practices on topics such as eliminating waste, workforce development and social metrics. Publishing such measures is motivated by a fundamental goal to demonstrate the value produced by government.²² One means to communicate sustainability progress is the Global Reporting Initiative's (GRI) sustain-

ability database, the first global step in advancing a true triple bottom line report. GRI guidelines define the practice of measuring, disclosing, and being accountable to internal and external stakeholders. Examples of public entities that have adopted the standards include the U.S. Postal Service, University of California, Berkeley and Ball State University.²³

In others cases, governments highlight sustainability progress through traditional reporting systems. The statistical section of a government's comprehensive annual financial report often contains sustainability-related material including economic data, fiscal capacity and other demographic information. Moreover, several governments use AGA's Citizen-Centric Reports (CCRs) to highlight sustainability progress (see **Figure 3**).

ADOPTING A SUSTAINABLE REPORTING MODEL

High-performing public-sector organizations have long been recognized for being future-oriented, focused on results benefitting stakeholders,²⁴ and committed

to tracking performance data through integrated systems.²⁵ While sustainability reports can serve as meaningful communication devices, the initiatives need to be linked to the priorities of the community. Outcome-oriented data represents the most appropriate method to inspire the kind of systems-thinking sought by advocates of the triple bottom line.

While sustainability reporting is largely voluntary in nature today, governments interested in highlighting progress can find meaningful non-financial reporting guidelines in various forms. Governmental Accounting Standards Board (GASB) concepts statements address service efforts and accomplishments, including reporting elements and methods for enhancing usefulness. GASB 34 discusses inclusion of statistical performance data. Federal standards are found within the Government Performance and Results Act, and the Program Assessment Rating Tool.

Additionally, several nonprofit organizations offer sustainability-related reporting guidance, such as the International Standard Organization, International Standard on Assurance Engineering, Accountability Standards, Social Accountability International, and the Sustainability Accounting Standards Board (SASB). SASB metrics, as one example, can be adapted by governments wishing to highlight triple bottom line progress. Standards have been established across 79 industries, including health-care delivery, education, defense, and utilities such as gas, electricity and water. The SASB navigator offers detailed sustainability measures within each industry to promote benchmarking activities.²⁶

In the 20th century, financial accounting standards played a critical

Sustainability reporting guidance is available in various forms.

role in advancing capital markets. Sustainability standards are likely to play an equally important role in building the society of tomorrow.²⁷ Governmental leadership will be critical to the success of advancing the triple bottom line framework going forward. ■

Endnotes

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