

**PERFORMANCE MEASUREMENT
AT THE STATE AND LOCAL
LEVELS: A SUMMARY OF
SURVEY RESULTS**

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Performance Measurement at the State And Local Levels: A Summary of Survey Results

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Chapter 1

INTRODUCTION

As part of the continuing GASB research on the use and effect of using performance measures by state and local governments, an extensive mail survey was sent to state budget offices, state agency staff, and city and county budget and department staff across the country.

This summary report of the findings of the survey, prepared by Katherine G. Willoughby, Julia E. Melkers, and Brian James of Georgia State University with a grant from the Sloan Foundation, provides an overview of the survey findings. Additional analyses of the survey findings are being published by Professors Willoughby and Melkers, and notices will be posted on the GASB's Performance Measurement for Government website (www.sea.gov) as they are completed.

The summary of survey results is provided for five areas of the use and effect of using performance measures: (1) To what extent are performance measures being used? (2) In what ways are performance measures being used? (3) How effective are the performance measures that are being used? (4) How are performance measures being maintained and communicated? and (5) How are performance measures being implemented?

Among the findings provided in the summary is the indication that the use of performance measures by state and local governments is continuing its growth. However, there still is a tendency to use input, activity, and output measures more than outcome measures. Those responding also indicated that they plan to increase their use of performance measures over the next several years.

When asked in what ways performance measures were effective, the most often mentioned areas were in improving communication among various parties involved, including with executive-level and elected officials. Also relatively frequently mentioned was changing strategies to achieve desired results and changing the questions legislators or their staffs ask government managers.

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Chapter 2

BACKGROUND AND LITERATURE REVIEW

About the Study

This report is a part of a multi-year effort by the Governmental Accounting Standards Board (GASB) to extend its Service Efforts and Accomplishments (SEA) research, funded in part by the Alfred P. Sloan Foundation. The performance measurement research team (at the time of this survey) consisted of GASB researchers, faculty from the Andrew Young School of Policy Studies at Georgia State University, a government agency consultant, and two graduate students.

In June 2000, a large and extensive mail survey was sent to state budget offices, state agency staff, and city and county governments across the country. The purpose of this survey was twofold:

- To determine the ways that performance information was being used and reported in state and local governments
- To understand the effects that may be attributed to the use and reporting of such information.

The results of this survey provided us with an overview of the use of performance measurement in management and budgetary decision-making processes, at both the state and local levels.

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Performance-Based Systems in Government¹

Performance-based systems in government can be defined as “processes that request quantifiable data that provide meaningful information about program outputs and outcomes in the budget process.” Development and use of performance measurement by governments in the United States is well documented (Lee 1997; Lee and Johnson 1998). At the federal level, the often-cited Hoover Commission in 1949 provided a very visible push in the direction of performance monitoring by calling for a restructuring of the federal budget into activities rather than line items. The Commission also requested that agencies provide performance reports. Later, the Chief Financial Officers Act of 1990 required performance data reporting from a select number of federal agencies. The Government Performance and Results Act of 1993 then extended performance measurement and the generation of performance plans across most federal agencies by establishing a performance-reporting schedule to begin by 1997. Finally, the Gore Commission during President Bill Clinton’s administration maintained a focus on government reinvention that has sustained interest in performance measurement and monitoring at the federal level. For example, the National Performance Review, now titled the National Partnership for

¹This literature review is excerpted from Willoughby and Melkers (2001).

Reinventing Government, initially proposed to “make the government work better and cost less, and to get results Americans care about” (U.S. General Accounting Office 2000, p. 2).

Specific attention to performance measurement and monitoring has filtered down to local governments as well (Berman and Wang 2000; Poister and Streib 1999). Research results indicate that from less than 20 percent to about 33 percent of local governments in the United States (distinguishing between counties and municipalities, respectively) use some form of performance measurement. In a survey where over one-half (694 of 1,218) of the cities (with 25,000+ populations) contacted responded, Poister and Streib (1999) found that 15 percent of the cities use performance measurement selectively, not comprehensively, throughout their agencies and departments. Larger cities, and those defined as more reformed (council-manager versus mayor-council), tend to use performance data more frequently. The International City/County Managers Association’s Center for Performance Measurement, along with The Urban Institute, continues to support efforts to institutionalize the use and effectiveness of performance monitoring, measurement, and reporting by local governments.

Similar to the trends at the local and federal levels, state governments have been building performance monitoring and reporting systems in which performance measurement is a chief component. In the early 1990s, both the National Governors’ Association and the National Conference of State Legislatures encouraged states to incorporate performance measurement and monitoring into their budgeting systems. During this time, most states complied by passing legislation, issuing executive orders, or establishing administrative guidelines requiring some type of performance-based budgeting system (Melkers and Willoughby, 1998). By the late 1990s, all but three states had developed performance-based budgeting requirements, with most establishing these requirements after 1990.

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Current Performance Reporting

Carnevale and Carnevale (1993) point out that the current focus on performance measurement by governments, while reminiscent of the progressive era, is different. There is an enhanced emphasis in public organizations on quality, variety, customization, convenience, and timeliness of services and programs over and above economic efficiency concerns. Similarly, DuPont-Morales and Harris (1994) discuss accountability for purpose (vision/mission), direction (goals/strategies), and impact (output/outcome, results) that is quite distinctive from cost concerns. They clarify the importance of beginning with a clear understanding of mission when considering agency performance and measurement of that performance. Similarly, the National Center for Public Productivity (1997) recognizes that performance-based systems have evolved to consider more than simple efficiency and to encompass the concepts of productivity, effectiveness, quality, and timeliness, among others.

Hatry (1999), a well-known authority on performance measurement applications, also recognizes that the modern concept is more complicated than that considered adequate for activity-based budgeting of the 1950s. He emphasizes that performance measurement incorporates all of the concepts relayed previously, in addition to the requirement for *regularity* in the measurement of results. In Chapter 1 he states that “regular measurement of progress

toward specified outcomes is a vital component of any effort at managing-for-results, a customer-oriented process that focuses on maximizing benefits and minimizing negative consequences for customers of services and programs.”

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The Use of Performance Measurements

The Governmental Accounting Standards Board establishes financial reporting standards for state and local governments. GASB Statement No. 34 (2001) phases in application of even more advanced financial reporting on the part of state and local governments, some of which is performance related. The Statement outlines new and different information that must be provided by state and local governments in their financial reports, requirements for reporting of all capital assets and depreciation expense, as well as the use of full accrual accounting. Governments’ focus on performance measurement via the recommendations of SEA reporting (GASB 1994) has further encouraged states to continue developing performance-monitoring systems, as well as to continue to refine measurement and to generate reports.

This study continues a line of research that assesses governments’ use of performance measurement for budgeting and management decision making. Earlier work used mailed surveys to state government executive and legislative budgeters to gauge their perceptions of the usefulness of performance measurement initiatives in their government at that time (Willoughby and Melkers 2000). Their results indicate that “[performance-based budgeting] information has its strongest impact on the agency level, a slightly dampened effect at the central budget office level, and then muted effect on the legislative side” (p. 119). The authors conclude that to foster successful performance-based systems, “reformers should concentrate on the distinctiveness of budgeters in each branch and provide different ‘marketing’ strategies for implementation accordingly as reform formats, structures and processes continue to evolve” (p. 120).

This study broadens such work to include not only state government central budget office personnel in the executive and legislative branches, but administrators and staff in executive agencies. Further, this work queried personnel in similar positions in local governments in the United States. Our findings provide a more comprehensive view of the perceived usefulness of performance measurement and performance-based systems. Results also add to our knowledge of the sustainability of these systems and performance measurement for decision support and enhancement in government.

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Chapter 3

METHODOLOGY AND PARTICIPANTS

The data reported in this research is based on data gathered from an extensive mail survey focusing on performance measurement use in state and local governments. For the mail survey, three separate survey instruments were developed. Each of these was targeted at different groups: (1) state budget officers in the legislative and executive budget offices, (2) administrators with performance measurement or budgeting responsibilities in state agencies, and (3) budget officers and department heads in city and county governments. Mailing lists were drawn from the National Association of State Budget Officers, an International City/County Management Association list of local government administrators, and a previous list of survey recipients maintained by the GASB. Separate survey instruments were used in order to make the question format and wording most appropriate for the level of government and the respondents' position. For example, questions particular to the state-level budgeting process were contained only in the state budget officers' survey. However, surveys were designed to allow for comparability across levels of government and groups of respondents. Therefore, the majority of questions in the surveys were similar, if not identical, in content and wording.

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Survey Development and Testing

An expert review process was used to pre-test the survey instruments for question relevance and understandability. State and local administrators known to be familiar with the performance-based budgeting process in their government provided useful feedback on the instruments. Their comments were used to revise the surveys prior to mailing.

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Survey Distribution and Collection

Prior to mailing the instruments themselves, the project team sent an "alert" letter to recipients notifying them of the study and its purpose, and requesting their participation; instruments were then mailed one week later. The survey package included a cover letter that again explained the scope and purpose of the research and instrument. Recipients were also directed to indicate whether they wished to receive survey findings. Both the GASB and Georgia State University logos were included on the front page of each instrument. Recipients were given approximately three weeks to complete and return the survey, postage-paid. Two weeks after the survey was sent out, a postcard reminder was sent to recipients. One week after the due date, a second mailing of the survey was sent to those individuals who had not yet responded. Finally, follow-up telephone calls were made to recipients who had not responded to encourage completion and return of their instrument.

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Content of Instruments

Instruments included questions on the extent of performance measurement use in state governments, the types of measures used for various sorts of decisions and public management processes, the measurement verification/validation activities used in state and local governments, and administrator understanding of the purposes of generating and using performance data. The survey also addressed details of where performance data appear in budget and financial reports, when during the budget cycle performance information is most helpful, and current reward and sanction systems used when agencies reach or miss performance goals. Finally, the survey addressed administrator perceptions of the relative success of the performance measurement process and its impact on cost savings, efficiency, effectiveness and program results, enhanced communication, and better understanding among government officials and with citizens.

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Participant Response Rate

By keeping track of who responded to the surveys, a clear frame of reference of whose opinions shaped the data was created. Of the 1,311 surveys that were sent out, 489 were completed and returned. As shown in Table 1, this was a 37% overall response rate. In the survey, 36 states were represented for state budget offices and 48 states for state agency staff. At the local level, 277 respondents replied to the survey, representing 200 municipalities and 53 county governments across the country.

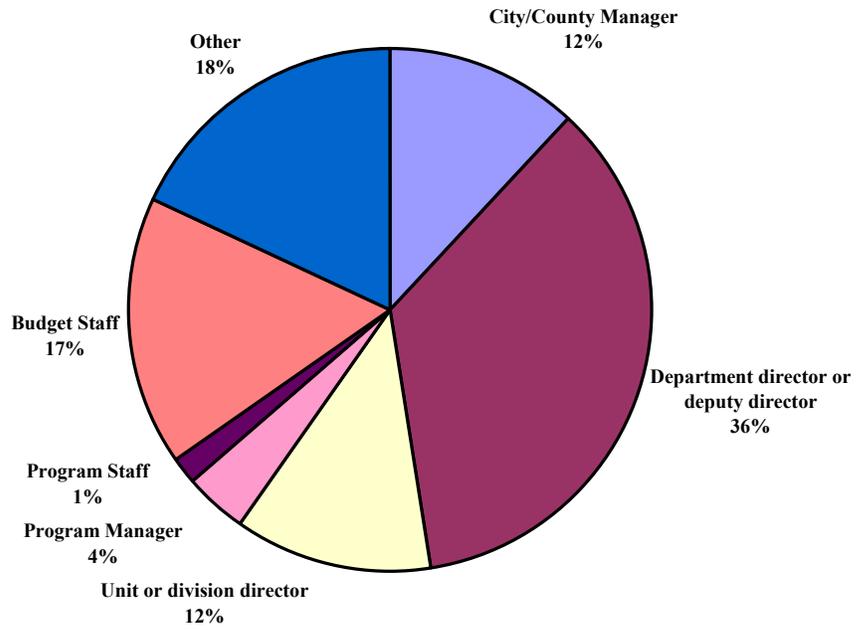
Table 1

Survey Response Rates		
Survey Type	Response Rate	Number of Governments Represented
State budget offices	51% (n=60)	36 states
State agency staff	35% (n=152)	48 states
Local government	37% (n=277)	200 cities, 53 counties
Total	37% (n=489)	

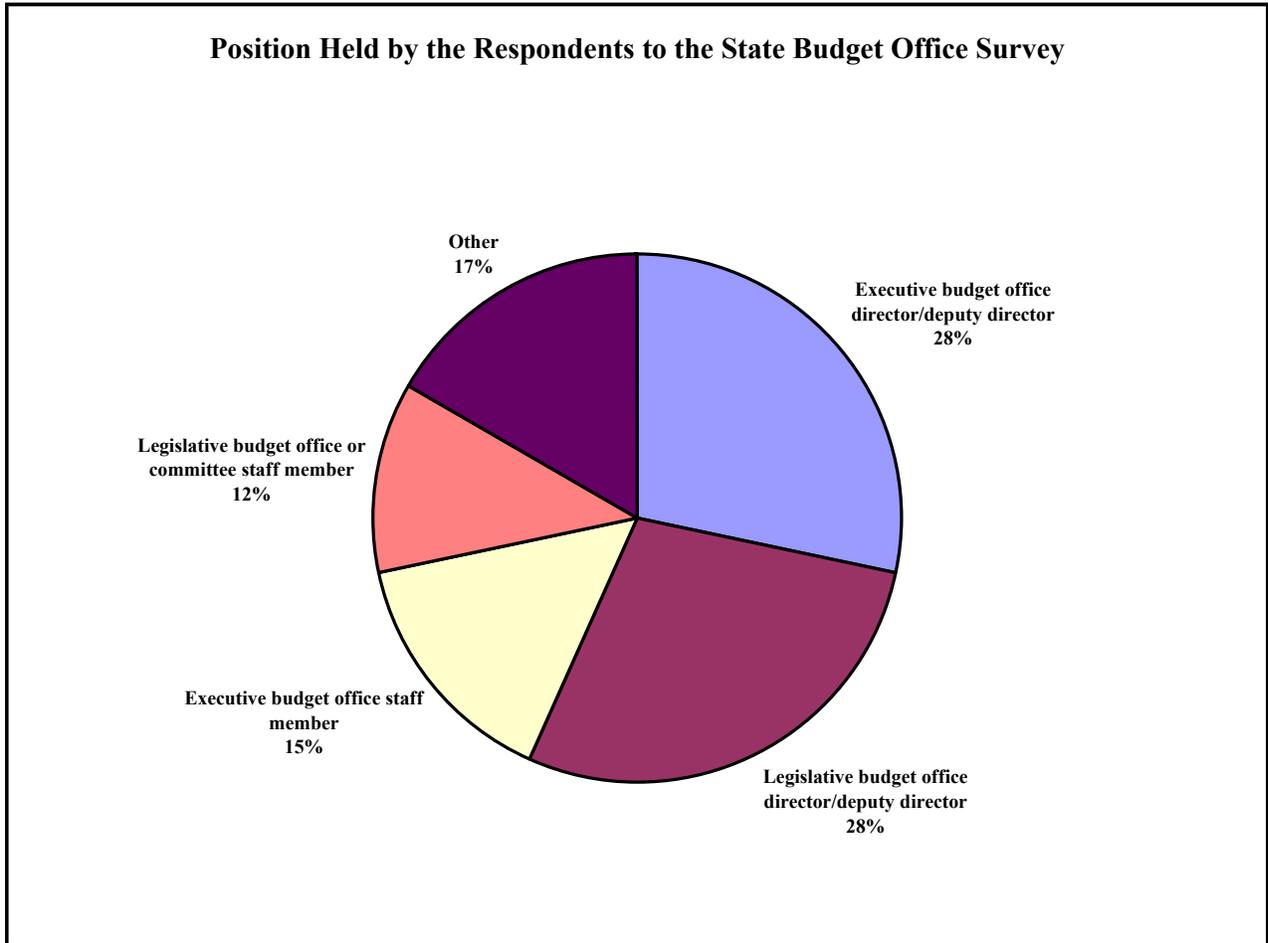
n = number of responses.

The survey sent to the city and county governments had a response rate of 37%. These responses came from 277 different municipalities across the country (76.7% of the respondents were at the city level and 23.3% worked at the county level). The following chart shows the position held by the respondents to the city/county survey:

Position Held by the Respondents to the City and County Survey

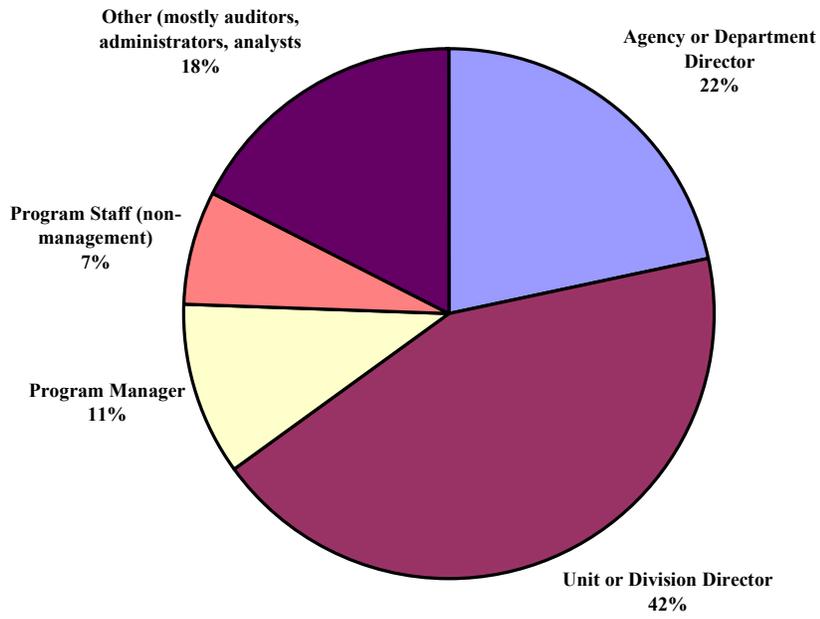


Surveys sent to State Budget Offices had the highest response rate of 43%. Responses to the survey came from 36 states. The majority of responses came from either the Executive Budget Office Director or the Legislative Budget Office Director. The following chart shows the position held by those who responded to the state budget office survey.



Numerous state agencies also received this survey, and 37% of those agencies responded. Responses came from 36 different states. The following chart illustrates the position of the respondent staff member.

Positions Held by the Respondents to the State Agency Survey



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Chapter 4

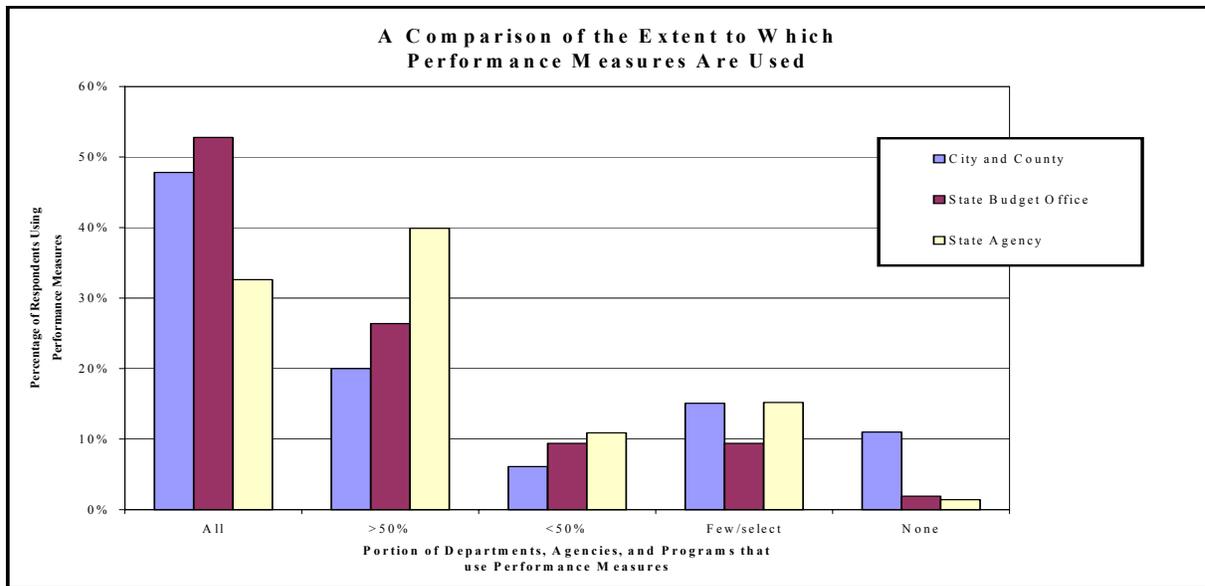
TO WHAT EXTENT ARE PERFORMANCE MEASURES BEING USED?

The survey began by asking respondents about the extent to which performance measures were used in their respective city/county, state budget office, or state agency. They were asked to respond to the percentage of departments, agencies, or programs that were using performance measures (all, more than 50%, less than 50%, only a few, none, or not sure).

Of the respondents, the state budget offices had the greatest percentage of all agencies using performance measures. The city/county respondents had the second highest percentage of all departments using performance measures. However, the state agencies had the greatest percentage of “more than 50%” of programs using performance measures. Overall, well over the majority of respondents from all three survey groups use performance measures in “more than 50%” or “all” of their departments, agencies, or programs. A very small percentage of departments, agencies, or programs in the three groups were not using any performance measures.

Figure 1 compares the responses from the three survey groups concerning the department, agency, or program use of performance measures. The x-axis displays the portion of the departments, agencies, and programs that use performance measures within each of the three survey groups. The y-axis displays the percentage of respondents using performance measures within that particular perimeter. The percentages of respondents “not sure” of the use of performance measures within their city/county departments, state budget agencies, or state agency programs were not included in this figure.

Figure 1



What Types of Performance Measures Are Used?

Most respondents claimed that at least half of their corresponding departments/agencies/programs use performance measures. This was an encouraging sign; however, questions remained—for example, just what measures were being used, and to what extent? Table 2 lists several types of performance measures used in performance reports. Next to each of the indicators is the percentage of respondents from each survey group who indicated that “50 percent or more” of their respective agencies/programs/departments were using those measures.

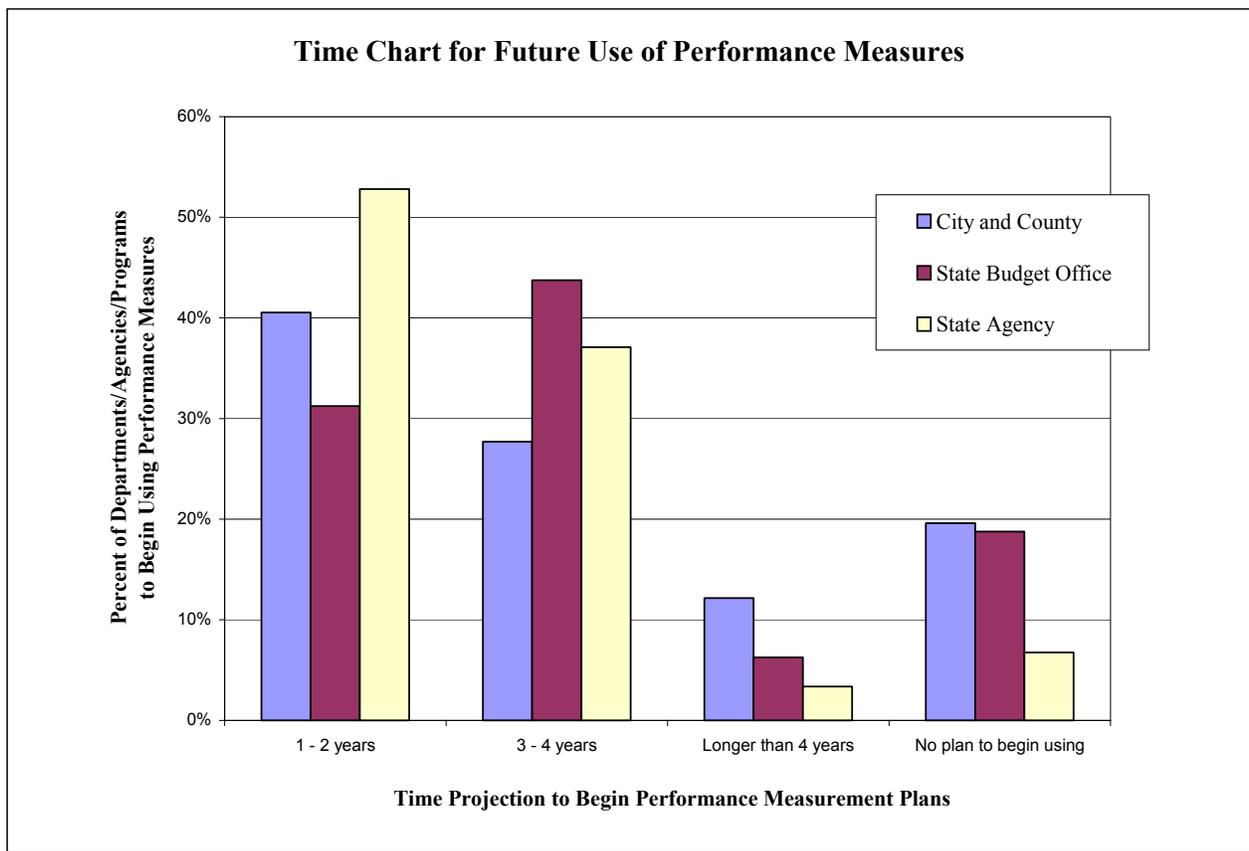
Table 2

Type of Performance Measures Being Used			
Type of Indicator	City/County Departments	State Budget Agencies	State Agency Programs
Input measures	70.2%	80.9%	63.1%
Activity/process measures	70.5%	81.3%	60.1%
Output measures	67.6%	76.4%	62.9%
Outcome measures	46.9%	47.1%	51.9%
Cost/efficiency measures	44.1%	42.3%	33.6%
Quality/customer satisfaction measures	43.1%	23.9%	24.8%
Explanatory measures	26.9%	25.0%	23.2%
Benchmarks	23.9%	25.0%	26.7%

Overall, there was a good deal of consistency across groups in regard to each indicator (measure) used. Three-quarters of the departments, agencies, and programs use input measures, activity/process measures, and output measures. About half of the departments, agencies, and programs indicate that they are using outcome measures. However, only about a quarter of respondents at all levels indicated that more than half of their respective governmental entities were using explanatory measures and benchmarks. This might suggest that many governmental entities are still developing a complete performance measurement system. One interesting note is the percentage of city/county (43.1 percent) respondents who indicated that “more than 50 percent” of their departments were using quality/customer satisfaction measures compared to state budget offices (23.9 percent) and state agencies (24.8 percent). This might be true because, in general, city and county governments work much closer with their constituents.

As a part of the previous question, respondents had the option to say that only a “few,” “select departments,” or “no departments” were using performance measures at that time. If that was the response, respondents were further asked to indicate when they thought their respective governmental entities would begin using performance measures, if at all. For the most part, it appears the vast majority of these entities will be using performance measures in their respective departments, agencies, or programs within the next four years. Figure 2 compares respondents from the three survey groups who indicated that only a “few” or “no departments, agencies, or programs” were using performance measures.

Figure 2



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Who Verifies the Performance Measures?

The entities that have performance measures or collect any form of performance data were next asked who actually verifies that information or data for accuracy, reliability, relevance, and validity. (Respondents were able to choose more than one person or group.)

- 69.9% indicated that verification was the duty of the agency or department staff who prepared the measures,
- 21.5% responded that an internal state/city or county auditor verified their performance measures and data,
- 2.2% responded that an external or non-governmental board/auditor/or oversight organization verified their performance measures,
- 9.8% responded that to their knowledge performance measures were not verified by anyone.

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What Are the Important and Effective Aspects of Using Performance Measures?

Each survey group received a list of fourteen statements concerning various aspects of performance measures and the process of developing and implementing an effective measurement program. They were asked to indicate, for each statement, the degree to which they agreed or disagreed, or if they did not know. The following table indicates a combined percentage of all respondents who “agreed” or “strongly agreed” with each statement. The remaining responses were marked either “disagree,” “strongly disagree,” or “don’t know.”

Table 3

Aspects of Performance Measurement Programs	
Aspect	Percent Who Strongly Agreed or Agreed
Performance measures in our state/agency/city or county can be changed as deemed necessary.	89.3%
Performance measures are reviewed on a regular basis (i.e., each fiscal year).	83.1%
The opinions of elected officials are considered when selecting performance measures and/or benchmarks.	71.7%
Reliable cost data is available for most of the services and programs conducted by our state/agency/city or county departments.	65.6%
Generally, performance measures in our state/agency/city or county are focused more on program results, than straight workload measures.	62.2%
Performance measures are developed by agencies/departments with participation of the budget office staff.	61.2%
In our state/agency/city or county departments, program outputs are linked to outcome measures.	59.1%
The opinions of citizens are considered when selecting performance measures and/or benchmarks.	50.2%
Departments in our state/agency/city or county have developed multiple levels of measures from output, to outcome, to societal benchmarks.	48.7%

In our state/agency/city or county departments, benchmarks are developed to link to outcome measures.	46.4%
Executive leadership decides which performance measures are adopted by departments.	45.6%
Performance targets are developed with participation of our budget office staff.	44.4%
Our state/agency/city or county has crosscutting performance measures that relate to goals or outcomes that more than one department, program, jurisdiction, or sector contribute to accomplishing.	44.2%
Citizens actively participate in the selection of performance measures related to state/agency/city or county activities.	13.2%

The most common aspect of performance measurements, as practiced by many of these governmental entities, is that the measures can be changed as deemed necessary, Meaning that even if the organizations or governments do not have good measures or the right measures, they can be changed. More often than not, the opinions of elected officials are considered when selecting performance measures, whereas only about 50 percent of the respondents indicate that they consider the opinions of their citizens. However, only 13 percent of respondents say that citizens actively participate in to the selection of performance measures.

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Chapter 5

IN WHAT WAYS ARE PERFORMANCE MEASURES BEING USED?

The next set of questions in the survey dealt with how the departments, agencies, or programs have been using performance measures for making decisions. Many questions are focused on the budgeting process in each type of entity. However, it is also important to discover where and how performance measures are being used in other planning processes, initiatives, or operations in the entity.

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Performance Measures in the Budgeting Process

One essential aspect of sound, reliable, and useful performance measures is their ability to help in the budgeting process. Table 4 shows the percentage of respondents from both state budget offices and city/county offices that indicated that “more than 50 percent” of agencies/departments had output or outcome measures that appear in the various budget documents described.

Table 4

Appearance of <i>Output</i> or <i>Outcome</i> Measures in Budget Process Documents in at Least 50% of Agencies/Departments		
	State Budget Offices	City/County Offices
Agency/department budget requests	75%	58.5%
1999—2000 executive budget report or documents	66.6%	60.3%
Annual operating budgets	51.1%	64.6%
Quarterly reports	27.5%	28.7%
Annual reports	43.6%	43.5%

The table shows that performance measurement information for agency/department budget requests appears more frequently for states than for cities and counties. A slightly lower percentage of state budget offices have output or outcome measures in their executive budget

reports. Interestingly, although the percentage that said that output or outcome measures appear in annual operating budgets went down for states, it increased for cities and counties. In fact, more respondents indicated that output or outcomes appeared in the annual operating budget of cities and counties than in either the department or the executive budget requests.

Survey participants in both the state budget offices and the city/county offices were asked to provide the level of importance for the following steps of the budget process. The survey options ranged from “very important,” “important,” or “somewhat important,” to “not important.” Table 5 gives some idea about the extent to which performance measures, particularly output or outcome measures, contribute to the budgeting process. The percentage reported includes the “very important” and the “important” responses.

Table 5

Importance of <i>Output</i> or <i>Outcome</i> Performance Measures in the Budget Process		
	State Budget Offices	City/County Offices
Agency/department budget development	35.1%	46.0%
Agency/department budget appropriations	26.3%	38.7%
Agency/department budget execution	28.1%	35.9%
Agency/department audit/assessment of results	29.7%	39.3%

City and county respondents indicated a greater degree of use than state budget respondents did. This suggests that cities and counties might be slightly ahead of states in tying performance measures to their budget. Overall, it appears that both state and local governments could increase their use of performance measures in the budgetary process.

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Is Performance Data Used for Comparisons or Benchmarking?

All three of the survey groups were asked if they used performance data for purposes of comparisons (internal or external) and benchmarking. The following table describes the extent to which performance data was used for comparisons or benchmarking.

Table 6

Use of Performance Data for Comparisons or Benchmarking						
	State Budget Offices		State Agencies		City/County Offices	
	Always	Some-times	Always	Some-times	Always	Some-times
With prior periods?	40.7%	55.6%	42.3%	55.6%	43.0%	48.4%
With other programs/agencies within your government?	2.0%	73.5%	3.9%	63.3%	2.5%	54.2%
With programs/agencies of other governments?	0%	77.6%	3.1%	71.3%	7.1%	69.4%
With private-sector organizations?	0%	60.0%	4.7%	46.1%	0.4%	48.3%
With established targets?	26.9%	61.5%	27.0%	26.9%	26.9%	54.6%
With national standards or guidelines from federal agencies, accreditation and/or professional groups?	5.9%	78.4%	11.9%	73.1%	3.7%	70.0%

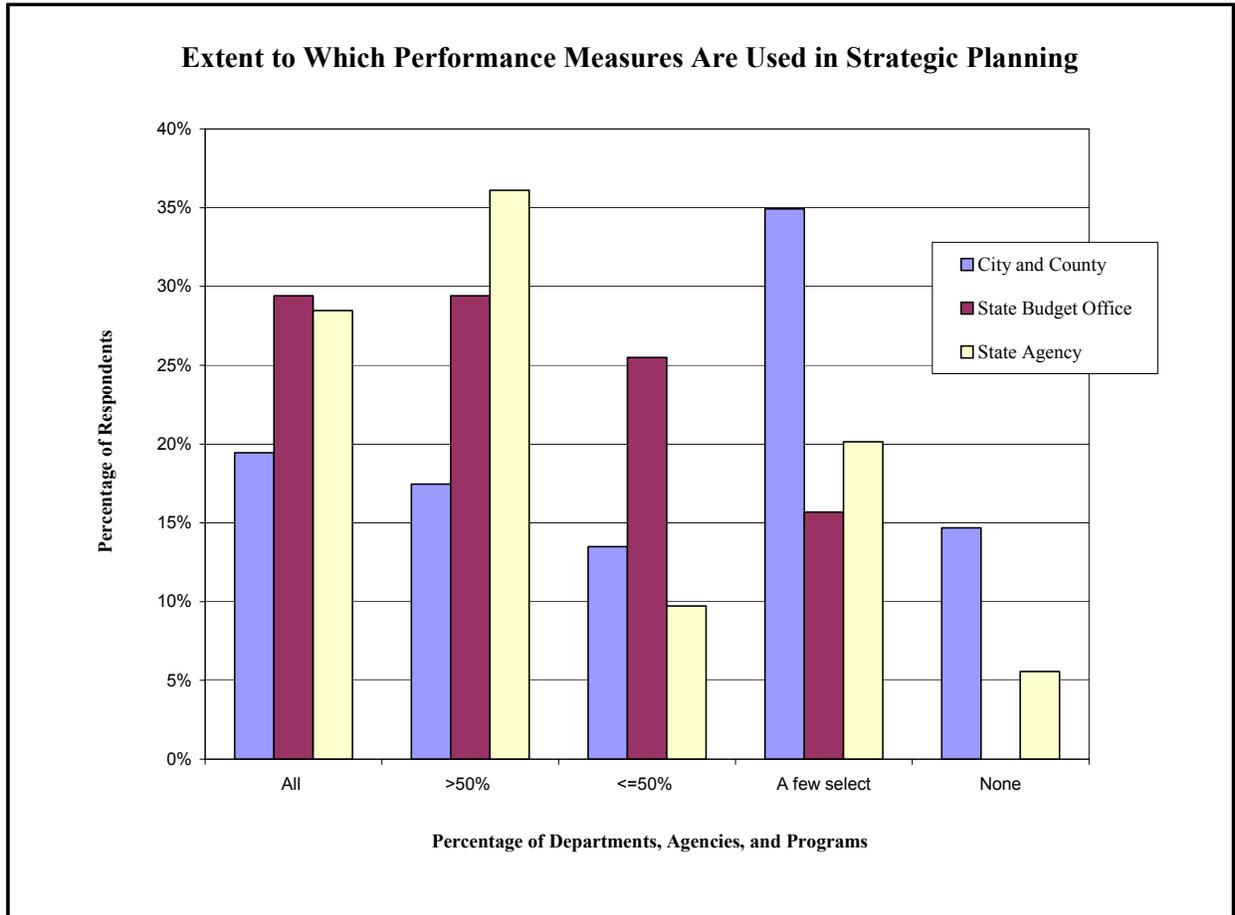
In general, state and local governments do not appear to be consistently using their performance data for comparisons. However, a high percentage of respondents did indicate that measures were “sometimes” used for such purposes. Those areas in which the most comparing or benchmarking is done are those for which data is the most readily available. For example, prior-period data is the area in which performance data is consistently compared most often, followed by established targets. In almost all the other areas listed, there is little consistency in the use of performance measures for comparisons or benchmarking. This may be another indication that performance measures and measurement systems are still being developed in many governments.

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How Are Performance Measures Being Actively Used?

Figures 3 and 4 demonstrate two ways in which, and the extent to which, performance measures are actively being used. Survey respondents were asked to mark from all to none in their respective departments, agencies, or programs. Figure 3 illustrates the extent to which performance measures are used in strategic planning.

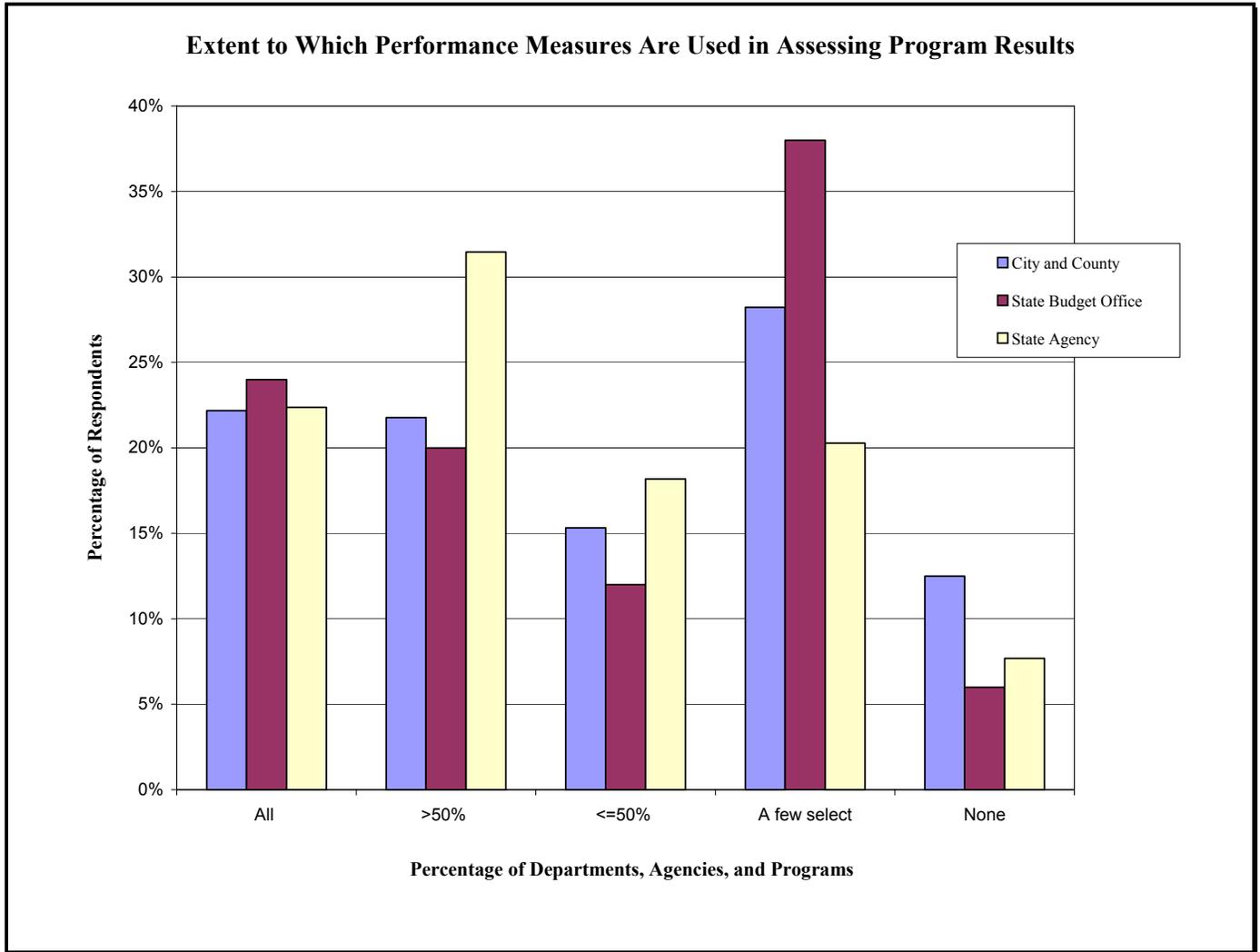
Figure 3



One interesting finding here is that nearly 50% of city/county respondents indicated that performance measures were used in strategic planning for only a few select departments or none at all. This is significantly different from state budget office and state agency respondents, who indicated that greater than 50 percent of all agencies or programs use performance measures in strategic planning.

Figure 4 examines the extent to which performance measures are used in the assessment of program results. Overall, state agencies appear to use these measures slightly more often than both state budget offices and city/county offices in this area. However, more than a third of respondents from each survey group indicated that only a few or no agencies/programs/departments are using performance measures for this purpose.

Figure 4



Chapter 6

HOW EFFECTIVE ARE THE PERFORMANCE MEASURES THAT ARE BEING USED?

Effective Development and Use

This chapter looks at various areas in which performance measures are expected to improve governmental services, communications, and accountability. Table 7 looks at some of these areas and indicates the percentage of respondents from each survey group who found performance measures to be “very effective” and “effective” in those areas (not shown, “somewhat effective” and “not effective”).

Table 7

Effectiveness of Performance Measures			
	City/County Offices	State Budget Offices	State Agencies
Affecting cost savings?	20.9%	13.8%	18.8%
Improving effectiveness of agency programs?	33.0%	23.5%	43.7%
Reducing duplicative services?	17.2%	15.7%	22.7%
Reducing/eliminating ineffective services/programs?	24.0%	9.6%	15.8%
Changing strategies to achieve desired results?	33.2%	29.4%	47.0%
Improving communication between departments and programs?	30.2%	35.8%	43.4%
Improving communication with the executive budget office?	40.1%	37.7%	40.2%
Improving communication with the legislature and legislative staff?	33.6%	34.6%	41.6%
Changing the substance or tone of discussion among legislators about agency budgets?	22.2%	25.0%	34.1%
Changing the substance or tone of discussion among legislators about oversight of agencies?	Not asked	19.6%	29.7%
Changing the questions legislators or their staff ask government managers or executives?	27.0%	25.0%	27.8%

Changing appropriation levels?	16.9%	7.5%	24.2%
Communicating with the public about performance?	33.5%	21.1%	34.0%
Improving responsiveness to customers?	38.9%	26.9%	44.3%
Improving programs/service quality?	36.0%	25.0%	38.8%
Improving cross agency cooperation/coordination?	22.4%	11.8%	29.6%
Improving external government cooperation/coordination?	15.1%	9.4%	23.9%
Increasing awareness of, and focus on, results?	43.9%	39.6%	58.1%
Increasing awareness of factors that affect performance results?	54.8%	36.5%	40.6%

The percentages in Table 7 reveal a great deal about those areas in which performance measures have been the most effective. From this table it is easy to discern that those responding believe that performance measures have been somewhat effective in improving communication with various stakeholders, particularly legislators, managers, and executive legislators. They have also helped increase the awareness of and focus on results.

Performance measures have been less effective in what might be considered “bottom-line” or efficiency-related areas. Responses indicate that measures have been less effective in reducing duplicative services and reducing ineffective programs. Another area for which performance measures have not been very effective is changing appropriation levels. This may be surprising considering that 75% of respondents at the state level indicated that they include measures in their budget requests (see Table 4).

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The Results of Using Performance Measures

Respondents were asked how strongly they agreed or disagreed with various statements regarding their experience(s) with using performance measures. Figures 5 through 7 are from that set of questions. The respondents who marked “Do not know” were not included in the following figures.

Figure 5 illustrates respondents’ level of agreement with the statement “Using performance measures has enhanced agency/program/department efficiency.” Close to 60% of respondents “agree” or “strongly agree” that using performance measures has increased efficiency. However, there are still close to 40% who “disagree” or “strongly disagree” with this statement.

Figure 5

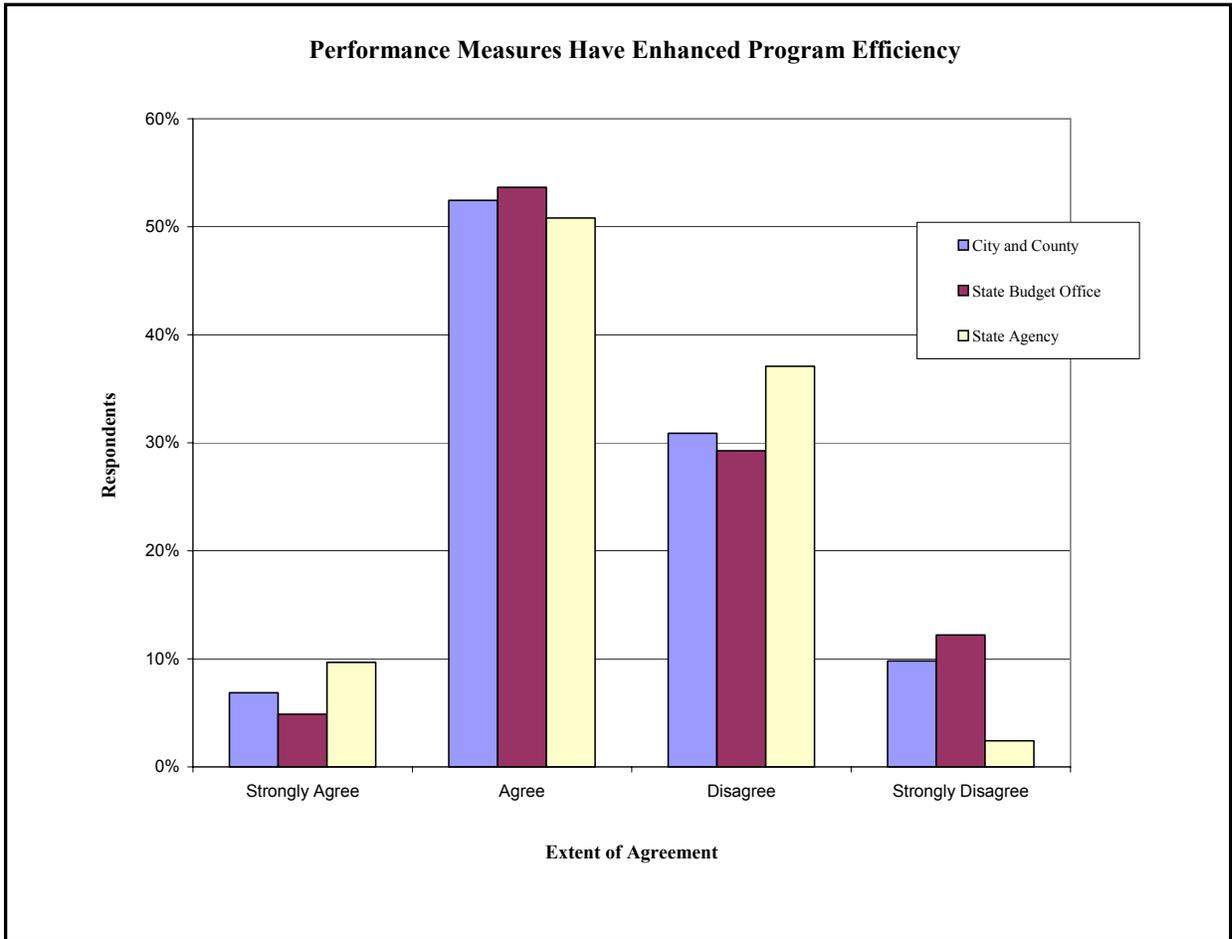


Figure 6 illustrates a similar distribution of responses regarding the effectiveness of the agency/program/department using performance measures.

Figure 6

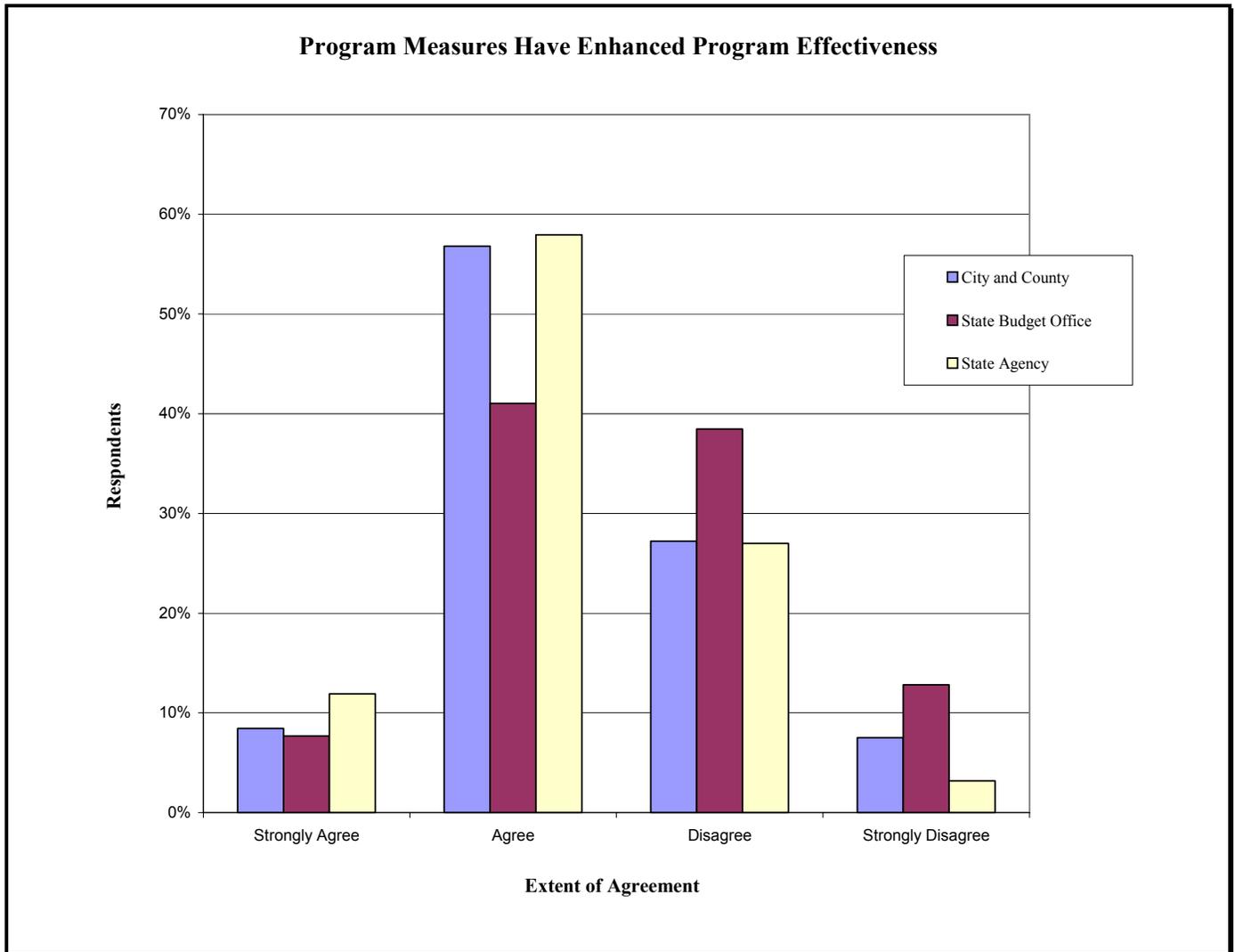
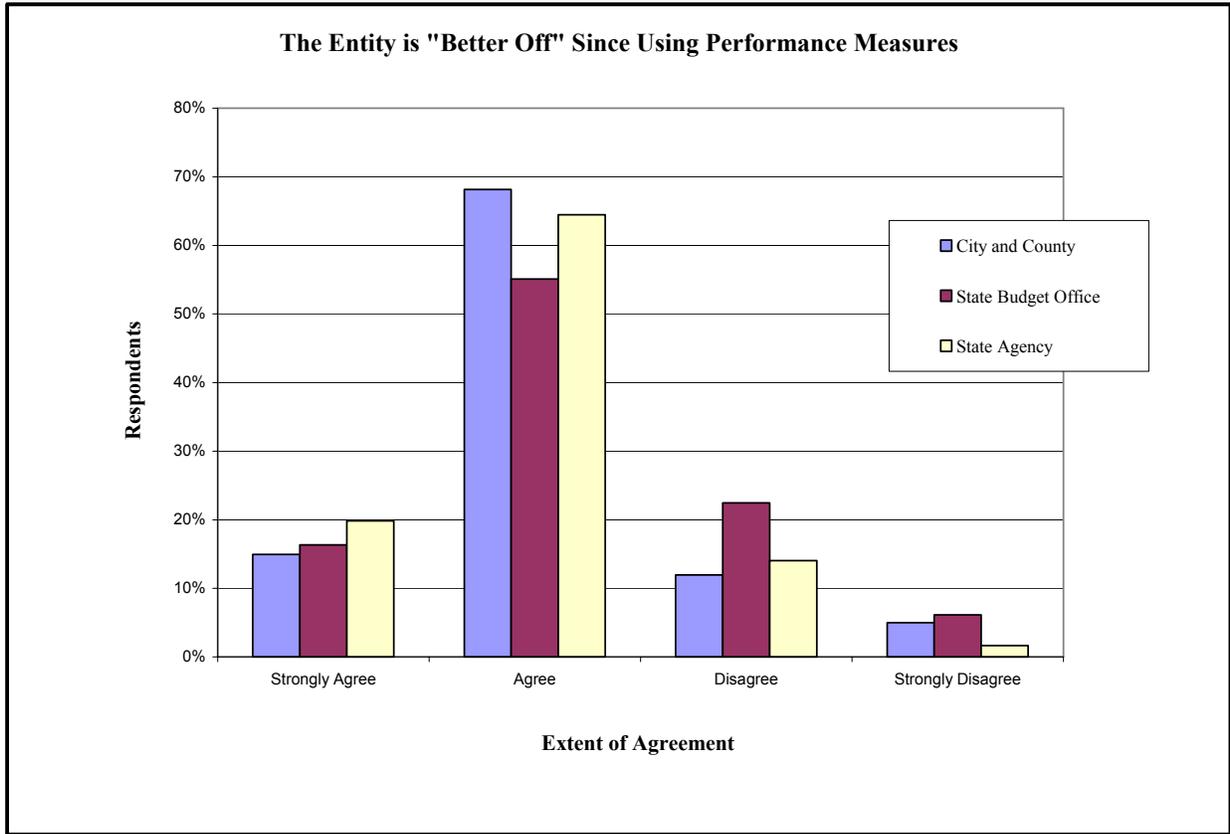


Figure 7 also indicates that performance measures are making a difference in state and local governments. The vast majority of respondents from all three survey groups “agree” or “strongly agree” that their particular governmental entity is better off since using performance measures.

Figure 7



Chapter 7

HOW ARE PERFORMANCE MEASURES BEING MAINTAINED AND COMMUNICATED?

Submitting Performance Measurement Data to the State Budget Offices

State budget offices were asked a series of questions to determine how performance data was submitted and maintained in their databases. In regard to the *manner* in which performance data was submitted to the budget offices by state agencies, 73.3 percent indicated that hard copies were submitted. When asked how performance data were submitted, 36.7 percent of valid respondents indicated that e-mail or diskettes were used, 37 percent indicated that performance data were not submitted electronically, and 22.2 percent indicated that performance data were submitted through a centralized performance data system. Only 11.7 percent of all budget office respondents indicated that they had a central performance data system on the Internet.

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Maintaining and Reporting Performance Measurement Data

All three surveys asked respondents how their various agencies/programs/departments maintained their performance data. There were 66.3% who indicated that hard copies were used to some extent to maintain performance data.

The survey also asked state budget officers if there was a direct link between the performance measurement database and accounting/budget database in their state. Only 6.7% indicated positively. This was consistent with the responses to a later question asking if this has been a problem or not (Figure 8).

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Communicating Performance Measurement Data

Respondents were asked to indicate the various ways their departments, agencies, and programs communicated the performance measurement data. Table 8 indicates numerous ways in which governments try to share the information they gathered.

Table 8

Ways in Which Performance Data Are Communicated			
	State Budget Offices	State Agencies	City/County Offices
Agency/program/department budget request	83.3%	84.2%	79.4%

Agency/program/department annual reports	68.3%	67.8%	52.3%
Periodic agency/program/department expenditure reports	20.0%	30.3%	not asked
Press releases	38.3%	40.8%	20.6%
Reports to citizens, stakeholders, or clients/customers	30.0%	35.5%	31.4%
Reports to elected officials	58.3%	55.3%	55.6%
Reports to chief executive	51.7%	59.9%	46.9%
Government newsletters	25.0%	20.4%	16.2%
Agency/program/department-wide performance report	36.7%	34.2%	24.9%
Government's comprehensive annual financial report (CAFR)	13.3%	17.1%	21.3%
Other financial reports	6.7%	6.6%	3.6%
Agency web pages	30.0%	22.4%	13.0%

The table shows that the most approximately 80% of respondents from all survey groups indicated that performance data appeared in budget requests. This was by far the most popular use of performance data and indicates that performance measures are used for justification of budget allocations by various agencies/programs/departments. A high percentage of respondents also reported performance data in agency budget reports and reports to elected officials and the chief executive.

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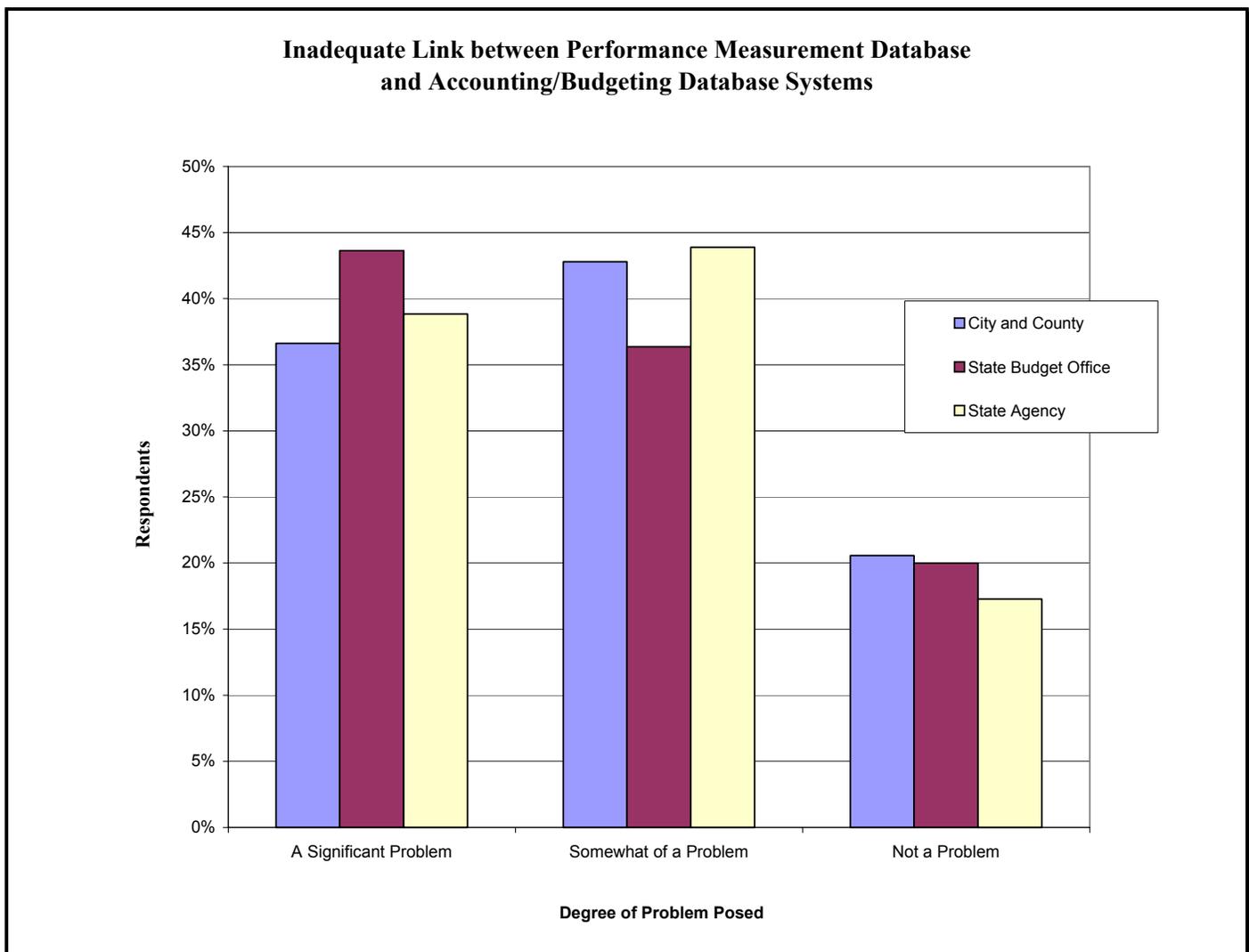
Chapter 8

HOW ARE PERFORMANCE MEASURES BEING IMPLEMENTED?

Barriers to Implementing Performance Measures Effectively

Figure 8 indicates the extent to which respondents feel there is an inadequate link between the performance measurement database and the accounting/budgeting database systems. For the most part, each survey group believes that this is a significant problem for the effective use of performance measures.

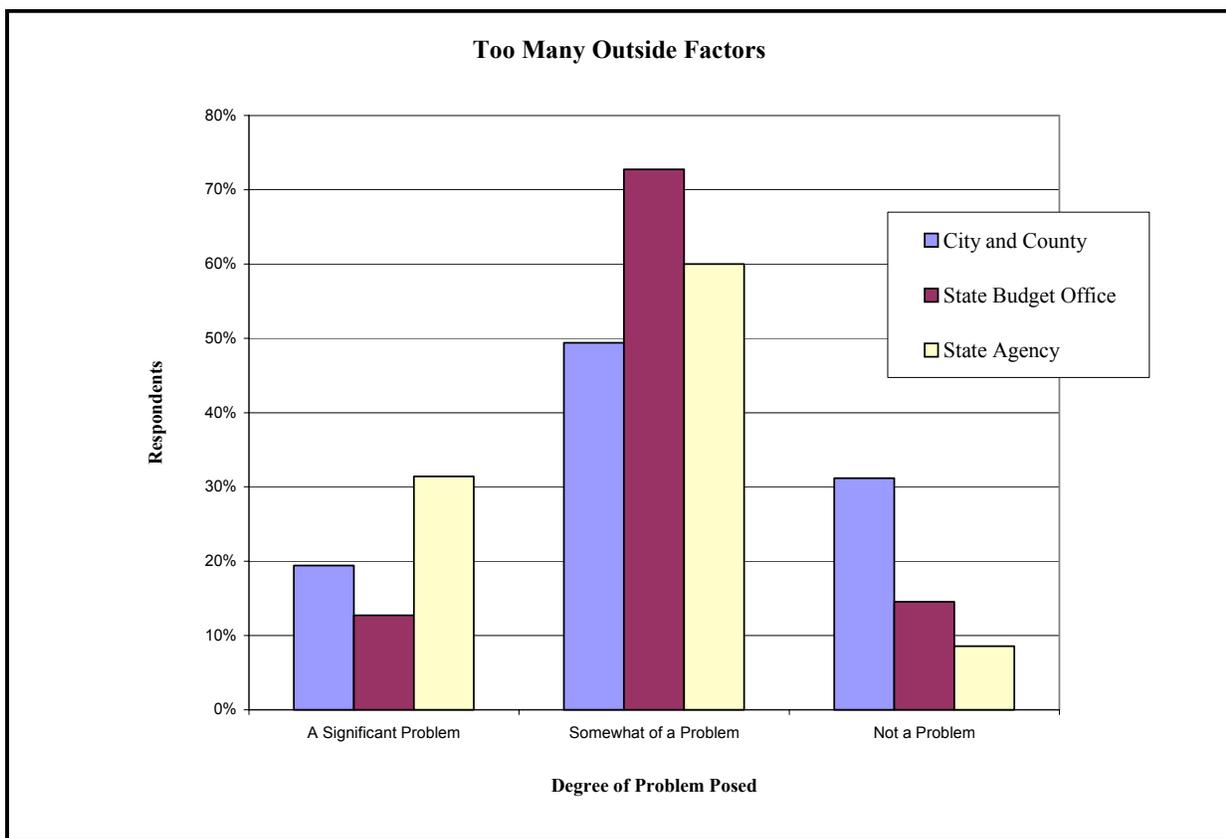
Figure 8



The distribution of responses in the figure reveals the extent to which having an inadequate link between performance measures is a problem for all survey groups. Nearly 80 percent of respondents from each group indicated that this is somewhat of a problem or is a significant problem. This might shed some light on the low percentage of respondents who indicated that outcome or output measures were important or very important to various aspects of the budgetary process (see Table 5).

Figure 9 illustrates the degree to which respondents felt that too many outside factors were affecting the results that their agencies/programs/departments are trying to achieve.

Figure 9



The interesting point about this graph is that city/county respondents tended to have less of a problem with outside factors than the other two survey groups. Perhaps this is associated with the fact that city/county governments work on a much smaller scale than state government, and therefore are affected by fewer outside factors. State agency respondents, on the other hand, consider this issue to be a significant problem, since nearly a third of respondents indicated it to be so.

Both Figures 10 and 11 give some indication of the degree to which the utilization of performance measures at current levels is falling somewhat short of their intended uses.

In a managing-for-results system, performance measures and an effective performance measurement system would have a great deal of influence on both management and budgetary decisions.

Another question posed for the respondents was whether it was a problem for the effective use of performance measurement in that “performance measures do not carry enough weight in management decisions.” Figure 10 permits the respondents’ answers to the question.

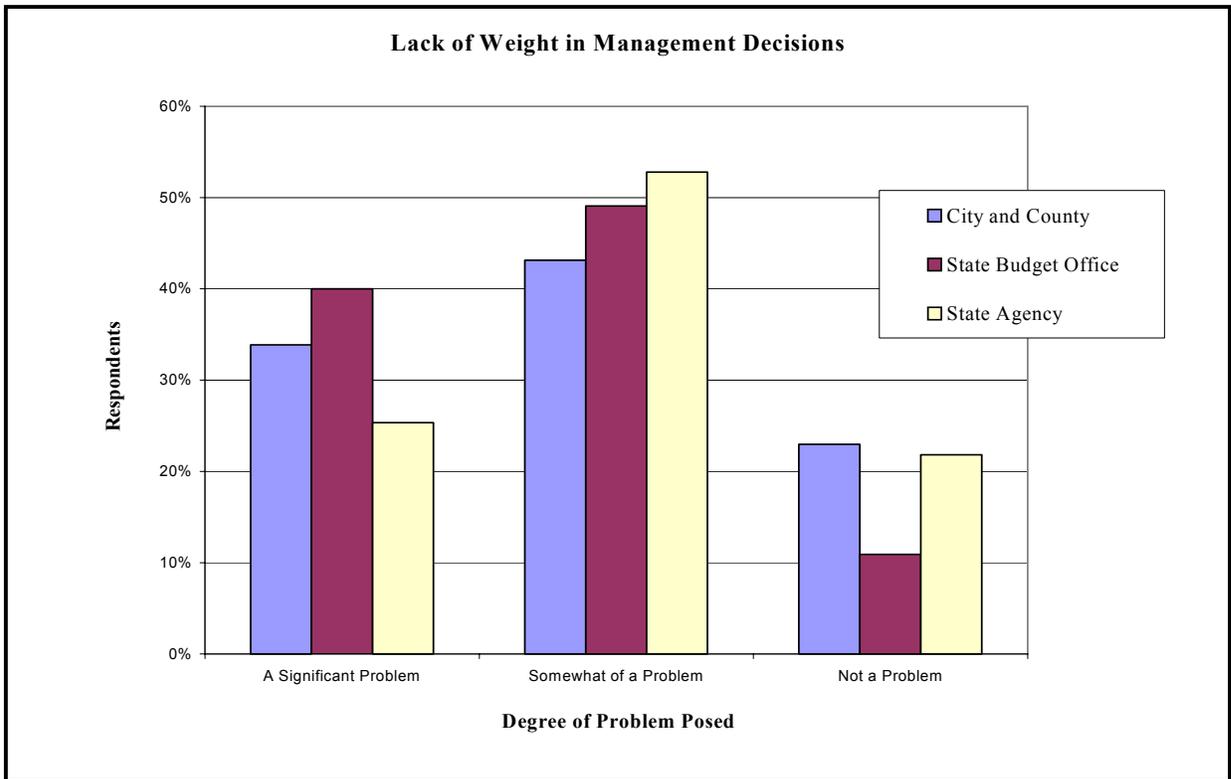


Figure 10

This appears to be a significant problem for a sizable percentage of all survey groups. This was considered to be a significant problem for 25.4 percent of state agency, as well as for 33.9 percent of city/county respondents and 40 percent of State Budget Office respondents.

Figure 11 illustrates the degree to which respondents considered performance measurements’ not carrying enough weight in budgetary decisions to be a problem for the effective use of performance measurement.

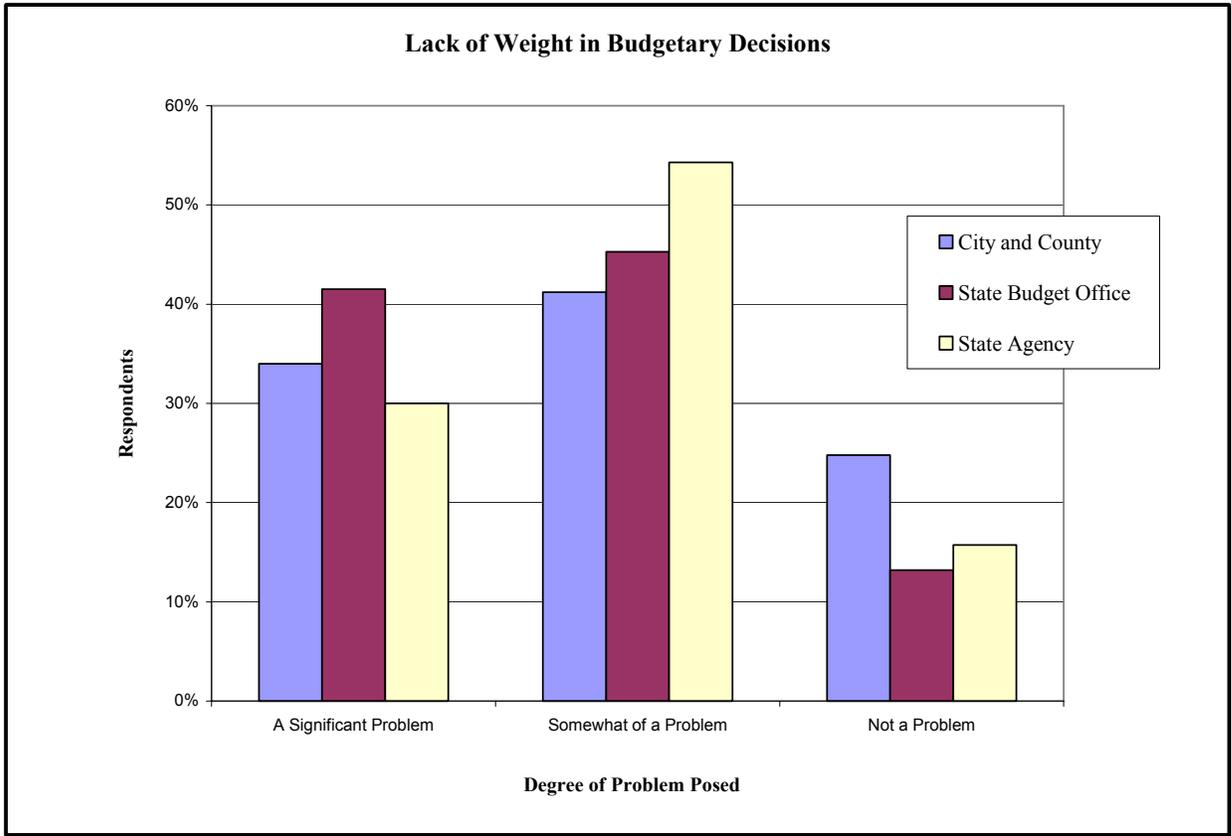


Figure 11

At 41.5 percent, many budget offices considered this to be a significant problem for the effective use of performance measures. Many city/county and state agency respondents also considered this to be a significant problem.

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Important Aspects for a Successful Performance Measurement System

Respondents were asked a series of questions concerning several aspects of implementing a successful performance measurement system. Table 9 indicates the percentage of respondents from each survey group who felt the statement was “very important” to the successful implementation of a performance measurement system.

Table 9

Important Aspects of Successful Implementation of a Performance Measurement System			
	City/County Offices	State Budget Offices	State Agencies
Adequate technology for collecting,	53.4%	60.3%	63.7%

analyzing, and reporting performance measures			
Citizen, client/customer, or stakeholder interest in government program performance	36.1%	31.0%	31.5%
Communication of the purpose for using performance measurement to employees	63.1%	62.1%	63.9%
A link of performance measures to budget decisions	51.6%	41.4%	53.4%
A link of performance measures to the strategic plan	59.4%	52.6%	63.9%
Performance measures that help staff monitor progress toward intended program/service results	63.3%	53.4%	71.2%
Staff participation in the process of developing performance measures	58.3%	44.8%	58.2%
Additional or changed staffing for collecting, analyzing, and reporting the performance measures	24.2%	13.8%	21.7%
Training for management and staff about performance measurement development and selection	51.8%	56.9%	52.7%
Regular use of performance measures by elected officials	39.2%	44.8%	32.4%
Regular use of performance measures by executive leadership	61.4%	67.2%	61.6%

Responses to these statements revealed the consistency and similar opinions shared by the three survey groups. Overall, respondents found most of these aspects to be “very important.” The respondents share the opinion that regular use of performance measures, executive leadership, explaining the purpose of using the measures, and having the proper resources and technology to carry out the performance measurement efforts are important to the successful implementation of a performance measurement system. The aspects that appeared to be less important had to do with additional staff to collect, analyze, and report the measures, citizen or stakeholder interest in a performance program, and the regular use of performance measures by *elected officials*.

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Chapter 9

SUMMARY AND CONCLUSION

This survey of various state budget offices, agencies, and city/county departments explored many different aspects of performance measures. The results of this survey describe the extent to which performance measures are being implemented and used at various levels of government and the effectiveness of those measures and measurement systems. Overall, performance measures are being developed and implemented in most governments at both the state and local levels. However, most of these measures are input or activity/process measures. Many of these governments are still working to develop true outcome and explanatory measures that will help them in securing a true balanced measurement system.

Despite some deficiencies in the many performance measurement systems that are being implemented, this survey uncovered many encouraging findings. For example, more than half of all respondents indicated that the implementation of performance measures has increased both the efficiency and the effectiveness of their various governmental programs. Furthermore, approximately 70 percent of all respondents agree that their governmental entity has been better off since implementing performance measures. The results of this survey indicate that despite some shortcomings in the overall implementation of performance measures, state and local governments are becoming more aware of the importance of a good performance measurement system to a better, more effective government.

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Other Articles and Materials about the Results of the Survey

For more information about the results of the survey and more detailed analysis of the data gathered in the survey, please continue to check the performance measurement for government website (www.seagov.org). As other materials are prepared or articles are published, they will be listed on the site. For a more detailed analysis of state uses of performance budgeting, see Katherine G. Willoughby and Julia E. Melkers, "Performance Budgeting in the States," in Dall Forsythe, ed, *Quicker, Better, Cheaper? Managing Performance in American Government* (Albany, NY: Rockefeller Institute Press, 2001), pp. 335–364.

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