

**CASE STUDY:
STATE OF MAINE**

**USE AND THE EFFECTS OF USING
PERFORMANCE MEASURES FOR
BUDGETING, MANAGEMENT,
AND REPORTING**

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THE STATE OF MAINE



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EXECUTIVE SUMMARY

The state of Maine legislated performance budgeting in 1997, with required implementation by 2001. This legislation has been the driving force behind the performance measurement movement in the state. The timing of this study provides a unique opportunity to view the implementation of a performance measurement system within a state government.

The experiences of the state of Maine provide insight into the organizational requirements necessary to support performance measurement. The need for leadership and training are the two recurring themes throughout this study. Leadership is needed to sustain and reinforce the importance of the initiative. Initial and continuous training are needed to provide the expertise within the agencies and across the government in order to identify key objectives and develop meaningful measures that document the performance of the government. In the state of Maine, both the leadership and the training are functions of the executive branch.

The performance measurement initiative is relatively young, with the first performance measures being used in the 2002–2003 biennium budget process. At the time of this study, the executive branch was developing agency and some crosscutting output measures of performance. Agencies are developing performance measures with assistance from the [State Planning Office](#) and the [Bureau of the Budget](#). The agencies that have established external stakeholders and connection with citizen groups include these groups in the process of developing performance measures. Some agencies publish results of performance measurement through print and other media to communicate achievements to the public. The performance budget is the government-wide document that compiles these measures.

Many of the performance measures to be included in the performance budget will most likely be output, rather than outcome, measures. Agencies recognize this shortcoming but have not had the time to develop data that provide measurable performance indicators. The implementation timeframe is the primary reason for this. The state of Maine is pursuing an aggressive implementation timeline established in the enabling performance budgeting legislation. While this timeframe is aggressive, it appears that the executive branch will be successful in meeting the requirements of the law by implementing performance budgeting by 2001.

OVERVIEW AND RELEVANT BACKGROUND

In 1991, the state of Maine was experiencing an economic recession. A legislative task force recommended performance budgeting as one of several initiatives to improve governmental operations during a time of scarce resources. This recommendation gained momentum in 1994 with the election of a governor and several legislators who were “champions” of performance budgeting.

In 1996, the [Legislature](#) enacted [Public Law 1995](#) (P.L. 1995), Chapter 705 (as amended). This legislation mandated that state government move toward performance budgeting. The law requires state agencies to conduct strategic planning that focuses on outcomes and to develop performance budgets that link spending to those outcomes. The strategic planning process came right on the heels of a major downsizing of the government.

By 1997, each agency had developed a pilot performance budget for one program. The Legislature used these pilot budgets to adopt a budget format based on the state's traditional program budget. The Legislature also required that new performance information be added to

the budget bill and supporting documents. The Legislature amended the state's performance budgeting law in 1998 by requiring each of the programs receiving state-legislated funding to adopt new "measures of accountability."

The performance budgeting law, as amended, prescribes specific [timelines](#) for completing significant events.

- By December 1, 1998, each state agency was required to submit a draft strategic plan to the [State Planning Office](#), [Bureau of the Budget](#), [Legislative Office of Fiscal and Program Review](#), the [Legislative Office of Policy and Legal Analysis](#), and the legislative joint standing committee with jurisdiction over the agency.
- No later than January 15, 1999, the [Commission on Performance Budgeting](#) was required to "recommend to the Legislature and the governor the most cost-effective method for State Government to annually validate measurable objectives and conduct audits of the performance budgets for the most recent fiscal year."
- By December 1, 1999, each state agency was required to submit a final strategic plan to the legislative joint standing committee with jurisdiction over the agency.
- By December 31, 1999, the governor was required to present a prototype budget bill and budget document using performance measures and indicators that reflect appropriations and allocations for 1999–2000 and 2000–2001 to the [119th Legislature](#).
- By September 1, 2001, each state agency receiving or requesting state funds was required to submit a strategic plan and performance budget for the 2002–2003 biennium to the [Bureau of the Budget](#).
- By September 1, 2001, each state agency was required to identify programs within the agency that have the same or similar goals and objectives as one or more other state agencies, coordinate strategies with those agencies for achieving goals, objectives, and strategies so that conflict is eliminated, and submit a revised strategic plan to the [State Planning Office](#), [Bureau of the Budget](#), [Legislative Office of Fiscal and Program Review](#), the [Legislative Office of Policy and Legal Analysis](#), and the legislative joint standing committee with jurisdiction over the agency.

The [Commission on Performance Budgeting](#) is required to submit recommendations to the governor and the legislative joint standing committee with jurisdiction over the government for repealing and extending authorization for the implementation of performance budgeting by January 2003.

METHODOLOGY

The study was conducted in February 1999 through interviews with key participants in the [state of Maine](#)'s performance measurement initiative. Information obtained through these interviews was verified and supplemented with documents and reports. The results of the study are provided in this case study, which attempts to record the status of the performance measurement initiative in the state of Maine at the time of the study.

TYPES OF PEOPLE INTERVIEWED AND THEIR ORGANIZATIONS

Interviews were conducted with elected officials and administrators within the executive branch. The [State Planning Office](#) helped identify key individuals in state government who had recent experience developing and implementing performance measures in the state of Maine. The name, title, and organization of these individuals are provided in Table 1.

Table 1: Individuals Participating in Case Study

Interviewee/Official	Title	Organization
George Bernstein	Bureau of the Budget	Department of Administrative & Financial Services
David Boulter	Director, Office of Policy & Legal Analysis	Legislature
Jerome E. Casey	Assistant Director, Bureau of Maintenance & Operations	Department of Transportation
Gail Chase	State Auditor	Department of Audit
Jim Clair	Director, Office of Fiscal & Program Review	Legislature
Thomas Cusick	Bureau of the Budget	Department of Administrative & Financial Services
Paul Dube	Bureau of the Budget	Department of Administrative & Financial Services
Sandy Harper	Business Manager	Department of Attorney General
Jody Harris	Strategic Planning Coordinator	State Planning Office
Will Harris	Director of Finance	Department of Conservation
Michael Higgins	Director of External Affairs	Department of Education
Ed Karass	Director, Office of Finance & Personnel	Department of Administrative & Financial Services
David Lachance	Senior Budget Analyst, Bureau of the Budget	Department of Administrative & Financial Services
Dawna Lopatosky	Budget Analyst, Bureau of the Budget	Department of Administrative & Financial Services
Denise Lord	Director of Policy, Legislative and Information Services	Department of Corrections
Michael Michaud	Senator, Chair, Joint Committee on Appropriations and Financial Affairs	Senate

Interviewee/Official	Title	Organization
Sawin Millett	Associate Commissioner	Department of Mental Health, Mental Retardation, and Substance Abuse Services
Rudy Naples	Deputy Commissioner for Finance	Department of Human Services
Jack Nicholas	Budget Director, Bureau of the Budget	Department of Administrative & Financial Services
Evan Richert	Director	State Planning Office
Joe Shaw	Deputy Controller, Bureau of Accounts & Control	Department of Administrative & Financial Services
Keith Todd	Deputy State Budget Officer, Bureau of the Budget	Department of Administrative & Financial Services
Richard B. Thompson	Director	Division of Purchases
Janet Waldron	Commissioner	Department of Administrative & Financial Services
Carol Whitney	State Controller, Bureau of Accounts & Control	Department of Administrative & Financial Services
Diane Wiley	Position Control Analyst, Bureau of the Budget	Department of Administrative & Financial Services
Tom Winsor	Representative, Member, Joint Committee on Appropriations and Financial Affairs	House of Representatives

FINDINGS

The findings of this case study are obtained through interviews using a semi-structured interview instrument and review of relevant documents provided by members of the executive staff and elected officials in the state of Maine. This information is organized around three themes that provide a basis of understanding performance measurement in the state of Maine. These themes are (1) people and their roles, (2) uses and effects of performance measurement, and (3) implementation and use of performance measures.

PEOPLE AND THEIR ROLES

Who has been involved in initiating, developing, and using performance measurement, and how have they been involved?

The performance measurement initiative in the state of Maine was initiated with involvement from the staff and elected officials. As discussed above, the [Commission on Performance Budgeting](#) (Commission) was legislatively enacted as a part of the performance budgeting law,

P.L. 1995. The purpose of this Commission was to provide executive, legislative, and judicial oversight in the implementation of performance budgeting in the state. The Commission comprised six members of state agencies appointed by the governor, six legislators appointed by the legislative body, and one member appointed by the Chief Justice.

The development and use of performance measurement at the time of this study was primarily an executive branch function. The role of the Legislature at the time of this study was not specifically organized. Both the Legislature's role and citizen involvement in the performance measurement process are limited and varied across the government in the manner and scope of their participation. Media participation in performance measurement activities is also limited. The roles of each of these parties are more fully explored in the following paragraphs.

Executive Branch

The activities of performance measurement in the state of Maine at the time of this study were primarily being performed within the executive branch. All agencies had developed a strategic plan and were at various stages of developing performance measures to be used in the performance budget, which support the strategic plan. The members of the executive staff participating in the process recall, "Clearly our focus was on the budget piece." There was also "talk about a citizens' budget that could be understood and read by the average person" so that citizens would know "what they got for the money spent."

The executive branch made a significant investment in training agency staff. Soon after the legislation was enacted, the [State Planning Office](#) developed guidelines for strategic planning and published a [newsletter](#), which was circulated every other week in the beginning but is "less frequent now." The [State Planning Office](#) established training and technical assistance teams, which included a member of the [State Planning Office](#), a member of the [Bureau of the Budget](#), and a facilitator. Teams were assigned to each agency to assist them in the final phases of the strategic planning process. The [State Planning Office](#) continues to provide [training](#) to the agency staff through technical training sessions on specific issues including performance measurement and conducting surveys. They facilitate the processes within the agencies, provide technical assistance to the agency staff, meet with agency management teams, and help the staff work through specific issues. The [State Planning Office](#) shares responsibility with the [Bureau of the Budget](#) for implementing performance-based budgeting in the state.

The [Bureau of the Budget](#) reports to the governor. It is responsible for formulating and communicating the governor's budget request to the Legislature, as well as other organization and administrative oversight functions. The Bureau of the Budget is assisting in the development of a prototype performance budget as required by P.L. 1995, as amended.

Legislative Branch

The state of Maine has a citizen Legislature, with a part-time structure. Members of the [Legislature](#) are elected to two-year terms and are limited to four consecutive terms, or eight years. The Legislature reviews agency policy and budget requests. Each agency is assigned to a specific policy committee of the Legislature, which performs this oversight function. All budgets are referred to the policy committee, which makes resource-allocation recommendations to the [Joint Standing Committee on Appropriations and Financial Affairs](#).

The current phase of the performance-budgeting implementation process includes the development of agency and program performance measures. Members of the Legislature generally are not engaged in this phase of the process. “While there is evidence that “the executive branch [has been] attempting to prepare the Legislature, I don’t know whether the Legislature has come around to embrace it or not.” Some agencies receive feedback about their performance measures from the legislative policy committee that provides oversight. Most agencies, however, have not engaged their policy committee. Some members of the government believe the reason for lack of engagement by the Legislature is fear that performance budgeting is “strengthening the executive and weakening the Legislature.”

One agency that has successfully engaged its legislative policy committee is the [Department of Corrections](#). The [Department of Corrections](#) asked its policy committee, the [Joint Standing Committee on Criminal Justice](#), to assist by forming a subcommittee of legislators to help design the stakeholder involvement process. “You represent the citizens of Maine, you tell us how we can best reach them.” The [Joint Standing Committee on Criminal Justice](#) named four legislators who were given key roles in the process. Public meetings were held with citizens, and the legislators “became champions for us [the agency].”

In addition to the oversight activities of legislative policy committees, the Legislature provides oversight of the activities of the executive branch through the [Department of Audit](#). The [State Auditor](#) is elected by the Legislature. The Department of Audit reports to the [Speaker of the House](#) and the [President of the Senate](#). The performance-budgeting legislation requires an annual validation of performance measures, which is generally believed to be a function performed by the [Department of Audit](#). As of the time of this study, this has not occurred primarily because these measures are still being developed by the agencies.

Judicial Branch

As mentioned earlier, the [Judiciary](#) is also required by law to participate in performance budgeting. The Chief Justice appoints a member of the Judiciary to the [Commission on Performance Budgeting](#). Other than this appointment, there is little evidence of judicial involvement in developing performance measures at the time of this study.

Citizens

No formal method of engaging citizens in the development of performance measures existed at the time of this study. Several agencies, however, have designed processes to involve citizens. Citizens participate in performance measurement through working with specific agencies in developing performance measures and as the recipients of performance information communicated from the agencies.

Media

The media reports items of interest to its readers, the citizens. For government, most media items of interest focus on the accountability of government with citizens’ money and the outcomes of government. Typically, information provided by the governor that focuses on issues salient to the public will receive media attention. The day-to-day activities of government, however, are less salient and receive little media attention. “Focus on agency strategic plans and

agency progress is a lot harder. Partly because the media yawns when they do. They don't want to hear what is good going on in government.”

As with the citizens, no formal method of engaging the media in the government's performance-budgeting process was discovered during this study. Certain departments have used the media to communicate the performance of key programs. For example, the [Department of Corrections](#) and [Department of Education](#) both use print media to communicate accomplishments to citizens throughout the state.

USES AND EFFECTS OF PERFORMANCE MEASUREMENT

Comments under the two questions below contrast “intended and expected” uses and effects of performance measurement with “actual” uses and effects to date in the state of Maine. Not all “intended and expected” uses and effects have been realized. Several interviewees shared that performance measurement is still relatively new for the state government. At the time of this study, many of the intended uses and effects have yet to be realized.

What intended and expected uses and effects of performance measurement were articulated?

What actual uses and effects of performance measurement were identified?

Introduction to Use of Performance Measures

The performance measurement initiative in the state of Maine is a part of the performance-budgeting legislation requiring submission of a performance budget in 2002–2003. The intended and expected results of performance budgeting is fairly consistently communicated across the government and includes:

- Ensuring accountability;
- Improving service delivery;
- Communicating the agency efforts for the funds invested; and
- Informing citizens about how their tax dollars are being spent.

The performance-budgeting legislation included an implementation schedule. Through interviews with participants in this initiative, it was expected that objectives would be developed by policy area. It was further expected that agencies would work together to establish common, crosscutting agency performance measures. At the time of this study, that had yet to occur and “has never gotten off the ground in a formal way.”

Most agencies have completed the strategic planning process and are actively developing performance measures. At the time of the study, there is some evidence of agency use of performance measures, but this practice is not widespread. There is even less evidence of legislative involvement in the process.

Resource Allocation and Other Decision Making

Intent and Expectations

The primary intent of the performance-budgeting legislation is resource allocation. The common expectation among the agency leadership is that performance measures would “impact on decisions made about the distribution of funds, personnel, resources, etc., and [cause] greater accountability.” The intent of the performance budgeting is to centralize resource allocation around policy areas. “The plan was that all of the departments in the policy area were going to develop one strategic plan for that policy area.”

Another expected result is that performance measures were going to change the decision making process. “It is going to give the Legislature more information on which to make better decisions, and it is going to change the focus of the budget from just dollars, inputs, and outputs, to real-life kinds of measures and how those impact broader outcomes.”

Actual Use

The actual use of performance measures in the resource-allocation process had not occurred at the time of this study. Performance measures continue to be developed to assist in performance budgeting and to provide information needed for decision making. However, there was little evidence to support their use at this time for decision making.

Effect of Use

The first performance budget had not been developed at the time of this study. Because of this, little effect on the resource-allocation process can be demonstrated. There is general agreement that “what you are doing is squeezing what you have done into a new format.” To this end, funds have been appropriated by the Legislature to replace the existing budget system with a system that will support managing for results.

Strategic Planning, Performance Monitoring, and Performance Improvement

Intent and Expectations

The purpose of strategic planning was to develop consensus about the mission of each department and then “develop one strategic plan for that policy area.” Performance measures would be used to report the status and progress toward meeting the goals and objectives identified through the strategic-planning process. “[Performance measures were expected to provide] clearer expectations and policy direction toward overall goals.”

Actual Use

Measures are developed at the program level and “rolled up to the department level. The language that replaced the original initiating language on performance measurement does retain the requirement for departments to collaborate interdepartmentally if there are issues that do impact in a crosscutting way.” Cabinet committees have formed around broad policy issues and work together to develop objectives. These cabinet committees are composed of several agencies

that have shared performance objectives; they include (1) children's issues, (2) economic development, and (3) natural resources.

The Natural Resources cabinet is an example of the crosscutting development and use of performance monitoring and performance improvement information. In 1996, members of that cabinet worked across agencies to develop measurable outcomes in areas of land acquisition, shell fisheries, water quality, air pollution, and ozone. One of the key performance measures was number of hazardous ozone days. The governor used this performance measure, which demonstrated reduction in the number of hazardous ozone days over a three-year period, during a major environmental address in 1999.

The [Department of Corrections](#) developed performance measures where results could be reported in one year. Outcome measures that provide an indication of the effectiveness of policy or an agency often require several years of data. To satisfy the "legislators' need for something they were comfortable with, something they could get information about, something they could measure in a two-year budget cycle rather than longer-term outcomes," the agency's measures include:

- Number of offenders released;
- Number of offenders that participated in certain programs such as educational, vocational, and substance abuse; and
- Number of offenders receiving mental health services

Both the [Department of Corrections](#) and the [Department of Transportation](#) developed output performance measures to monitor performance of similar tasks with the agency. They are organized along geographic regions and use performance measures to compare performance across these geographic divisions. Many agencies have developed performance measures from information obtained through surveys designed to determine customer attitudes about the services provided to them by the government.

Effect of Use

Like many other agencies, the [Department of Corrections](#) recognized that the staff had difficulty establishing and defining long-term outcome data. "My sense is that we will move toward measures like caseload levels or workload levels, things that are really of more interest to a manager. To be fair, we went from an organization that did not measure anything other than the dollars that we have to spend, to an organization that tried to set very ambitious outcome measures, and we are now sort of regressing."

Because of the relatively new requirement to develop and use performance measures, the effect of use cannot be determined at this time. However, the process of developing performance measures has had an effect. "We are working better as a management team as a result of the work we did on it [developing performance measures]."

Accountability and Communication

Intent and Expectation

One key purpose for implementing performance budgeting is accountability to the citizens. The budget was the primary method intended to communicate the performance of government. The first performance budget will be enacted for the 2002–2003 biennium. It will contain outcome measures and performance indicators. In addition, an annual report or the financial report provided by the [Department of Audit](#) is expected to incorporate performance information.

Performance measures are also intended to provide a mechanism for agencies to share goals, objectives, and performance. Through reporting performance measures, the staff of the agencies will “have a sense of a common mission,” and this will also serve as a forum to provide information to decision makers. After institutionalizing the communication about performance within the government, and across the branches of government, the ultimate audience for government accountability and communicating about the performance of the government is the citizens.

The performance-budgeting legislation specifies that the intent was to promote accountability and communication with citizens. There is widespread agreement across executive leadership that this means communicating outcomes. “I think what the citizens want is the outcome, not necessarily the measures. So, I do not really care how many miles of road the DOT paves. What I care about is that my road is not in terrible shape, that my road is paved and that isn’t too difficult. If you are losing your transmission to the road it is relevant. The fact that DOT has a measure that other states use or is a common industry measure is irrelevant, I think, to the citizen.”

Actual Use

Formal uses of performance measures to improve governmental accountability and communication are limited at the time of this study. Performance measures are “being reported ad hoc.” Some agencies report performance information on their websites. Other agencies, like the [Department of Corrections](#), post charts and graphs within the department and in agency newsletters, and share them with the governor. As mentioned earlier, the governor uses performance measures to communicate improvement, as he did with air quality.

Through the strategic-planning process, the [Department of Corrections](#) identified their customers. They then embarked on a campaign to open their processes to these customers. They reviewed customer and employee surveys, trend data, and research when establishing measures. Each month, the Department of Corrections shares some type of performance information with the staff, the Commissioner, and the governor. They anticipate more sharing of performance data with external stakeholders, including service providers, the Legislature, and the media.

Effect of Use

While no statewide effort exists at this time, performance measures are used within a few agencies to provide governmental accountability and communication about the performance of government. Citizens participate with the staff in some agencies in developing performance

measures. The Department of Corrections works with the Legislature to identify constituents interested in helping develop performance measures. Both the Department of Corrections and the [Department of Education](#) use performance measures to communicate performance to the citizens. The Department of Education uses newspaper inserts, report cards on student and school performance, brochures, videos, annual reports, and reports on specific areas.

The Department of Corrections developed a video that aired on local cable stations throughout the state and provided a copy for every legislator. Each year the Department of Corrections visits the editorial board of every newspaper in the state and shares accomplishments, using both quantitative and qualitative data. Each month they provide a story to the statehouse press. In addition, the [Department of Corrections](#) organizes a tour of facilities for legislators and their oversight committee each session. They hold open houses and allow families of victims access to the maximum-security facility.

PERFORMANCE MEASUREMENT IMPLEMENTATION ISSUES

How is the quality of performance information perceived, and how have performance measurement quality issues been addressed?

Perceptions of the Quality of Performance Information

The development and use of performance measures is relatively new to many agencies. The agencies have been engaged in an intensive process to identify measures with little oversight or mention of quality. As of the time of this study, most of the data developed are output data rather than the outcome data that many agencies said they desire. “If a majority of the Legislature is satisfied that they have information needed to identify the changing state of the economy then no further questions about quality are considered.” “It has taken us at least two years to get our baseline which we just have now and it will be another year before we have first-year data and another five years before we will be able to see a trend. The performance data and output measures are more readily available—not only baseline but past history as well.”

At the time of this study, most of the performance measures used in the budget process are output rather than outcome measures. Although there was a lot of effort to develop outcome measures, the biennium budget cycle supports outputs better than longer-term outcome measures. There is concern that the objectives developed through the policy and strategic-planning process contributed to this problem. “Those things are not measurable. When they are policy decisions, they seem to come out of the air more than the measures.”

Concern was expressed that the development of output measures rather than outcome measures failed to support the initial intent of the performance budgeting legislation. “The relevant parts are: Is it a reasonable measure and is there something to measure their success or failure, or to have something against which to stack the taxes they are spending? Otherwise, I would expect that to be an appropriate area for the executive branch with oversight, legislative oversight and audit . . .”

There are concerns specifically about survey data. “A lot of agencies want to survey. That type of measurement concerns me because I am not sure that the skills exist to put together

proper surveys that are not biased in a fashion so it is something that you just write out questions. . . .”

Efforts to Address Information Quality Issues

The agencies are generally satisfied with the performance measures developed, while most recognize the limitations of output data. Some of the measures change because the data is difficult to obtain. An example is finding the appropriate data to measure efficient growth for land use development. “We are still not sure about them. On the whole, I think that we are too early. Our debate is at the level of: Is this the right measure or is another the right measure? Can we get this data or is this data more reliable, rather than having settled on one and then deciding that it is not the right measure?”

The Legislature recognized the importance of valid and reliable performance measures. The enabling performance-budgeting legislation requires the [Commission on Performance Budgeting](#) to “recommend to the Legislature and the governor the most cost-effective method for State Government to annually validate measurable objectives and conduct audits of the performance budgets for the most recent fiscal year.” At the time of this study, a formal quality review process had not been developed. “It hasn’t matured to the point that the measures are going to be seriously reviewed, questioned, and evaluated. That time will come.” “We have gone round and round with that.”

The [Department of Transportation](#) has developed a cycle for reviewing performance measures. During an annual review, the department reviews trends and uses the results for continuous improvement. The performance measures can be “revised by anyone who reviews the project.”

What kinds of organizational supports are provided, and how have organizations been changing to accommodate performance measurement?

“One of the instructions that the governor gave when all of this happened was that we are not going to create another internal bureaucracy just to administer this.” For the most part, there is little evidence to suggest that additional staff has been added to accommodate performance measurement and performance budgeting. Organizational support, however, has been provided from existing staff and resources within each agency.

Training is conducted by the [State Planning Office](#), which includes training of key executive staff and agency heads and “train the trainer” programs. Key individuals within each agency are nominated and trained as trainers so that they can facilitate performance measurement within their agency and can train management staff and various other staff on the requirements of performance measurement. At the beginning of this initiative, training and technical assistance teams were formed. These teams included a member of the State Planning Office, a member of the [Bureau of the Budget](#), and a facilitator. A team was offered to each agency for the purpose of helping the agency through the final phase of the strategic planning process.

To complement the training, the State Planning Office developed guidelines on how to develop a strategic plan, which continues to be used. A [newsletter](#) was also developed and continues to be published on line.

Technology has been increased to accommodate the information systems necessary for performance budgeting across the executive branch. Funds for a new budget system were allocated from the Legislature. Agency information systems have been updated to accommodate the data required to support performance budgeting. Prior to this initiative, many agencies had no integrated information system and were unable to track data for the most basic questions. The services of consultants were used to automate several agency's information system and business processes.

EVOLUTION OF PERFORMANCE MEASUREMENT

What barriers have been identified to making effective use of performance measurement, and are those barriers being addressed?

One barrier of performance measurement in the state of Maine that was repeatedly expressed is "acceptance by the Legislature." "The Legislature is the weak link in the performance budgeting process." "There is no legislative agreement on what the most important measures are. Those should be what is discussed with the Appropriations Committee. Right now that mechanism is just not there." [We have a] Legislature that is uncertain. There is no strong partnership." "The Legislature just isn't engaged. Each agency has tried to involve its legislative [policy] committee probably more than once with varied success, trying to get the Legislature to help identify what the appropriate measures should be. They [the Legislature] are not used to it. They are not educated in this and the legislative leadership isn't really committed to it."

There are public policy issues that are determined and controlled by the Legislature. When public policy issues appear to be contradictory, it is difficult to develop outcome-based performance measures. "Legislatures want to be deeply involved not in the outcome but in the programs that are inputs to the outcome." For example, "you have sex education in the schools, or your policy on abortion matters an awful lot, in some cases more than the outcome. Because there would be some who would say, 'I would rather have high teen pregnancy than more abortions.' These are serious public policy questions. It is still work in progress and we have to find ways of dealing with it."

"We naively assumed that what people really cared about was the outcome. That is not true. They care deeply about the program itself, whether the program is going to exist and whether money is going to be spent on that program." The Legislature wants information and "to control the expenditures." They also "want to control how you propose to get to that outcome. They not only want to hold you responsible for the outcome, but they want to control how you get it. It is unfair to hold an executive accountable for outcomes if one hand is held behind their back on how they are going to reach the outcome."

Term limits are also identified as a barrier to effective use of performance measurement. "Every term one-third of the Legislature is new and has never heard of the term *performance budgeting*." "Institutional memory is reduced by term limits."

The politics within the government was also underestimated and stalled the process. "There was a requirement in the law that we develop draft strategic plans in the policy area and organize policy area groups. One of them was the Legislature. The immediate reaction from the leadership was, How dare someone from the [State Planning Office](#) from the executive branch tell someone from the Legislature to come over and cooperate with the executive on a strategic plan?"

The timing of performance budgeting was not ideal. The initiative followed a large downsizing of the government by the governor. The “administration at least internally was confused and angry. There were layoffs of hundreds of people and now we going through this process of redefining what we do and setting goals and objectives and looking to the future. That was tough. It has taken us years to rebuild our relationship with our employees. Things are still a little tense.” “The staff is half the size it was in 1990. Their duties have increased. [Finding] time for long-range planning is difficult. The day-to-day work overrides the strategy changes.”

The time and training requirements to implement performance measurement and performance budgeting were a barrier. Few members of the agency staff “really have that long view . . . [many individuals who] come through the ranks are used to short-term initiatives.” “Setting up [a performance measurement system] is very difficult, to get geese all in one place.”

There appears to be “resistance at the top” of the government. Even with the work on performance measures, “decisions are based on anecdotal information.”

Change is a big barrier to performance measurement. “There has been a 137 percent increase in the use of technology. The culture resists use [of technology].”

Many staff within the state have experienced other initiatives during their career. Many “are waiting to see” if the performance measurement and performance-budgeting activity will disappear as other initiatives in the past.

The language of performance measurement is also an impediment to developing and using performance measures. “Departments had a lot of trouble understanding and communicating what is an outcome.” “If you can’t explain it in straight English, if it is so steeped in its own language, then there is immediate resistance. The fact that it hadn’t been being done, that it is a new thing, and that it comes with its own language. That is what it translates to.” “For legislators who were supportive of the concept of performance budgeting, it was just too much. They could barely understand the process by category and programs as they existed. They were trying to understand this and just could not see the connection. Unless you were immersed in this and you understood it you were a kind of a budget techie, you couldn’t understand it. . . . This led into this issue of shifting of the balance of power.” Further, “you can’t expect every legislator and every agency to have a sophisticated knowledge of strategic planning.”

Unclear communication and fear of how the performance measures would be used affected the development of performance measures. There is fear that “the Legislature wants to put some punitive measures on the agencies. Agencies are very nervous about that. Agencies are nervous about the funding aspects of it. If they set up too low an outcome will they be able to keep their funding? If they put too high an expectation, how does that play out.” In addition, “we had this kind of dichotomy between departments saying I don’t know if I want to do this because this is just going to give the Legislature one more thing to control me and beat me over the head, and the leadership saying that this is going to be a tremendous shift in the balance of power and the departments are going to have all of this data which they already have but they don’t really share it.”

The budget system must support performance measurement in order for performance budgeting to be successfully implemented. “We have the old, traditional program-oriented mainframe line categories. An input output system. There is no way of integrating any kind of performance measures. In reporting to the Legislature or in reporting to management, you cannot go down below the program level. It has to be a totally integrated system.”

A different kind of accountability model is needed. “Agencies said, ‘Hold us accountable for this outcome. Don’t hold us accountable if we spend \$20 on this strategy or \$50 on another

strategy.’ The legislative branch also said, ‘We want to weigh in on that strategy. It might be important to us whether you send out flyers or if you go out and rip all of the smokestacks down. Strategies are hot ticket items for us.’” An accountability system is needed to reinforce these strategies as well as the performance measurement. “We need to develop some baseline measures and accountability. It has to be dollars and we need to know and have some sense of where your budget is going.”

What lessons have been learned from the performance measurement experience to date?

An important lesson learned in the state of Maine is “not to move any faster than the Legislature is ready to go. Get them involved early and often and pay them. . . . Any way you can do it, get the Legislature involved.” There is also concern that “there has been too much effort in trying to convince the Legislature. The Legislature will accept this when they are ready to accept this. You are not going to change that by training them to death or trying to get them to training.”

Performance measurement is a full-time task for government. Having a citizen, or part-time, Legislature in this full-time process is a problem. It is necessary for legislators to be involved when the Legislature is not in session. “With our citizen Legislature, when they have to come to Augusta once a month for meetings, they need to be compensated for that. They are taking time away from their business.”

The state of Maine found that it was important to begin linking the performance measures with the budget early in the process. While they reviewed performance budgets of other states, the applicability to Maine was not apparent. From the experiences in Maine, all involved in performance measurement “need to be able to see it. We talked about performance budgets for a couple of years without being able to show them a performance budget . . . and when they did see it they decided they didn’t like it and that was two years down the road.” “The Legislature had problems understanding movement from old line-item budgeting to performance budgeting.”

“One of the most important characteristics [of a good performance measure] is the political appeal. What we have been doing is to pick out ones that are not only important to us and help the public, but also have political appeal.”

Another lesson learned through the experience in the state of Maine is ways in which financial statements are used. “As an agency, we went through the discussion of who uses the financial statements. *Nobody* uses the financial statements. The Legislature does not use them, agencies don’t use them, and citizens don’t use them. It is only the rating agencies that use them . . . they are a fairly useless historical document. There is a lot you could be doing to make it more meaningful.”

“One opinion or thought that I would give to other states in coming to this point is don’t, in the design of performance budgeting, try to overreach. Follow the KISS principal: Keep It Simple, Stupid. What we tried to do is make too much of a leap. We tried to jump from program-oriented budgets to strategies.”

Training is also an important part of the performance measurement process. “I think that you have to do it constantly. If you don’t, people just drift away. I think that it is just human nature; with every state that we have spoken to, we all knew that this was a pretty aggressive timeline because it is not just that it is changing a process, it is changing a whole culture and a way of looking at things.”

Adequate support staff is required to implement and sustain performance measurement. “It requires a tremendous flow of information. It requires more staff for technology. Since the state government is reluctant to increase the size of the government, redirection of personnel is necessary by each agency.”

Finally, the importance of leadership must be emphasized. Many of the “lessons learned” can be resolved through effective leadership. “Someone in charge needs to establish priority, and a time frame needs to be established. People are not going to do it on their own.” The Legislature may not be best suited. The executive may be better suited. We need buy-in from leadership.”

What are future expectations for the use of performance measurement?

The future expectations for the use of performance measures in the state of Maine are positive. One casualty of the aggressive timeframe for implementation of a performance measurement system appears to be outcome measures, since many of the measures being developed and reported in the performance budget appear to be output measures. This can be overcome as the agencies and elected officials gain more experience with performance measurement. The delivery of a performance budget request to the Legislature and the use of performance information in resource-allocation decisions are expected to generate interest in the process by the Legislature. Future studies are needed to follow the state through this process to understand the effects of performance measurement and performance budgeting on the original expectations of improved governmental accountability.

SUBSEQUENT EVENTS

This study was conducted during the implementation of the performance measurement initiative in the state. Significant progress has occurred since the time of this initial study. The governor submitted a prototype performance budget for the Legislature's review and approval in December 1999. The prototype included outcome-based goals and objectives and program-specific performance measures for each state-funded program. The Legislature approved a performance budget using this prototype format in 2000. The appropriations for each agency are tied to indicators of performance. The following year, the governor submitted the executive biennium budget request for 2002–2003 in the newly adopted performance budget format. This is the second year the performance-based budget format was used.

REFERENCES

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