CASE STUDY:
State of Oregon

A Performance System Based on Benchmarks

September 2002

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State of Oregon

GASB SEA Research Case Study

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EXECUTIVE SUMMARY

This case study is of the State of Oregon, which is best known in the field of performance measurement for its Oregon Benchmarks, a comprehensive set of indicators of various societal attributes identified as being important to the well-being of citizens and businesses in the State of Oregon. The site visit and interviews for this case study were done jointly with researchers from the Urban Institute's project on state efforts to encourage use of performance measurement. However, these benchmarks grew out of a statewide planning initiative of the 1980s called Oregon Shines. Because of the broad nature of these benchmarks and because they were developed without concern for the programs and responsibilities of the state government, a lengthy process has followed in developing methods to use Oregon Benchmarks within the state government to provide strategic direction for its programs and to monitor progress in achieving desired results. Oregon provides an excellent example of the difficulty of trying to link government services to broader, society-wide issues and concerns.

For example, the benchmark "percentage of two-year-olds who are adequately immunized" would seem to be rather straightforward. However, closer analysis provides a very different picture. Immunizations are provided by a broad range of providers including doctors, public health agencies, not-for-profit clinics, and so forth. The state has difficulty obtaining data on which children have or have not been immunized until they enter school—at the age of 5 or 6. Then the question of who is responsible for immunization arises. Many children are immunized by private doctors, and state or local health programs never see these children; thus, the question arises of how responsible the health program is for whether the immunization occurs. Also, service provision is spread over state and local health departments and the not-for-profit sector (often through contracts for services or United Way or other grants).

Yet there has been a major effort to establish links between Oregon Benchmarks and state (and in some case local) departments and programs and to use benchmarks in the budget process. The 1999 Benchmark Blue Book provides a list of primary and secondary links from benchmarks to state agencies. Yet even here, the nature of the link is not fully described or perhaps understood.

The Oregon Progress Board, which is the primary organization responsible for furthering the use of benchmarks and performance measures, provides biannual reports on the progress in achieving benchmarks and works with state agencies (and some local progress boards) to help develop links between the services they provide and strategic benchmarks.

Oregon's benchmarks were developed using extensive input from citizens and the business community. There has also been continued involvement of citizens and the business community on the Oregon Progress Board. Oregon Progress Board has found, based on a survey, that 15-20 percent of Oregonians have heard of Oregon Benchmarks.

From its beginnings as a broad set of goals to be used as a focus for improving the economy, Oregon Shines has been modified and gradually changed into more relevant measures and goals that can be linked, sometimes rather creatively, to the services and programs of state agencies and local governments. The state budget process now includes performance measures for many departments. The state has also recognized the need to coordinate the activities of departments and created the Community Solutions Team to coordinate the activities of five departments in addressing community development issues raised by communities throughout the state.

The Oregon Progress Board has worked with citizens and state departments to identify benchmarks that relate to critical services being provided, to link other critical benchmarks to state services, to reduce the number of benchmarks to a more manageable number and identify priority benchmarks for special attention, and to ensure that those benchmarks are important to state elected officials. Also several departments (including State Police, Transportation, and the Adult and Family Services Division of Human Resources) are now actively working to develop and use managing-for-results systems with a focus on performance measures and benchmarks. The state has also created a Performance Measurement Workgroup (PMW) to coordinate the development and use of performance measures across state departments. The work of this group is in its early stages, but the commitment to improving the use of performance measures is evident in its initial work.

The state actively worked with federal agencies to create the Oregon Option, which has led to federal approval for the state to have more flexibility in the design and carrying out of programs, with large federal funding commitments such as the use of Medicare and Medicaid funds.

Oregon is, however, a prime example of the difficulty and potential pitfalls involved in establishing a method of managing for results and of monitoring performance, especially with considerable citizen involvement. The state also exemplifies the time and effort required to develop a meaningful system of performance measures, the difficulty in getting those measures used—even by decision makers such as the legislature—and the need to be patient and have backing from the highest levels of management (in this case, the governor). In this effort they have identified many barriers to the development and use of performance measures, especially when they try to link them to benchmarks. They found in the mid-1990s that many departments did not have strategic plans or comprehensive mission statements and therefore could not identify outcomes associated with accomplishing goals associated with their mission. They have also recognized that for most benchmarks it is necessary to involve several departments (and perhaps local government, not-for-profits, and businesses) in any effort to provide the services necessary to obtain results.

The State Police have also developed a method of addressing problems they refer to as "thinking upriver" to identify what causes the problem. They do not assume that what appears to be the problem

is necessarily the final cause that needs to be addressed. They examine the problem in its entirety and identify leverage points. They have found that this can only be done with partnerships—across agencies, with the public, and with businesses.

In another area, the state has learned that statewide benchmarks are often too aggregated for use with local communities. What is a problem statewide or in one community may not be a problem elsewhere. Therefore, it is necessary to develop separate benchmarks, or at least targets for the benchmarks, for each community or area.

However, after some very difficult times for Oregon Benchmarks and performance measurement in general, the state now seems well placed to proceed with development of a comprehensive managing-for-results approach, complete with citizen involvement. They have learned many lessons (see the section on Evolution of Performance Measurement later in this case study) that will assist their future efforts. The success of this process was also helped when the legislature reversed its previous action (after considerable modification of the benchmark program and effort and communication) and established the Oregon Progress Board as a permanent advisory board in 1997.

TYPES OF PEOPLE INTERVIEWED AND THEIR ORGANIZATIONS

Interviewee/Official	Title	Organization
Jeffrey Tryens	Executive Director	Oregon Progress Board
Ranee Niedermeyer	Chief of Staff	President of the Senate
Michael Stinson	Legislative Fiscal Officer	Legislative Fiscal Office
Peggy Archer	Deputy Legislative Fiscal Officer	Legislative Fiscal Office
Theresa McHugh	Deputy Director	Department of Administrative Services
Kelly Freels	Senior Budget Analyst	Department of Administrative Services
Greg Wolf	Community Development Advisor	Office of the Governor
Robin McArthur-Phillips	AICP Land Use and Transportation Advisor	Office of the Governor
John Lattimer	Director	Audits Division, Secretary of State
Lee Erickson	Major	Office of Strategic Direction and Performance, Department of State Police
Mike Marsh	Deputy Director Finance and Administration Operations	Department of Transportation
Anna Russo	Manager, Urban Division	Department of Land Conservation and Development
James Knight	Manager, Rural and Community Services Division	Department of Land Conservation and Development

Duncan Wyse	President Past Executive Director of Oregon Progress Board	Oregon Business Council
Sue Smit	Manager, Quality Assurance and Customer Service	Department of Human Resources
Madeline Olsen	Assistant Administrator, Office of Mental Health Services	Department of Human Resources
Kyleen Gower	Manager, Budget and Operations	Department of Human Resources
Vince Stitt	Project Coordinator	Department of Human Resources
Elizabeth Lopez	Manager, Performance Resources Unit	Department of Human Resources
Lorraine Duncan	Director Immunization Program	Department of Human Resources
Bill Scott	Director	Economic Development Department
Lydia Lissman		Adult and Family Services
James Toews		Office of Developmental Disability Services
Bob Repine	Director	Housing and Community Services
Dave Stere	Program Director for Forest Resources	Department of Forestry
Bob Landauer		The Oregonian
Vera Katz	Mayor Speaker of House when Oregon Progress Board was created	City of Portland

OVERVIEW AND BACKGROUND[1]

Oregon has perhaps been best known as the Benchmark State. In the late 1980s, under the governor's office, the State created the Oregon Progress Board to develop benchmarks based on a previously developed set of broad indicators for the state's economic development called "Oregon Shines." Oregon Shines was a statewide planning initiative created by Governor Neil Goldschmidt in response to the 1980s recession that hit Oregon and affected forest products especially. In developing Oregon Shines, broad participation of many groups, including citizens, the legislature, and the business community was enlisted. The benchmarks in Oregon Shines cut across a broad sector of the state,

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[1]Material for this section was drawn in part from Varley (1999a and 1999b).

including state and local government, the business community, advocacy groups, charitable organizations, academic researchers, and so forth. In the course of the planning sessions, concern was raised about how to follow up on such broad goals, who would try to encourage those involved to make them part of their own strategic plans, and who would be there to ask whether progress was being made in achieving these goals.

The Oregon Progress Board was created as a statutory agency by the Oregon Legislature by recommendation of the Governor in 1989 and was placed under the office of the governor. This meant it was subject to sunset review in 1995. It was to have an extremely small staff and a board of nine members including the governor. The primary task of the board was to translate the strategic visions developed by Oregon Shines in a set of measurable benchmarks and to report on the state's progress toward those goals. The board's task was to develop a set of benchmarks for legislative approval in 1991 and continue to report on progress to the legislature every two years thereafter.

In developing the benchmarks, the Oregon Progress Board started with the strategic vision set forth in Oregon Shines. This meant that the benchmarks would not be based on the strategic plans of the various state agencies or performance measures derived from agency strategic plans. (In fact, most state agencies did not have a strategic plan in this sense at that time.) The benchmarks were, instead, a set of broad, society-wide goals intended to measure the state's progress in improving the economic, educational, social, health, and environmental well-being of the state's governmental and not-for-profit institutions, citizens, and businesses. Therefore, the benchmarks went far beyond the purview of state and local government.

Although the state government had initiated several efforts to use various forms of program budgeting, there was no concerted effort under way at the time Oregon Shines was undertaken and the Oregon Progress Board came into existence.

Using the goals set forth by Oregon Shines, the Oregon Progress Board developed a master list of 158 benchmarks in three broad areas—exceptional people, outstanding quality of life, and diverse, robust economy. They then proceeded to the difficult task, later consider rather controversial, of establishing specific goals for each of these 158 benchmarks. The Board choose to establish goals, especially long-term goals (20-year), that were generally based on what society wanted to see. Therefore, the goals frequently are not seen as being reasonable targets for state government agencies, or even for the combined efforts of state and local governments, and as not being based on expected funding levels.

It is important to clarify that the benchmarks came from a strategic plan for Oregon. Oregon Shines connected public and private resources; it did not come from state government, although the governor sponsored it. The Progress Board's job was to translate Oregon Shines into benchmarks and use them to assess progress toward implementation of Oregon Shines. Benchmarks should (1) speak to community-wide issues (for example, parks, not just state parks); (2) focus on results, not process; and (3) be measurable over time on a consistent, viable basis.

The role of the benchmarks is to communicate the vision of Oregon Shines, to serve as a common language for aligning efforts to achieve the vision, and to inform priority setting. It is intended to pick a few key measures to serve as a basis for a performance measurement system and to promote intergovernmental alignment (the Oregon Option negotiated with vice-president Al Gore) with federal as well as local government.

Yet in spite of this, Oregon Benchmarks has become perhaps the most recognized set of statewide goals ever established. The process, while sometimes controversial, has been emulated by several

states. (Others have considered it and decided not to implement something that could prove to be of questionable political value to either the legislature or the governor.)

In fact, the course of performance measurement in the State of Oregon has been driven by these initial steps of developing benchmark goals based on society-wide factors rather than by starting from within the state government and using performance measures that have their roots in the strategic plans and services of state agencies. This has been, it appears, both a blessing and a curse.

Oregon has biannual legislative sessions, and the election of 1990 changed the power base in the Oregon legislature for the 1991 session. The Republicans gained control of the House for the first time in 20 years. A new governor, Gov. Roberts (a Democrat), was also elected. So work on the initial legislative approval of the benchmarks went forward in a slightly different political environment. The Trade and Economic Development Committee was used as the vehicle to communicate the benchmarks to the legislature. That committee sent the benchmarks to some 18 legislative committees for their review. The staff of the Oregon Progress Board visited with each committee, provided an overview of the benchmarks in their subject areas, and received comments. An amended set of benchmarks was adopted unanimously by both houses of the legislature. On the surface, this was a strong show of support (but in reality was rather shallow, with some legislators concerned that the Benchmarks were too closely tied to the governor).

In the 1990 election, the citizens voted for a property tax cap with a requirement that state funds replace revenue lost for local school districts. It was anticipated that this would result in as much as a 15% reduction in noneducational state funding. Therefore, Gov. Roberts decided to use the benchmarks as a basis for developing budget priorities for the 1993 budget. All state agencies were to submit base budgets at the level of 80% of their previous budget. They could regain an amount that could bring them back to the 90% level if they could show that agency programs were linked to one or more of the 17 lead benchmarks. The benchmarks suddenly became important for state agencies, and many used creative ways to link their programs to the lead benchmarks and later pressured the Oregon Progress Board to increase the number of benchmarks to more closely reflect the services they were providing. However, the benchmarks, which had not been developed to reflect the programs of state agencies, were being transformed and used in a way that had not been anticipated. They were now considered drivers in the allocation of state resources to various programs. Unfortunately, they often did not fit well with the services being provided by state agencies. The requirement to establish links between services and the benchmarks if funding was to be regained highlighted the problem that there was not a benchmark in every essential service area. The message initially sent, however, was that a service without an association to a benchmark was of little or no value. The legislature did recognize that the links identified often were not real and that there were other essential services that were not associated with a benchmark. In addition, because of the stretched tie between many services and the benchmarks, agencies often could not show any effect they were having on the benchmark. This brought some services into question. Because of the pressure brought, the number of benchmarks increased from 158 to 272, which was viewed in different ways by those involved. Some thought it was an indication of the success of the benchmark effort since it was essential to have a benchmark associated with a program for it to continue to receive funding at (or close to) previous levels. Others thought that agencies were being too creative in linking their services to benchmarks and that the proliferation of benchmarks decreased their value as general statewide goals.

Of course, the benchmark effort was not the only process used in the state government that increased the focus on performance measurement. As an offshoot of the Oregon Shine planning effort the Oregon Option, a program that was being developed in response to the federal initiatives in performance measurement, was using performance measures to track results as part of an effort for the

state to receive more flexibility in the use of federal funds received for Medicare, Medicaid, and what later became know as work-first (welfare). A major difference of this effort from the benchmarks was the focus of the performance measures on the services being provided by the agencies involved, rather than society-wide goals.

In 1993, the state legislature again approved the list of benchmarks, but this time it was not unanimous, and dissatisfaction was evident among some legislators. They felt that some agencies were using the benchmarks as leverage to get increased funding based on the goal established for the benchmark—a goal that had been set without regard for the availability of resources or without a discussion of its priority when compared with other benchmarks.

In 1994, another political change occurred when the voters elected enough Republication to control both the House and the Senate yet still elected a Democratic governor (Gov. Kitzhaber). The Oregon Progress Board now faced a legislature that was of a different party from the governor. Yet they needed reauthorization from the legislature because of the sunset provision scheduled to take effect in 1995. The Republican caucus did not approve the bill to reauthorize the Oregon Progress Board in spite of its being passed by the Joint Ways and Means Trade and Economic Subcommittee. Yet it was included in the budget and continued via an executive order by Gov. Kitzhaber. It therefore had two more years to regain support in the legislature and receive reauthorization.

Under a new director, the Oregon Progress Board restructured the benchmarks to provide the legislature more useful information and to overcome some of the problems the legislature found objectionable. Oregon Shines was updated to reflect the economic recovery in the state and the new issues it faced. It was again linked to the benchmarks, and the number of benchmarks was reduced and benchmark goals modified to reflect "best practices" achieved in other states. Finally, an increased effort was made to have benchmarks that would be used by more state agencies.

The result was Oregon Shines II and associated benchmarks with a focus on education, only 92 benchmarks (down from 259 in previous years), and a document that linked agency programs to the benchmarks. Individual meetings with all state senators and key committees resulted in reauthorization of the Oregon Progress Board in 1997.

In 1999, it became increasingly evident that the effort to link Benchmarks to agency programs was beginning to bear fruit in the agencies. Also, the change to term limits resulted in great turnover in the legislature and with that, the need for information that will allow legislators to understand agency programs and what they are achieving in a shorter time.

In March 1999, the 1999 Benchmark Performance Report, "Achieving the Oregon Shines Vision," was presented to the legislature. It focused on 7 categories; the 92 benchmarks within those categories gave letter grades from A to F for each benchmark. Next it highlighted 25 key benchmarks. The overall grades for the categories were as follows: Economy—C+; Education—C; Civic Engagement—D; Social Support—C; Public Safety—D+; Community Development—D+; and Environment—C+. Although not very high, the grades help to focus on the work the state will need to address in the future. Now work needs to be done to link the benchmarks to specific drivers (those things that will affect the outcomes associated with a benchmark) and the programs that are trying to influence those drivers. The success of this work will be critical in aligning services to needs and determining the success of the state and its partners in achieving success in this experiment in managing for results—an experiment that has used a citizen focus on benchmarks as its anchor, a focus that flows from statewide benchmarks to state department performance measurement, to efforts at the community level such as the Portland Multnomah Benchmarks.

FINDINGS

People and Their Roles

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

There has been broad involvement over many years in the development and use of performance measurement in Oregon. Starting with Oregon Shines, which initially was adopted in 1989, there was an effort to involve citizens in the process of selecting benchmarks and establishing targets for those benchmarks. The focus has expanded to include state agencies and legislators as the benchmarks have begun to be used for resource allocation decisions and performance monitoring, yet it has not lost the involvement of citizens and the business community. The Oregon Progress Board, several governors, state agencies, legislators, citizens, and the business community all are now actively involved. Some local governments (such as Portland and Multnomah County) also have efforts to establish benchmarks and use those benchmarks in decision making and for analysis of programs. These efforts normally also involve citizens and the local business community as well as local government agencies and not-for-profits.

USES AND EFFECTS OF PERFORMANCE MEASUREMENT

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 Measurement

Oregon Benchmarks has been by far the most visible use of performance measures within the state of Oregon. However, Oregon Options, which makes use of performance measures to obtain more flexibility over the use of some federal grants, perhaps has had a more direct effect. Several programs have used performance measures to focus their programs on specific targeted results, such as reduction in the number of people on welfare and their placement in jobs. The results achieved so far provide an indication that the use of performance measurement, which has been modified and reoriented in recent years, is beginning to accomplish the intended results of improved performance and better accountability. In some departments, performance measurement appears to have contributed to significant changes in the organization's operations and has provided a clearer direction. For example, the State Police have become more oriented toward achieving specific objectives such as reduction in traffic fatalities (through the use of cooperative approaches) and landowner compliance with environmental plans (agreed to by the owner), and welfare programs have been redirected toward finding work for clients and now to even consider whether the compensation being received is adequate for clients to become self sufficient. However, efforts to use performance measures for budgeting have not yet been entirely successful. Difficulties have been encountered in departments (for example, because they were unable to link essential services to the benchmarks) and in the legislature.

The recognition that harder services (such as highway condition and crime) are easier to measure and are more directly tied to services being provided has given rise to efforts to balance measures so as not to ignore less direct relationships between services provided and desired results—such as in the area of mental health. It has also been recognized that many desired outcomes can be achieved only by

the cooperation of several state departments or state and local governments, and through the participation of the private sector (for example, for school-to-jobs programs). This has led to the creation of the Community Solutions Team and efforts to reach out to others who have an active role in achieving the desired results. (In the case of school-to-jobs, there presently is an effort under way to involve the business community by having them promise jobs for students who complete this program.)

There is also the knowledge that performance measures are only one input or tool in the decision process and that they may even make the decision-making process more complex. There is also a growing awareness that all service outcomes may not be measurable and that it might not be worth the effort to try to develop and use performance measurement for all services (for example, regulatory agencies that are necessary for control purposes but make up only a very small portion of the state budget).

Because of term limits, the use of performance measures has been both made more difficult (because legislators are not familiar with the programs and their goals) and more important (because legislators do not have a long history with state departments and their services and therefore need some reasonably quiet way to gain an understanding of what departments do, the reason services are being provided, and whether they are having the desired results).

Resource Allocation and Other Decision Making

Intent and Expectations

When, a few years later, the effort was made to link the benchmarks to the state budget, it appears that the intent was to provide a more objective and rational way of significantly reducing the amount being spent for many state services because of a tax cap provision that would require the state to allocate more of its funds to local education. This was done for several reasons. Perhaps the most important was to help achieve a reduction in the budget for many state departments based on the importance of the services being provided by each department. This was necessary because of Measure 5, which reduced property taxes and required the state government to increase its funding to local school districts.

Actual Uses

However, it is necessary to qualify the results that have been achieved in using performance measures for resource-allocation decisions in Oregon. First, the state has a long history of trying to use performance information in its budget decision making. As far back as the 1970s, there were efforts at program budgeting, zero-based budgeting, and other approaches. So when the governor required departments to use the benchmarks as a basis for justifying their budget requests for the 1991 budget submission it was not an entirely new idea. This requirement proved to be troublesome because the benchmarks were not developed with state programs in mind—they were intended as high-level global societal goals that might or might not be directly or even indirectly related to the programs of the state. They were considered by some to be goals that the legislature had not agreed to focus state resources on achieving. In other words, the benchmarks were developed independently of the strategic plans and missions of state departments and, in many cases, were goals that could (and perhaps should) not be achieved by state departments, or at least not *only* by state departments. There were many state programs that did not have a benchmark associated with it. This did not mean that the program was not of value, but only that the benchmarks were developed with a focus on major societal issues and not

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the specific issues focused on by some programs. This might have be considered very positive if state departments were not asked to justify a significant portion of their budgets based on what they were actively doing to achieve those benchmarks—exactly what they were requested to do. Several interviewees commented that benchmarks were never intended to be measures against which resources were allocated.

In 1996, the governor established the Human Investment Framework recognizing the links between education, workforce, and social supports. The Oregon Strategy for Social Support intends to align social supports to benefit the Oregonians most in need and to reinforce the provision of related services by other state agencies.

The Oregon Progress Board bluebook made the agency-benchmark link clear. Benchmarks are still being refined.

Effect of Use

The initial pass at linking benchmarks and services was not at all clean and resulted in the claim to many creative links from services to benchmarks. Other difficulties arose because the departments and the legislature did not have an established priority list of the benchmarks, and the targets set by the Progress Board were not linked to reasonable expectations or levels of resources that might be available. Therefore, departments and programs did not have benchmarks that they were associated with, and many benchmarks were not solely the responsibility of one department or service. (Several services were necessary to contribute the package of services necessary to address them.) Because the first effort to use this method was not very successful, it may even have contributed to some legislative members' dissatisfaction with the benchmarks and the Oregon Progress Board. This dissatisfaction contributed to a failure to reauthorize the Progress Board in 1995. (It was subsequently funded and allowed to continue in existence through action of the governor, and finally reauthorized in 1997.)

Some people want a big spreadsheet that links benchmarks to state spending decisions and can maximize the cost–benefit ratio for the budget. But in reality, benchmarks are a tool within a budget system and are better used in policy decisions.

Surprisingly, the use of performance measures for budget decision making did not fade away. Several factors have contributed to this, including recognition by the governor, state departments, and the legislature that performance measures can provide very important information for resource-allocation decisions and for determining whether departments are doing what they said they would do—achieving their objectives. Work began on better understanding the role of benchmarks in establishing state policy and how they might provide useful information for budget decision making and for monitoring program performance. The need for department or program strategic plans was recognized, and departments began developing them. It was recognized that not every program would be (or even need to be) linked to a benchmark, and that in some cases the benchmarks needed to be modified to reflect the programs of certain departments. The targets for the benchmarks were also modified to more closely reflect best practices of the various states, and not just ideal conditions.

Term limits for legislators also contributed to the need for performance information. Performance measures were seen as a way to provide some systematic and consistent approach for new or relatively inexperienced legislators to grasp the nature of what the state was trying to do and to make relatively informed decisions when asked what to fund and how much resources to provide for a specific program. It has also provided a basis for legislators to begin asking departments whom they were cooperating with to accomplish complex benchmarks that require the efforts of several programs and perhaps even local governments and the private sector. However, there still is not uniform agreement

that benchmarks represent goals government should and can be involved in achieving. (For example, benchmarks are broader economic development goals, and the legislature does not agree on whether and how much government should be involved in economic development.)

Therefore, the use of performance measures in the budget process seems to have evolved into one of providing elected officials with information that will assist them in decision making and in understanding the role of various state programs in achieving the results deemed important by the legislature and the governor, not in directly helping establish funding levels. It has also forced those involved to think more about the statewide benchmarks—are they (and if so, to what degree) the responsibility of the state, and to what extent are they the priority issues that the state should spend its limited resources in addressing?

Strategic Planning, Performance Monitoring, and Performance Improvement

Intent and Expectations

As noted in the "Overview and Background" section, Oregon Benchmarks appears to have had as its primary goal the improvement of the economy of the state and the improved well-being of its citizens. The benchmarks were originally intended to help focus state government, local governments, the business community, and others on what were considered critical issues facing the state. It was also seen as a way for the state to obtain input from knowledgeable individuals, businesses, and other organizations as to what they believed were the important issues facing the state.

Within state departments, the intent of using performance measures appears to be (a) the development of information with which to justify using resources for a given program or activity, (b) to provide decision makers with information that will help them become better informed, (c) a means of achieving a higher level of accountability within the department, (d) as a method of improving the focus of department programs on desired results, and (e) to assist departmental personnel in understanding what affects desired results and how they can be achieved.

Actual Use

Consistent with the original purpose of Oregon Shines and Oregon Benchmarks, performance measurement has been used in a wide variety of ways that have contributed to the quality of strategic planning and performance improvement within the state, and specifically within state government. For example, the Oregon Department of Transportation (ODOT) has established and uses a pavement condition rating method to help evaluate how they are doing. Presently about 77% of state highways are rated as being in fair or better condition. ODOT is now trying to obtain comparable data from other states to see how well Oregon is doing relative to those other states. Management at several levels within the department is focusing on why the results are not where they want them to be. They are asking: What can we do about the lack of results? How can we improve even more? The performance being reported led to a request for a gasoline tax increase, and information on performance and what could be done with additional resources helped obtain approval in the legislature.

Yet, others feel that it is still too early to tell about agency use of performance measures or their effect. They believe that initial use and results are spotty and depend greatly on the agency. Some don't think any agencies are using performance measures effectively as a management tool. However, ODOT and other departments increasingly appear to be using performance measures in directing and monitoring the performance of their programs.

The benchmarks are now being used as a tool to encourage cooperation not only between state departments but between state and local governments, between government and not-for-profits, and between government and the private sector. For example, one benchmark is the percentage of children vaccinated by the age of two. The Oregon Department of Human Services—Health Division, which is responsible for the immunization program, has determined that many, perhaps most, children are vaccinated by not-for-profits and private doctors. This means that information on vaccinations is not consistent. Therefore, in order to determine how many children are being vaccinated and at what age, the state worked with the various groups to reach agreement on how to collect the necessary information. Oregon also conducted its own immunization survey to improve on the size of the sample that was used nationally, and to achieve better representation for race/ethnicity, which has little variation in Oregon (mostly white). It also used this information to investigate the barriers to immunization that may exist for families.

The use of benchmarks has also led to new efforts at interagency cooperation, such as the Community Solutions Team (CST) which was created through the Livability Initiative. This effort brings five departments together to address community issues (identified by the community itself) through the use of teams located throughout the state. The idea of the CST is that now, instead of agencies that operate independently of each other and look out from the state toward the problem to try to address it, the problem is first identified at the community level and the myriad resources required to solve it are identified. Once this is done, solutions are developed as a combination of efforts by several agencies and the local community.

In contrast with Oregon Benchmarks, which "tries to impose a system on locals," the CST begins its work at the local level. Each community that has a project is expected to identify the relevant groups and stakeholders who should be involved on a local team. This may differ by locality because it is expected to differ according the local nature of the problem. Local partners may include representatives of service areas not represented by the five state agencies involved, including human services and health departments. They each put together a local partnership of groups aimed at solving the problem. State involvement on the local team is optional, but it may offer assistance when a need is identified. Progress has been slow, but the progress is best when local field representatives are involved.

Some involved in the CST believe that the future of benchmarks may be to get people "around a problem" so that it can be addressed adequately. Because of the success of the CST and identified needs, it will soon have a Human Solutions Team counterpart.

The state role concerning services provided by local governments is still evolving. In the area of K–12 education, the state, which now has greatly increased responsibility for funding, is still trying to determine exactly what its role is concerning the measurement of performance (including identifying and selecting performance measures) and providing information to users about the results in individual school districts and even schools.

The Department of Land Conservation and Development (DLCD) already recognizes that most of what they do is accomplished through local government. They are responsible for monitoring how land development is progressing compared to urban land use plans, and encourage development that is considered to be responsive to state goals. All zoning and changes in land use (or land use plans) must be sent to DLCD for review. They encourage changes that are designed to maintain consistency with the Quality Communities program. This program has as its first goal citizen involvement—however, it does not fully define "citizen involvement," and citizens still don't understand that citizen involvement

does not mean simply doing whatever a majority of citizens (of those coming forth and expressing their opinion) want.

In another area, there has been international work to developed a set of indicators. The Santiago Agreement in 1992 set forth 67 indicators, which the state of Oregon Department of Forestry (ODF) is trying to reduce to 16–19 for which data can be collected. The department has a plan that looks out 20 to 30 years and contains a vision statement and broad goals. They are working to tie the strategic plan into the department's biennial plan. To measure their progress in achieving the plan, they will use six economic, seven environmental, and six social indicators related to sustainability. One of the most important measures is the percentage of fires that are contained to less than ten acres in size. In trying to achieve this, the department coordinates with other wildlife and fire protection agencies and with other states and British Columbia to trade help in fighting fires.

In another area, ODF considers its customers to include (a) those citizens they actually talk to (usually part of an association and those they represent), (b) users of forests who do not own it, (c) landowners, (d) those with an interest in the forest (because they drive a truck or work at a mill), and (e) those in cities who want to know that the forest is being protected. ODF has used some public opinion surveys to learn how perceptions may be changing about forestry due to changing demographics. They use this data to tailor educational and outreach programs to reach the populations in the state.

The Adult and Family Services Division (AFS) of the Department of Human Services is working with families and others receiving financial and other forms of assistance as well as working with advisory groups, research teams, community partners, and other states (AFS Programs and History). They want performance information in order to see whether the programs are having the desired effect of achieving their goals. For example, the most important effect being followed is the percentage of TANF families that are not on welfare after 18 months. (This focus has helped the department put emphasis on assisting clients to find work.) They also measure the percentage of families in the state that are receiving TANF and changes in that percentage and total job placements, as well as the average wage at time of placement. AFS is also looking carefully at what wage gains are being made by those formerly on welfare who are placed in jobs, and what support services help make clients more successful once they have gotten work. They are analyzing individual cases to determine what makes it difficult for some clients to keep a job and what can be done to address those issues. They plan to use this information to understand how to structure programs to provide services that will be effective in helping folks up the self-sufficiency ladder and to keep down recidivism among those who begin to work. Yet they have also found the poverty benchmark they are trying to link back to has not changed much as a result of all their efforts. They are now conducting research to identify the underlying factors that contribute to poverty and from this research plan to work to develop a dynamic model that will hopefully help them assess which service have the potential to be effective in reducing poverty.

Effect of Use

In working with the federal government, the state was successful in using performance measures and benchmarks to develop the Oregon Option program. In this case, the benchmarks helped the state develop an approach that would focus federal programs on results and would allow more flexibility on the part of the state in its use of the funds being received.

The state also used performance measures to help align their programs and intended results with federal programs. (To be successful, flexibility to do what is considered necessary must be permitted.) For example, state people in human resources knew Vice-President Gore from NPR and so were able

to talk to him to get approval to focus on results. As a result, seven U.S. cabinet officials and the governor signed off on welfare reform and other areas (see Performance Partnership Agreement—Oregon Department of Environmental Quality [DEQ] and U.S. Environmental Protection Agency). These agreements provided for a performance-driven waiver that, for one thing, allowed states to keep funds that resulted from decreasing welfare recipients. The programs were focused more on results and allowed the state more flexibility in using funds.

As another example of the effect of using performance measures, departments are now using approaches such as the following. To implement performance measurement, they start with the questions:

- Does the agency have a strategic plan?
- What is its mission?
- What are its values?
- Who are the customers?
- Are they happy?

Efforts also are under way to determine what kind of data is needed to communicate with citizens, how it should be made available, and how to draw the business community into the process so that they will shoulder their responsibility. For example, as noted previously, in education, school-to-work programs need businesses to provide opportunities for students to work with the business with the belief that they will have an opportunity to become a full-time employee when they complete their school work. The state is now trying to encourage businesses, which favor this program, to make commitments for placing students.

In working with families and others receiving financial and other assistance, the use of performance measures and the change in the goals of the programs have made a demonstrable difference. For example, when a goal is to put people in jobs and enable them to move from poverty to self-sufficiency, case managers and staff know what they are trying to achieve. This leads to case managers' asking to make changes in strategies, outputs, and support services (to clients) in order to better meet the goals. As a results, performance measures have become part of the department's culture to the extent that people now enter into a contract when they go on welfare (TANF). The contract includes keeping children in school, keeping immunizations current, and so forth. If they don't live up to the contract, there is a six step process they use that can (but usually doesn't) lead to (1) cancellation, (2) a decrease in grant, or (3) a change in the client behavior to cooperate with program and get back in good graces.

The Adult and Family Services Division of the Department of Human Services is using performance measures and associated goals as part of an integrated community effort to get people off welfare and help them become self-sufficient. Results for the 1997-99 biennium have shown

- 12,000 fewer families were on welfare over the past biennium, with two-parent families decreased by 57%.
- More than 37,000 people found work through those efforts.
- Full-time workers started at an average of $7.30 an hour.
- 93% of the clients who found work 18 months ago were off welfare.
- 94% of welfare teens were in classes or had earned their GED or diploma.
- 1,450 people earned their GED or high school diploma.

- 64% of people in the JOBS Plus training slots went on to unsubsidized positions.
- $455 million in child support was collected, a 9.6% increase over the prior biennium.
- Over 11,000 working families were helped by ERDC in an average month.
- 252,000 applications and reapplications were handled by the Oregon Health Plan Branch.

The previous governors had work-plan meetings with agency heads that looked two years backward and forward. The current governor looks ten or twenty years forward. For example, to improve the high school graduation rate, prekindergarten programs were expanded. The governor has used his veto to keep the focus on the long term, for the Department of Environmental Quality (DEQ) and other natural resource agencies. However, term limits seem to militate against a long-term perspective among legislators.

Benchmarks are being found to be a great management tool for many agencies. One success is that agencies are talking to each other about shared issues and common benchmarks. The governor is focusing on linkages—requiring agencies to work together, and state and local government to work together. Benchmarks are the tool for identifying issues where linkages can be found and are used as a basis for building linkages with the private sector or getting business to see its stake. For example, benchmarks define:

- What does business need?

- How will we get there?

- How will we know when we are there?

In the K–12 education area, use of performance measures and higher goals have led to a current public policy debate. High schools will begin giving certificates of Initial Mastery or Advanced Mastery based on whether students pass certain statewide tests. Parents had demanded higher education standards, but when they were imposed, half the students failed the mastery tests. The current debate is over whether the standards were too high or whether action needs to be taken to improve student performance. One result has been an expanded prekindergarten program and increased funding for early elementary grades—an effort to address the problem in the future. The public policy debate involving citizens and based on actual measurable results is seen as a healthy means of using performance information to form public policy issues. To gather more information about programs that are trying to address the readiness to learn issue the state instituted a survey that will about how ready student entering kindergarten are.

The Driver and Motor Vehicles Services Division (DMV) of the Department of Transportation, which has had performance problems in the past, administers a monthly survey through the mail to customers who have received services from a regional office. A local university is contracted to do the survey. Results of the survey are disaggregated by local DMV office and can be used to compare performance of offices on customer satisfaction and service levels. The results have affected the operations of local offices.

The Performance Accountability Policy Group (a spin-off from the Performance Accountability Task Force) is working to organize Oregon's 14 workforce performance indicators into five areas—entered employment/earnings/retention, skill gain, return on investment, customer satisfaction, and self-sufficiency—and then link them to the benchmarks. The process is complicated by the multiple, nonaligned federal performance measures from the Government Performance and Review Act, the secretary of the Department of Labor's priorities, and the Workforce Investment Act of 1998. Also, different federal agencies have different definitions for the same term—for example, "entered employment."

As an example, the [Oregon State Police](#) (OSP) is starting to "think upriver," using the fishbone diagram for problem solving to identify leverage points and measure data there. This perspective leads to an increased use of partnerships. Assessing "what is the value added by an additional trooper—or lost by the reduction of a trooper" led OSP to institute a community policing approach and activity-based work plans tied to long-term needs. For example, Fish and Wildlife Enforcement officers put together their work plan with the [Fish and Wildlife Agency](#) with the shared goal of protecting a species. For example, the troopers' plans include monitoring compliance with push-up dam regulations (habitat protection for salmon and trout). This is a full partnership, where a trooper works with a biologist to develop a plan to support long-term needs of species.

Another example of cooperation was the development of a plan for dealing with the problems of the I-5 pass between Oregon and California. This pass reaches 5,000 feet in elevation and the use of performance measures helped identify a wintertime problem. The pass became icy at certain times and truck blockage on the icy highway caused lots of accidents. Troopers for that area worked in partnership with ODOT, California DOT, California Highway Patrol, the Ashland (OR) Police, the trucking association, and the American Automobile Association. They researched the problem and what others with similar situations had done to solve problem. Based on the research and after obtaining approval from all of the stakeholders, they instituted a zero-tolerance zone where trucks without chains were not allowed in icy conditions. This required the ability to turn back trucks without chains. The DOTs provided the necessary turnarounds. For the first year there was an 80% decrease in blockage accidents and a 50% decrease in deaths.

By asking about barriers to immunization, the [Health Division](#) found out a number of reasons that families may not immunize. They have formed an advisory committee/policy team to address barriers and to formulate strategies for reducing them. (See list of priorities for programming that the group has devised.) One solution to help remove financial barriers may be to legislate universal coverage for shots. Other solutions include improving immunization coverage in private health plans and fighting cultural beliefs that some have about not immunizing their children. The immunization rates are broken down statewide into clinics. Every year they report the results. The program identifies priority sites (health clinics) within regions of the state that have lower immunization rates. The region that has the lowest immunization rate is believed to be one where there is antigovernment sentiment, leading to resistance to state-recommended immunization practices.

In another program area, Oregon food banks were found to have access to three times the food they have the capacity to handle. The [Oregon Housing and Community Services Department](#) started integrating its food bank program with other programs that shared the common goal of feeding needy people—in schools, the department of agriculture, food stamps—and that had the capacity to handle the excess food. Now a much greater portion of the available food is reaching the needy.

In interviews, it was mentioned that it is crucial to understand that the benchmarks create a focus on new things and an agency may not know enough to establish an outcome goal immediately. They may set up a process goal or investment goal in the interim. Because the benchmark is there—albeit without an outcome measure—management adjusts programs in anticipation rather than in response.

The State of Oregon is looking for system change, and performance measurement is one tool that can be helpful in that change. For example, initial performance measurement efforts proved to be very difficult and have revealed that not all agencies had strategic (or any other) plans in place to guide indicator selection. This has led to more visible agency strategic plans, which have helped agencies manage change. There is no formalized approach to agency strategic planning or requirements

describing it, but the benchmark process and its partial use for budget decision making has led agency heads to value planning and being able to communicate results against strategic goals.

Accountability and Communication

Intent and Expectations

Agencies that are performing well usually are willing to report their results. Members of the legislature are now being elected with no understanding of the role of government and who is responsible for what. The general public is not highly attuned to benchmarks; therefore, agencies do not claim to be achieving this benchmark, just that they are achieving their goal. General apathy appears to be common; unless there is a problem, the press does not act as a conduit to communicate—it seems only to focus on failures.

Actual Use

Performance information on highway condition and needed maintenance was used in a gas tax increase legislation debate. However, county, city, state, and federal agencies all presented data about transportation. The data suffered from multiple definitions that made it appear contradictory. At first, ODOT could not answer questions about cost and efficiency and results: Why do you need money? How do you spend what you have now? Why is what you have not enough? Senate staff asked agencies to tell them what it costs, where the gas tax money is coming from and where it is going (with state, county, and city government all presenting different information). Initially nobody pulled this information together. There was conflicting information coming from different sources. The Senate president did not know if money was needed. It took an entire year to get information into a form he could understand and then determine that the gasoline tax increase was needed. To do this, the Senate President's Office, Governor's Office, ODOT, and the Legislative Fiscal Office worked together to get numbers all could agree upon and then put the numbers out for interest groups to comment upon. "If the gas tax is increased X cents, it will produce Y revenue, which will be distributed to whom and will make Z change in roads." As a result, during the course of the session as the legislators became more confident of the information being presented, there was a complete turnaround in attitude of the legislature toward a gas tax based on performance data. Subject to referendum, the legislature passed a 5-cent gasoline tax increase.

One set of numbers was given to interest groups for critiquing (the same numbers from ODOT, Legislative Fiscal Office, governor). The numbers were then adjusted to include information to assess what each 1-cent increase in gas tax would do for the state—for example, "you could expect this much increase in lane-miles maintained or constructed [and by which entity—state, county, city] and improved condition of roads." Finally, because the legislature was fully informed and believed the information, the 5-cent increase was passed.

The governor, as can be seen by his budget message, believes there is an obligation to report to people on results and what government actually does and the services needed to do that—in other words, how they do the work. As a result, agencies are making more effort to communicate performance, strategic plans, and goals. This is also caused in part, some think, because departments are afraid of a lack of knowledge among the legislators (because of term limits). The use of performance measurement seems to be in transition right now—there was more emphasis a few years ago, but now it has dropped off, and at least some legislators are asking for the information (how do I know what I am getting from this program?). They seem to want some way of knowing what

departments are doing so they can make an informed decision; initially, departments were not ready to provide this information.

The Community Solutions Team (CST) and local representatives have testified before the legislature regarding the successes of the CST program, but no hard performance measurement data had been submitted at the time of the interviews. Yet, a "narrative or special analysis" is submitted with the budget to the legislature. It includes trend data for performance measures related to personnel, services, cost data for management, costs and amounts for seed orchard and nursery programs, service forestry unit, forest resources trust, insect and disease unit, urban forestry unit, protection from fire program, smoke management program, and forest practices program. For each indicator, an explanation and rationale are given. Explanatory information related to the level of performance is *not* given, although it would be very useful to explain other circumstances that influenced performance levels. The CST has been able to verbally give explanatory information before the legislature.

The Audits Division of the Office of the Secretary of State is developing a risk assessment capability (including assessment of financial and management risk). This should provide a means to assess where there is management risk and for educating citizens about what government does and how it does it. They believe that this will help the public understand government results through risk assessment of program management and performance. All the information will be on the web. The goal is transparent government.

Having strategic plans enabled some agencies to negotiate with the legislature about new initiatives that were being proposed and to say, "You are saying we have to start doing ___, but our mission statement says ____, and the two are not compatible."

The Budget and Management Division (BAM) of the Department of Administrative Services is struggling to give legislators information that is useful to them. Performance measurement is, first, a tool for communicating goals internally. Then, when that has been accomplished, it can be used externally—for example, in budget presentations to the legislature. Before the legislature can be told, "If you give us X, we will accomplish Y, which leads to Z," the agency needs to know internally both the cost of Y and the relationship of Y to Z.

The Department of Land Conservation and Development (DLCD) lists the primary and secondary benchmarks linked to its planning program at the end of the department's strategic plan and refers to them in the introduction to the plan. The Oregon planning program has its own 19 goals, Oregon's Statewide Planning Goals, which preceded the benchmarks. These goals came from DLCD work during 1974–76 and evolved from ten goals set in Senate Bill 10 in 1969. As yet, DLCD has not linked their goals to Oregon Benchmarks.

The state police are used to dealing with the media, and relations are good. The Sisku Pass example (with icy conditions in the winter, cited earlier) was one where media cooperated during the development of a solution and in highlighting the results of the actions taken.

In the Driver and Motor Vehicle Services there is a weekly e-mail to all employees that provides information on the division, including information such as the results of the Emergency Board's[2] decisions. All information, no matter its apparent interest to some employees, is sent to all employees, because management did not want to have to decide for which employees information would be relevant and or interesting. There is, however, no routine report to the public. The division believes the public really doesn't care. If results were published, it might give the wrong impression about the

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[2] The Emergency Board is made up of a small set of legislators named by the Speaker of the House and the President of the Senate. They provide interim legislative oversight that includes making budget adjustments.

agency—that they were trying to promote themselves. Or the public would not believe it anyway, or perhaps the public would think that the organization thinks it can now slack off since results are up. They recognize that there is risk associated with reporting to the public. The department would be interested in reporting to the public on the program effectiveness indicators, when the data become available, but not efficiency measures, because they do not think they would be of interest.

The Oregon Housing and Community Services Department (OHCSD) believes that legislators want agencies to (1) tell them what is really going on and (2) identify problems and solutions. They try not to create excess expectations or to link activities to funding. For this budget, the legislature did not allot OHCSD anything from general funds, but carved off pieces of power deregulation funds and the tobacco settlement. The link was that 47% of housing goes to people with health problems and smoking causes health problems – a creative solution.

The DLCD is among the several Oregon agencies with a citizens' board that directs its work. The seven members of the Land Conservation and Development Commission (LCDC) are unpaid citizen volunteers appointed by the governor and confirmed by the Senate. Membership must include a representative from each of Oregon's five congressional districts—with no more than two from Multnomah County, an elected county official, and a current or past elected municipal official. The current chair, an at-large member, is a farmer/consultant employed by the environmental engineering firms CH2M-Hill. Other members include a county commissioner, two farmers, a lawyer, and two former mayors. The LCDC was established in 1973. From 1974 through 1976, it adopted 19 statewide planning goals, which local plans must meet. (Most of the goals have been amended since adoption.) The Commission also adopts guidelines that local governments may choose to use in their planning. The first statewide goal is citizen involvement in land use planning, and the second is land use planning itself. All local governments must adopt a comprehensive plan and implementing measures as developed with citizen involvement as specified in the (mandatory) locally adopted citizen involvement program and coordinated with other local governments and state agencies.

Every local comprehensive plan must have a Citizen Involvement Program that includes support for citizen involvement, feedback, and evaluation. Smaller jurisdictions may designate their planning commission as their citizens involvement committee/commission? DLCD has not pushed the evaluation requirement or given local governments a lot of guidance on how to do it.

The Oregon Citizen Involvement Advisory Committee (CIAC) was established by ORS 197.160 to advise the LCDC regarding statewide planning goal #1—citizen involvement. CIAC is purely advisory and encourages citizen participation by preparing materials to inform Oregonians about citizen participation, disseminating information about citizen involvement techniques, and advising state and local officials. CIAC struggles with the question of measuring successful citizen involvement—especially when a citizen comes forward with a complaint. The requirement is generally stated and lets local governments craft their own citizen involvement criteria. Eugene is a good example of intense citizen involvement, but it adds to the cost of every planning action because the process is expensive.

A 1996 survey about the citizen participation requirements was mailed to the 240 cities and 60 counties in Oregon, and got 142 responses. Survey responses showed that most medium and large cities and counties maintain strong citizen-involvement programs. Many small communities do not have a complete program as required, and they consider the state's policies unnecessary and difficult to carry out. Still, state citizen involvement policies are generally sound, and it appears that citizens' interest and involvement in planning decisions is not limited to land use proposals affecting them directly. The LCDC faces the conundrum of knowing that its rules regarding citizen involvement are a

"hollow shell" for the majority of Oregon communities—but not the majority of the Oregon population. It appears that lack of resources is a contributing factor, but not the only one.

PERFORMANCE MEASUREMENT IMPLEMENTATION ISSUES

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

Although there have been individual instances of performance information being questioned, this issue did not seem to be of serious concern to most people or agencies. There was, however, an issue of the credibility of information provided to the legislature, and others mentioned the difficulty of getting performance information about certain indicators of results, especially in social service areas. For example, Adult and Family Services said they were having difficulty obtaining measures of salary progression for clients who had been placed in work positions. They also noted that they have been challenged about their figures for average wage at placement but had gotten approval for that information. The Health Department also mentioned the difficulty of getting reliable information about immunizations. They are now reaching out to others in an effort to improve the quality of the information available, and are even doing survey work.

Perceptions of the Quality of Performance Information

There was mention of questions about the quality of information about performance of benchmarks. Perhaps of more importance, there was interest in work presently being done by the Portland Multnomah Progress Board in identifying the drivers of benchmarks (those things that influence benchmarks) and what services are presently being provided, and by whom. This work takes the form of benchmark audits, with the first being done for the children's readiness to learn benchmark. It is hoped that an outgrowth of these "audits" will be further research into what services are contributing to results on benchmarks and to what degree they have contributed to the results achieved.

Efforts to Address Information Quality Issues

The State Auditor is developing a risk-assessment system that will include information about whether a department is being managed for results and will therefore include information about performance measures. However, this is still in the development stages, and it is necessary to wait and see what results it will have when it is completed.

As noted earlier, issues were raised by the legislature about information on the need for and use of a gasoline tax increase. The department worked with the legislative leadership, its staff, the Governor's Office, the Legislative Fiscal Office, and interest groups to develop information about how much revenue would be produced by an X% gasoline tax increase, how the resources would be used, and what (measurable) changes would be seen in the transportation system. After the information was agreed upon and interest groups commented on it, the legislature was able to pass a 5-cent gasoline tax increase.

Another major issue concerned the links between benchmarks and the outcomes of the programs of individual agencies. When required to link to benchmarks in order to receive additional funding, agencies appeared to be quite creative; some links were questioned, and the Oregon Progress Board pressed to increase the number of benchmarks to include those for some services that were considered

essential but did not seem to fit any current benchmarks. This led to questions about the value of both benchmarks and performance measures. In later years, a more coordinated effort was made to select a reduced number of benchmarks that take into consideration the essential services of the state and local governments without losing the broad societal vision.

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

Training on a comprehensive basis seems to have been lacking. Certain departments have undertaken training programs in developing and using performance measures, but those seem to be in the minority. The importance of and need for training was often mentioned, but few commented on its present availability.

In another effort the Oregon Progress Board is working with departments to align their strategic plans and performance measures with the benchmarks.

It was noted that the Audit Division of the Office of the Secretary of State does a lot of training, but none on performance measurement. Oregon is adding performance measurement with existing staff and does not have a big internal training program, but it does offer mentors internally. A few people go outside for training. Lack of training has slowed implementation, but using the existing staff helps keep performance measurement integrated and not a separate program. One department stated that "more training is needed to address the weak point in the planning process—measurement and assessment."

In state efforts that include working with local governments, several departments mentioned that they had technical assistance efforts that often used consultants to help the local government. Others mentioned that the state conducted one year of training forums for local front-line staff and managers regarding waivers granted by the federal government under the Oregon Option. Topics included the performance improvement initiative, how to continuously improve, getting better results for customers, and meeting needs of employees.

Another department is putting together a training plan for new staff on performance measurement – program performance and tactical performance. However, they question the extent to which the workforce is ready for this training.

EVOLUTION OF PERFORMANCE MEASUREMENT

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

An initial difficulty arose because of the manner in which Oregon Shines and the benchmarks that grew for the vision set forth in Oregon Shines were developed. Both the vision and the benchmarks were developed outside the state government and highlighted societal issues identified as being of importance to improving the quality of life in Oregon. This meant that they were not necessarily related to the services being provided by the state or, for that matter, local governments.

When the governor required departments to indicate a link between the services they provided and the benchmarks if they were to retain as much as 10 percent of their COL budget request, the departments realized that many essential services (or, at least, services they considered essential) were not linked to a benchmark. In some instances, they used creative methods or a circuitous route to establish tenuous links from activities to the benchmarks. In other cases, they asked for the inclusion of

benchmarks that were related to a service or activity. This resulted in (1) an expanded number of benchmarks, (2) communication to the governor and legislature of artificial links between services and benchmarks (and therefore the service could not affect the benchmark), and (3) in some cases, the loss of a sense of value for services that were not linked but were in fact essential to the well-being of the state and its citizens. In this environment, performance measures lost some of their value and were subject to the criticism of not measuring something of importance.

Legislators and others feel that the department mainly use benchmarks and trends to justify more funding. Departments look for benchmarks that support their need for resources and are selective and self-serving in their approach to performance measurement.

In addition, the benchmark goals were established to reflect the optimum condition without regard to whether state or local governments were responsible for, or even able to contribute to, the results or the resources that could be made available. Therefore, when subsequent reports reported progress toward the established targets, serious questions were raised about who was accountable for the result and the reasonableness of the target given the time and resources available.

Another issue raised was difficulties that occur when benchmarks are disaggregated from the state level down to individual communities. For example, although it might be accurate to say that a 10 percent increase in housing is needed statewide, the city of Lebanon doesn't need more housing; it has more than enough housing, but it needs jobs and people to fill its already available housing. On the other hand, the city of Corvallis may need an increase of more than 10 percent in its housing because of its economic growth.

When the state departments were asked to develop performance measures, it was assumed that they had strategic plans. In fact, most departments had not developed strategic plans and did not have a base from which to link services or their mission to the benchmarks or from which to develop performance measures.

Also, there is concern that the legislature does not seem to have really "bought into" the benchmarks. They seem to see them as broad societal goals that may or may not relate to state responsibilities. Other barriers noted include:

- Benchmarks are statewide goals, not necessarily goals for state government. They might be more effective if they were state government goals, with legislative involvement, and not just Oregon Progress Board goals. The Progress Board is under the governor, so the legislature does not trust it; it is seen as an arm of the governor rather than an independent, objective body.

- Departments tried to develop program indicators from the state's benchmarks, but they could not measure their performance in relation to the benchmarks; they needed their own performance indicators. They are grappling with what it is they are measuring.

- A weakness of the benchmarks is that they were not connected with implementation; there needs to be more of a focus on implementation in state agencies. (There was very little attention to state government at all.) The benchmarks were seen as lofty goals, but how they would be achieved was not given enough consideration.

- Improved relationships with the legislature requires spending lots of time with them. It is made more difficult because term limits are weakening the legislature's committee system, which was its infrastructure for getting things done.

- Agency performance measures vary from year to year, and the legislators do not trust them. For example, any information ODOT gives them is suspect, and so the legislature set requirements for certain measures in a specified format from ODOT.

- Whereas the benchmarks are supposed to serve the state, it is very difficult to show how local problems can be understood in the context of the benchmarks. For example, consider the benchmark of increasing the percentage of Oregonians who are employed. This may be an important goal, but if this is not a problem in one region but that region has a more pressing problem of not enough affordable housing, the priorities must shift. If a nearby town does have enough housing but not enough jobs, the typical response would have been to build a new freeway linking the two towns. The Community Solutions Team would not consider this an appropriate response, but would instead seek to find more housing for the town that needs it and more jobs for the town that needs those.

- There are difficulties in obtaining information on client satisfaction, especially of the elderly, because they may not be in a time in their lives that they feel satisfaction, despite the efforts of service providers. Another interviewee said there is not a good mechanism for obtaining client satisfaction from welfare clients in a routine way.

- It takes precious time and resources to capture data and communicate it to managers.

- Departments need more money to develop the data systems needed for performance budgeting. Despite good intentions of what they would like to measure, crises in the field always come up that must be dealt with first. This inhibits their spending time on developing a measurement and using it.

- Agencies are still recovering from cutbacks in middle management made by Governor Roberts (resulting from Proposition 5), and their use of performance measurement is hit or miss.

- It is hard to connect from Mental Health Services to Oregon Benchmarks. For example, for service to mental health clients: How do they change suicide rate (a benchmark)? What happens in other systems when the mental health job is not done (criminal justice, schools)?

- It is difficult for the Oregon Department of Forestry to compare itself with other states' forestry agencies because Oregon has the greatest amount of forests in the United States and has unique challenges. In addition, legal requirements may differ from other states. In Oregon those requirements require different levels of service are required. Some comparison can be made related to land conservation and fire prevention.

- The Department of Forestry has not broken out data by specific regions within the state because it would not be meaningful; the regions have too different conditions. They have tried to stay away from this because it would not be accurate. They have wanted to do district performance reports but have not because of the wide variation in conditions that affect performance year to year in one region, the southwest in particular. It is also difficult to explain differences in statewide performance from year to year because of the variation in extenuating conditions each year. There are many safeguards in this service area that can inhibit high performance, merely because regulations must be followed to ensure safety despite their potential for hampering higher performance.

- The Department of Mental Health Services would like to measure the prevalence of mental illness, in order to calculate the level of unmet need. Homelessness is a proxy for this. But there is no statewide survey of the homeless to be used for a needs assessment.

What lessons have been learned from the performance measurement experience to date, and what are future expectations for the use of performance measurement?

A broad spectrum of comments were made in response to this question. A general direction from the following comments would seem to be that the state should approach performance measurement slowly without unduly high expectations and that performance measures should be recognized as information that can be used to help guide programs and raise important questions. There should be involvement of agency staff at lower levels (those who actually do the work), top management should be firmly behind the effort and say so, the legislature should buy into the process and use of performance measures, there should be an effort to link benchmarks to agency services; and the role of citizens needs to be further developed. Among the comments received from those interviewed the following excerpts seem to stand out:

- Move cautiously; small steps; pick agency and develop limited measures and build on that.

- Remember that it is very difficult to get agencies to work together, so need to establish methods of overcoming this problem. Involve different levels of government and the private and not-for-profit sectors because they are all involved in the achievement of benchmarks.

- Learn to "think upriver" to identify what causes the problem. Then examine the problem in its entirety and identify leverage points. Can only do this with partnerships—across agencies, with public, with businesses.

- You must create a climate and supporting culture that encourages problem identification, problem solving, team building, partnership usage, and research. In this climate, it is important to use explanatory factors. In setting targets, remember to identify and monitor what you cannot control.

- Identify all of an agency's performance measurements and see how they line up to state goals and benchmarks.

- Do not treat as a panacea and then toss out if performance measurement does not meet that expectation.

- Remember that performance measures are a tool and use them as such—and they are only one of many tools.

- Provide more training focused on how to implement and use performance measures.

- Need to prepare people for the realization that performance measurement data leads to more questions and not necessarily answers.

- It is important, to the extent possible, to identify key indicators that can be used as outcomes to manage policy.

- Need measures that employees believe are important to their work.

- Work to ensure that each manager feels ownership over measures. Be careful because there are too many measures. Try to decrease the number of measures without losing value to employees and links to benchmarks. The employee unions must be involved. Be careful because pay for performance can cause deterioration of results unless great care is taken.

- Need to make sure there is not a lack of knowledge of strategic plans and organizational missions. Make sure that the department head does not lose the ability to move organization.

- Always remember that you cannot manage for results without performance measures.

- Allow agencies more flexibility; one method does not work for all. Need to be able to address more subjective needs.

- Do not spend undue time on trying to get performance measures for all agencies. Always ask if they and their work are really important enough to spend time on establishing a strategic plan and developing performance measures. Will the strategic plan or performance measures result in any changes in the organization and what they are doing?

- You must understand that term limits mitigate against a long-term perspective among legislators. It is important to phase in implementation and to be honest about successes and failures—sharing this information internally.

- Realize that when there is trouble with measures (cannot measure or cannot agree on what to measure), it is almost always because of a strategy disconnect. For example, what is more important in preserving the fish population—spawning fish or hatching fish? Focusing on the number of fish caught does not allow the issue to be clearly seen because biologists say we need naturally spawning fish for future genetic population base. Therefore, it may be important to focus on measuring the natural breeding of fish.

- Many programs operate under federal guidelines for performance reporting requirements. But the federal outcome indicators are also in flux, changing periodically. They have specified indicators they must report for federal agencies and must work out how those relate to state-level indicators needed, and indicators that they can share across programs, as well as locally reported indicators. They need to develop one system that can meet all of their customers' needs.

- Remember that the state delivers many services through counties, and they must be involved in any process to establish performance measures.

- Funding sources are important to consider in performance measures. Categorical funding tends to bring with it required performance indicators for each category.

- For a system to work, it must first involve the people who do the work. Their input must be obtained when developing indicators.

- One department noted that ideally a performance measurement process would begin with strategic planning, and at the same time training of management and employees should be conducted to get buy-in. They believe that a cultural change must happen to make performance measures successful, and that training is the key. The next step would be to develop benchmarks (or goals) and then develop performance indicators. When developing performance measures, there needs to be broad-based involvement of partners of agencies that are involved in achieving outcomes and there also needs to be involvement of agencies in the budget process to make sure it is logical.

- Remember that legislative committees view the benchmarks differently than do the departments. They see them as a way to look at the results or progress of the state in meeting objectives, to hold departments accountable for results, as well as to look at the cost of government. They would like to combine the two: costs/output or outcome, and business objectives.

- The legislature needs to be able to consider agencies' primary goals and be able to ask about progress on them. They should be able to use the agencies' performance measures as a diagnostic tool. But they would also be used to control the time spent by subcommittees on budget discussions. The legislature would consider the benchmarks that each agency addresses and then would review the performance measures the agencies have used to measure their progress.

- For an agency in transition, benchmarks can serve as a critical internal management tool. Ten years ago, the Parks Department found performance measures a good tool for communication with the public and the commissioners. Now their mission has changed, because the public has changed what it wants. Performance measurement can be used internally to help the staff see that they are not failures, but simply need to shift with the wind. There are similar examples in the Adult and Family Services and welfare-to-work programs.

- Make sure that performance measures are relevant and reliable.

What are future expectations for the use of performance measurement?

There were no questions asked during the interviews that directly address this issue, but it appears from the responses to other questions that the State of Oregon has fairly high expectations for the use of benchmarks and related performance measures. There were comments that indicated that further cross-department coordination efforts are planned in order to address benchmarks that require the efforts of several departments. Efforts continue to link benchmarks to department services and to develop information that will assist in the budget deliberation process. There continues to be interest in the level of results compared to benchmark targets including the use of grades to highlight results. But perhaps most importantly, there appears to be considerable interest in developing performance measures that can assist departments and service areas in identifying ways to improve services being provided. The use of benchmarks and goals for those benchmarks that are chosen with citizen input appears likely to continue to be central to Oregon's future efforts.

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