CASE STUDY:
STATE OF WISCONSIN

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

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Principal Researchers:

Dr. Julia Melkers
Mr. Pratik Mhatre

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The State of Wisconsin

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EXECUTIVE SUMMARY

The state of Wisconsin is a useful example of a state that has adopted performance measures in a piloted capacity. Overall, performance measures have been used for some time in Wisconsin in a decentralized fashion and appear to have taken firm root in some parts of the state government. The 1999–2001 pilot process, which formalized the adoption of performance measures in the budget process by selected agencies, illustrates the commitment of Wisconsin legislators to take the process seriously and attempt to integrate it in an effective fashion in budget and policy decision making. Great strides have also been made in the state in terms of the integration of information technology in the performance measurement process.

Over the years, under different administrations, the Wisconsin state government and its agencies have made a variety of attempts to implement aspects of performance-based management, including, for example, strategic planning by agencies and attempts to consider "return on investment" in budgeting. Over the past decade, the state of Wisconsin has cooperatively worked across the branches, through executive staff offices, including the Division of Executive Budget and Finance, and legislative staff offices, with legislative appropriations committee members and agency staff, in developing performance measures that effectively communicate the performance of programs and departments. In addition, private consultants were hired to perform benchmarks on centralized mainframe operations. The statewide Information Technology (IT) standards that have been established also bode well for further performance measure development, as the technology will facilitate information tracking within and across state agencies.

As described in this case study, several agencies have developed output measures to provide benchmarks for how efficient their operations are relative to industry averages or goals set by the agencies. IT projects are required to have an evaluation component to assess whether they are providing the benefits attributed to them. Two agencies were statutorily required to submit their 1999–2001 biennial budgets on a performance-based budget basis, and budget instructions encourage other agencies to also develop performance measures. A variety of programs currently have specific measures, either output or outcome, in place.

Citizens' and citizen groups' participation in developing and reporting performance measures is limited. Many of the agencies prepare reports that share some performance information. Performance communication is primarily limited to communication within state government. However, efforts to expand this have been expressed by stakeholders. Further, there is evidence that budget decisions include discussions about agency and program performance.

State leadership, both legislative (Senate and Assembly) and executive, is interested and is actively pursuing the use of performance measurement by state agencies. It is generally felt that the government should operate efficiently and effectively and that performance measurement can play a role in achieving these ends. Thus, from all efforts and measures seen, the state of Wisconsin is serious about performance measurement. It has invested in this effort through reorganizing around performance measures by effective use of technological systems.

TYPES OF PEOPLE INTERVIEWED AND THEIR ORGANIZATIONS

Interviews for this case study were conducted with a range of individuals, as indicated in Table 1.

Table 1: Individuals Participating in Case Study

Interviewee/Official	Title	Organization
John Montgomery	Deputy director	State Budget Office
Terry Rhodes	Assistant director	Legislative Fiscal Bureau
Janice Mueller	Director	Legislative Audit Bureau
Don Bezruki	Program evaluation director	Legislative Audit Bureau
Tricia L. Collins	Fiscal analyst	Legislative Audit Bureau
Jon Dyck	Fiscal analyst	Legislative Audit Bureau
Jere M. Bauer, Jr.	Fiscal analyst	Legislative Audit Bureau
Jennifer Noyes	Director	Department of Administration: Performance Evaluation Office
Todd Berry	Director	Wisconsin Taxpayers Alliance
Ernie Wittwer	Special assistant to the secretary	Office of the Secretary: Department of Transportation
James S. Etmanczyk	Director: Organizational Development	Department of Transportation
Douglas Thompson	Executive assistant: Division of Motor Vehicles	Department of Transportation
Kathlyn Sell	Associate vice-president and budget officer	University of Wisconsin System: Management and Budget
Dr. Frank Goldberg	Associate vice-president	The University of Wisconsin System
William Fiss	Budget director	Department of Health and Family Services: Division of Children and Family Services
Richard W. Lorang	Deputy secretary: Office of the Secretary	Department of Health and Family Services
Robert Wagner	Director	Department of Health and Family Services: Strategic Planning and Evaluation Section
Doris Hanson	Former DOA secretary, then legislator, now head of the state's TEACH program (Technology for Educational Achievement)	TEACH program (Technology for Educational Achievement.)

FINDINGS

The findings presented in this case study are based on interviews with key individuals in Wisconsin state government, as well as a review of relevant documents provided by the state. This information is organized around three themes that provide a basis for understanding performance measurement in the state of Wisconsin: (1) people and their roles, (2) uses and effects of performance measurement, and (3) implementation and use of performance measures.

Wisconsin has several elements in place for results. Many state agencies have performance measures that are used internally, and a pilot process has been adopted to formally integrate performance measures in the state budget process. Strategic planning is also widely used. For example, agencies are required to develop strategic plans to meet their information technology (IT) needs and a strategic business plan upon which the IT plans are based. The IT plans were required first because of intense interest in IT acquisitions, but concurrently the need to develop strategic business plans to provide the foundation for IT plans is stressed.

PEOPLE AND THEIR ROLES

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

In the state of Wisconsin, many executive agencies and offices have used performance measurement for many years. This is especially true of social service programs and agencies and the Department of Transportation. Although many state agencies have used performance measures for years, recent requirements have formalized the process within the state. In the 1999 budget cycle, Wisconsin adopted a formal pilot process for integrating performance measures in the budget process. As stated in the 1999–2001 Budget Instructions issued by the Wisconsin Department of Administration, Division of Executive Budget and Finance:

> The Legislature is requiring two agencies to submit their biennial budget requests using performance-based budgeting, the Department of Transportation (DOT) and the newly created Technology for Achievement in Education (TEACH) Board. The Governor is also encouraging all other agencies to develop performance measures for the budget programs they administer and include the measures as part of their budget submissions.

In addition to these recent requirements, however, there has been long-standing evidence of the development and use of performance measurement in agencies throughout the state. Performance measures are actively used by the legislative and executive branches, as well as appointed and administrative executive staff. Although the duty and function (as well as the interpretation) of the measures differ between the branches, among elected officials, and within the administrative positions of the executive branch, there is widespread agreement that some performance measurement procedures are positive for the state.

The development of performance measures is generally described as a hierarchical process led by the state strategic plan and top-priority goals expressed by the governor. Each agency and program is given the responsibility for developing its own measures of performance, as they deem feasible and fit to align with the state's goals and strategic initiatives. As stated in the

1999–2001 Budget Instructions issued by the Wisconsin Department of Administration, Division of Executive Budget and Finance:

> Agencies should develop performance measures in a workshop setting with the full participation of agency management, including the direct program managers and appropriate staff. Agencies are encouraged to develop and utilize measures which can be used for a whole range of improvement purposes—internal operations, external customer satisfaction and program outcomes. All are worthwhile uses of performance measures that agencies are encouraged to pursue.

The governor has taken a lead in trying to improve the government performance as well as making agencies more accountable to the public. Governor Tommy Thompson (in office at the time of this case study) expressed his priorities in his annual State of the State messages, other speeches, budget messages, and veto messages, and by supporting or opposing certain legislation and in executive orders. He also provided strategic directions to agencies at cabinet meetings and through specific directives—e.g., in budget instructions presented by the Department of Administration. Specifically, in the 1999 budget, he asked that the state "expand performance measures in budgeting to more state agency programs."

Performance measurement has been further supported by Wisconsin's new governor, Scott McCallum. The state is moving beyond the pilot process to include all executive branch agencies. In the 2001–2003 Budget in Brief, performance measurement is emphasized as an important part of the budget process:

> Budget instructions directed state agencies to prepare measures indicating actual and planned performance in one or more of their broad Chapter 20 programs. Larger agencies were asked to develop at least four measures and smaller agencies at least two measures. Agencies were given flexibility to develop their own measures and encouraged to select measures that: (a) are of interest to the public; (b) are meaningful to the agency's mission; and (c) generally reflect the importance of specific programs, and the goals and objectives of the program(s) selected. This process will evolve over time as agencies gain more experience developing performance measures.

Measures are reported as part of the budget process in the Executive Budget Book. The description also notes that:

> Some programs are more suited to efficiency measures, such as reporting the number of license applications processed, rather than to measures that determine the effectiveness of licensing a function in the first place. However, agencies were encouraged to develop measures that focus on effectiveness as well as efficiency, since performing an ineffective service efficiently does not add value for citizens. In addition, while it is difficult to determine cause and effect for certain outcomes due to a particular state program, taxpayers want assurance that programs accomplish what they are designed to do. . . . Agencies will be asked to track their actual performance over time against planned performance to see how well their goals were met. The primary intent for using performance measures is for agencies to use the information as a management tool to continually improve their

> services. In addition, by including performance measures in budgeting, information will be available so that a program determined to be inefficient or ineffective in meeting goals over time can be modified before providing more funding or can be eliminated altogether.

This new language is strong and points toward effective, comprehensive use of performance measures in state government. Further, it makes it clear that performance data are important in the budget process but should also be used by managers to improve program delivery.

As is true in many other governments, the role of strategic-planning activities in the state of Wisconsin is important in the performance measurement process. By linking measures with the strategic goals for the state, many departments play a role in subsequently attaining those goals. Therefore, many agencies are developing, tracking, and improving different measures that coincide with these strategic goals. For example, improving the economic conditions within the state is a strategic goal identified by the governor. Thus, the governor plays the role of a leader and identifies the key goals in terms of economic and political accountability and delegates the responsibility to the departments to achieve those goals.

In terms of verification and oversight, the Wisconsin Legislative Audit Bureau (LAB) performs periodic assessment of state government programs including IT systems. LAB's performance audits are conducted at the request of the Joint Legislative Audit Committee, initiated by bureau staff, or required by legislation. At times, they play a role in confirming performance data and reports. The LAB reports to the legislature and performs compliance audits of state programs. Auditors are encouraged in all audit activities to be attentive to statutory mandates and management activity, and to provide comments and observations about issues that impact the performance audit. In general, however, use of performance measures within the legislature is difficult to assess. Based on interviews conducted for this case, the intent of the performance measurement data has not always been clear to legislators, and in some cases they did not seem sure that certain agencies actually made use of performance measures.

The Department of Administration (DOA) plays an important role in the performance process by issuing guidelines for performance measurement, as well as working directly with agencies in these efforts. DOA's goal is to enhance a working relationship with other state agencies in order to provide efficient, high-quality state service. It has also provided performance measurement training to selected staff of the agencies that have been required to use performance measures in the budget process and plans to provide training for other agencies in the future.

Citizen input to performance measurement is not evident in Wisconsin, although this may change in the future.

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?

Because performance measurement is effectively in a pilot process in Wisconsin, not all "intended and expected" uses and effects have been realized. Several interviewees suggested that the current performance measurement initiative in Wisconsin, although required, is still relatively new, so some of these intended uses and effects may yet develop in time. This section

reviews the use of performance measurement in resource allocation, for strategic and other planning efforts, and for accountability and communication.

Resource Allocation and Other Policy Decisions

Intent and Expectations

The impetus behind many perfomance measurement efforts has focused on resource-allocation questions. Not surprisingly, resource allocation was cited as an important intended use of performance measurement by most of the Wisconsin officials interviewed, particularly legislative staff. However, the view of the actual role of performance measures in budgetary decision making is relatively balanced. As stated in the 1999–2001 Budget Instructions:

> The performance measures will be just one piece of information that decision-makers will have when reviewing budget requests. The data should stimulate decision-makers to ask questions about how well a program is working and to focus more on results. This information will be included so decision-makers will have a clearer understanding about a program's:
>
> - *Goals*—the purpose of the program activity and the program's clients
> - *Activities*—the principal service performance to meet the goal
> - *Objectives*—the planned method for reaching the goal
> - *Outcomes*—the performance results achieved as observed through the outcome measures.

This balanced view is reflected in more recent guidelines. "Major Budget Policies for the 2001–2003 Budget," issued by the Wisconsin Department of Administration, described the following regarding performance measurement:

- A continuing tight budget environment necessitates a shift in thinking away from requests for new money and toward achieving results. Performance measures can help to facilitate this shift.
- Agencies will be asked to develop two to four performance measures related to their broad Chapter 20 budget programs and begin reporting on their performance in meeting desired outcomes.
- Agencies should identify measures that are available over time, are reliable, and most importantly, best represent the goals of a program.

From the interviews conducted for this case study, expectations for how performance measures could be used in the budget process were high overall, but seemed grounded in the realities of the language noted above. From the agency perspective, staff were hopeful that the use of performance measures could assist in positively influencing funding. Interviewees also acknowledged the importance of using performance measures to identify low-performing areas through the use of monitoring and performance standards. Managers may be able to establish performance standards from national data or by benchmarking using the best practice of similar

agencies. One former legislator remarked, "Legislators were interested in getting something going that would help them get some accountability of the monies being spent."

Actual Use

Based on interviews conducted for this case, it is uncertain whether actual budget-allocation decisions have been made based on performance measures. However, this relatively new effort in Wisconsin does show the integration of performance measures in the budget process. Performance measures were used officially in the 1999 budget process as a piloted effort. They were included in the DOT and TEACH budget requests, as well as being used in other capacities in other state agencies.

As one of two pilot PBB programs, TEACH conducted an extensive review of existing performance-based budgeting efforts in the United States as well as in other countries to help frame their performance measurement effort. Specifically, they took the following steps:

- Research on the use of performance measurement and assessment accountability models in the public sector
- Research on methods of implementing performance measurement
- Study of Wisconsin statutes related to TEACH
- Study of TEACH background papers
- Interviews with TEACH staff and stakeholders
- Synthesis of performance measurement and TEACH program information into a ten-step PBB model (detailed in the next section).

In the development of its performance measurement process, TEACH submitted program goals, activities, and objectives to the Division of Executive Budget. Performance measures have since been developed to reflect activities, outputs, and outcomes. Initially, focus will be on outputs, whereas ongoing data collection will allow more quantification of program outcomes, in areas such as improved learning and job readiness. For example, under the category of providing access to computing facilities, TEACH defined some outputs as:

- Public schools within CESA and libraries within each library system, that install or upgrade computer network wiring
- Students and library patrons with access to the Internet and distance education
- Quantities, types, and uses for the goods and services purchased by TEACH-eligible institutions with the Educational Technology Block Grant.

Under this same area, related outcomes were:

- The percentage of TEACH-eligible institutions meeting access benchmarks or suggested standards
- Comparison of levels of access to educational technology in Wisconsin schools and libraries to levels in other states.

In the Wisconsin Department of Transportation, performance measures have been used for some time. As noted in its 1999–2001 Business Plan, "performance measures are routinely used

in each of the bureaus." Formally identifying DOT as one of two agencies for the PBB pilot allowed an opportunity to revise measures and to formally integrate them in the budget process. Measures range from efficiency measures to a large effort focusing on customer satisfaction.

In its budget documents, DOT submits performance measures related to goals and objectives, as shown below, but also includes the following information:

- Annual base resources committed to the activity and current level of effort
- Related decision item(s)
- Planned progress toward objective
- External factors effecting outcomes
- Use of outcome measures in programming.

The following goals, objectives, and related performance measures were submitted by the Wisconsin DOT in the 2002 budget cycle:

PROGRAM 1:	**Aids**
GOAL:	Provide direct aid to counties and municipalities to assist them with transportation-related activities
ACTIVITY:	Provide general transportation aid to counties and municipalities
OBJECTIVE:	Focus resources from the General Transportation Aids (GTA) formula on direct transportation-related activities
OUTCOME MEASURE:	Police costs, as a percentage of total GTA-eligible costs
PROGRAM 2:	**Local Transportation Assistance**
GOAL:	Provide assistance to maintain a safe and efficient transportation system and maximize the economic development impacts of this assistance
ACTIVITY:	Provide assistance to localities to improve local bridges
OBJECTIVE:	Reduce the percentage of local bridges that are deficient
OUTCOME MEASURE:	Percentage of local bridges that are deficient

PROGRAM 3:	**State Highway Facilities**
GOAL:	Rehabilitate and preserve Wisconsin's state highway system in a cost-effective manner through the use of tested techniques to ensure that roads and bridges continue providing service
ACTIVITY:	State highway rehabilitation and maintenance
OBJECTIVE:	Increase the average annual PSI value for the state highway system and reduce the average annual PDI value for the state highway system
OUTCOME MEASURE:	Average annual PSI and PDI values

Of particular interest are the descriptions of how outcome measures are used in programming. For example, for the second goal related to bridges, above, DOT described the following use of outcome measures in DOT programming:

> By statute, local bridges are inspected every two years. Bridges are given a sufficiency rating that measures structural deficiency and functional obsolescence on a scale of 1-100. Those with a sufficiency rating of less than 40 are considered deficient and are eligible for funding for replacement or rehabilitation through the Local Bridge Program. DOT not only tracks bridges replaced, but also the number of bridges eligible for funding. The Department then uses criteria to evaluate and determine correct programming levels.

In a non-pilot program example, the University of Wisconsin (UW) System's Report on Accountability Indicators is issued annually (since 1994) by the System as recommended by 1993 Governor's Task Force on University of Wisconsin (UW) Accountability Measures. The report provides data on a number of indicators including student satisfaction, faculty involvement with undergraduate instructions, faculty workload, student performance and graduation rates, funding, diversity, and building maintenance. Although this report is not tied specifically to funding decisions, the results are considered by the UW System Board of Regents, legislators, and other policy makers as they establish budget priorities for the twenty-six-campus UW System. In the 2001–2003 budget, the UW System performance measures are somewhat general, including service rate, retention rate, and graduation rate. A yet-to-be-operationalized measures of "contribution to the state's economy" is expected to be reported in future years.

Effect of Use

At the time of this case study, interviewees pointed to the importance of performance measures in the budget process but saw little evidence of an impact on resource allocations. There is agreement that performance measures have changed the nature of the budget process to some extent, but that more accessible and attractive measures rather than "obscure" or "internal" measures will make a real difference in how useful the data actually are to policymakers and other stakeholders.

Strategic Planning, Performance Monitoring, and Performance Improvement

Intent and Expectations

A top priority of the Wisconsin Department of Administration is to promote the development of strategic business plans by each agency in the state. Section 16.971(2)(L) of the Wisconsin State Statutes requires state agencies to prepare and submit a strategic plan to DOA. In 1998, DOA indicated that:

> Future state budgets will be evaluated by DOA, the Governor and the Legislature in the context of strategic business goals. Expenditures that fail to advance businesses priorities identified in an approved plan are unlikely to gain approval.

This is important from a performance–measurement perspective because it represents coordinated effort to link agency objectives and goals with measurable results. The main intent of performance measures was to integrate all processes in order to use and successively relate to all elements in the appropriate context. Performance measurement was a major connection for planning. Performance measures are intended to indicate what has been achieved, the current level of performance, and where improvement is needed. In the words of several individuals interviewed, "What gets measured gets done." One individual added that measuring performance helps the planning process. Finally, program staff indicated that they were grateful that interest in outcomes was evidenced at the department level. There seemed to be general consensus that development and use of performance measures would help management teams better understand their programs. Although this itself is a major effort, DOA has gone further to interpret the strategic-planning requirements as one that requires the integration of traditional strategic planning with IT planning. Given this, they have asked that IT goals be integrated with the business goals defined in agency plans.

The primary goals and objectives of the performance measures were expected to be broad based in order to assist multiple agencies and functions in reviewing and evaluating the programs each agency ran. Thus, the focus on goals and objectives was made prominent, making priorities clearly communicable. Making decisions using data would be made easier with the availability of performance measures obtained therein.

For example, the Department of Health and Family Services developed a Strategic Business Plan to serve as a guide for the efforts of the department. The plan proposed to link outcome measures directly to goals to create a stronger outcome-based plan. The direct linking of outcome measures to goals would require a revision of the existing goals to make them more amenable to the development of outcome measures. It also further recommended the development of an outcome measures workgroup to help determine which outcome measures are most ideal for the department's plan. The workgroup is also intended to identify vital measures that are not currently available so that the department can initiate efforts to create the availability of more useful data in the future.

In another example, TEACH (one of the two-piloted PBB programs in the 1999–2001 budget cycle) embarked on a process to develop performance measures for the program. The TEACH PBB team drew on the experiences of others to design a model for selecting performance measures and implementing performance-based budgeting. In the process, it identified ten essential steps for designing and implementing PBB:

1. Define program mission/vision/goals/activities/objectives.
2. Identify and classify key results.
3. Develop performance measures that are relevant, reliable, valid, and cost-effective.
4. Establish baseline data, and identify ongoing data-collection needs and methods.
5. Engage stakeholders to get reactions to initial proposed performance measures.
6. Establish program benchmarks.
7. Collect and analyze program data:
   (a) Measure performance
   (b) Verify measures
   (c) Compare results to benchmarks.
8. Incorporate performance measures with the budget process, planning, and management.
9. Engage stakeholders in a continuous fashion.
10. Evaluate performance measurement process.

The PBB team completed the first five steps, keeping in mind the legislative intent for TEACH and best practices in performance measurement and program accountability. These steps provide the framework for PBB for TEACH and incorporate ideas expressed by members of the TEACH board and staff, legislators, DPI staff, and representative members of all eligible grant recipient groups. Inherent in these steps were the basics of a classical strategic-planning process. The remaining five steps are ongoing steps that an agency making effective use of PBB must regularly perform. Together, these steps represent the development of a strategic base from which effective performance measurement may be conducted.

Actual Use

Overall, performance measurement activities increasingly are being adopted and integrated into agency functions throughout the state of Wisconsin. The strategic plan for the Department of Health and Family Services uses a balanced scorecard for performance assessment in their strategic plan. The Performance Scorecard system was established by the Secretary's Office as a means for the department to monitor program outcomes. The scorecards include a handful of measures describing the efficiency, effectiveness, and responsiveness of programs. The Office of Strategic Finance plays a vital role in the scorecard process, and the Strategic Planning and Evaluation Section (SPES) facilitates the process. SPES provides program staff with information about outcome measurement and the type of data to be included on the scorecards. They facilitate team activities, format the scorecards using the information provided by program staff, and organize meetings with the Secretary's Office. Finally, SPES collects data from programs each year to update the scorecards, and they publish a scorecard document annually, which they also make available on the Internet.

For some agencies, such as the Department of Transportation, performance measures are developed both for reporting to the legislature and for internal management purposes. For example, DOT uses performance measures extensively as part of its annual Business Plan. Measuring performance is integrated into its strategies. Further, DOT builds performance clauses into state aid contracts with local transit systems so that the transit systems must operate within set cost parameters to maximize the aid payments they are eligible for.

As part of its measurement efforts, the Wisconsin DOT has developed an extensive customer satisfaction measurement system and index that is of particular interest. As described by one DOT staff member:

> Our customer satisfaction index is our key measure—we have the good fortune of having things that we can count. We are also paying attention to those things that are most important to our customers—we use that index to make decisions about where to put our limited resources—they clearly point to where the short falls are. It specifically helps us to make those decisions. One of the things I have noticed is that that we are thinking less like stove pipe organizations. Before we were looking at things in a fairly limited manner. We now understand the importance of making changes and sharing resources. We look at the CSI every month and look at its components every week. We look where to put the resources—money, personnel. We started using this in 1997—1998 and 1999 are the first full years.

The following pages detail the target levels as well as a description of the customer satisfaction index.

Chart of Service Areas Included in the DMV Customer Satisfaction Index

Major Service Groups	Customer Expectations	Source of Customer Expectations	Specific Service Area	September Volumes to Wgt Avgs	Performance Data: September 1997	Source of Performance Data
Telephone service calls from centigram to DMV staff	90% time in queue is no more than 2 minutes. ("In queue" starts after the customer has listened to messages and selected a service.)	System reports on queue times in relation to abandon rates	BFS phone centers BDS/BVS	31,696 78,369	6 minutes 5 minutes	System reports
In person	80% of customers wait no more than 20 minutes.	Customer comment cards/yearly district surveys	BFS counters		80% within 30 minutes	System reports
Mail	Customers receive titles and plates within 4 weeks. (Special plate orders may take longer.)	1997 mail survey of customers	Titles and registrations, plates*		Mail opening: 9 days TARPS: 32 days Mail Out: 6 days USPS: 4 days (in & out) Total: 51 days avg.	Work rep Work rep Work rep USPS test
	Customers receive registration renewal stickers within 6–10 days.	Low volume of customer complaints; high volume of users	Lockbox		Lockbox: 1 day Mail out: 6 days USPS: 4 days (in & out) Total: 11 days avg.	Bank rep Work rep USPS test
	Driver record updated within 7–10 days of information being received by section.	1994 survey of customers	R&S C&R LRS MARS TAS	29,956 20,963 73,671 13,985 10,026	28.75 15.75 19.25 6.75 1.5	Weekly work reports
Electronic	Customers receive registration renewal stickers within 6–10 days.	Low complaints	Phone renewals		System: 1 day Mail out: 6 days USPS: 2 days (in & out) Total: 9 days avg.	Bank rep Work rep USPS tests
	Update immediate or at most 24 hours.	Customer requests when system designed	Insurance filings (SR)		Within 24 working hours	

*Does not include special plates and heavy—the customer's expectation is different for these two types.

	Division of Motor Vehicles Customer Satisfaction Index							
	In Person—BFS Counter	Telephone Service (Systems)	Driver Record Updates	Mail: Titles/Plates	Lockbox	Electronic Record Updates	Electronic Renewals by Phone	
Actual Perf.	**30 mins**	**5 mins**	**18.3 days**	**51 days**	**11 days**	**24 hours**	**9 days**	**score**
	<10 mins	<1 min	<8 days	<24 days	<8 days	<12 hours	<8 days	10
	10 mins	1 min	8 days	24 days	8 days	12 hours	8 days	9
	15 mins	1.5 min	9 days	27 days	9 days	18 hours	9 days	8
Cust. Expec.	**20 mins**	**2 mins**	**10 days**	**30 days**	**10 days**	**24 hours**	**10 days**	**7**
	25 mins	3 mins	14 days	34 days	12 days	30 hours	12 days	6
	30 mins	4 mins	18 days	38 days	14 days	36 hours	14 days	5
	35 mins	5 mins	22 days	42 days	16 days	42 hours	16 days	4
	40 mins	6 mins	26 days	46 days	18 days	48 hours	18 days	3
	45 mins	7 mins	30 days	50 days	20 days	54 hours	20 days	2
	50 mins	8 mins	34 days	54 days	22 days	60 hours	22 days	1
	>50 mins	>8 mins	>34 days	>54 days	>22 days	>60 hours	>22 days	0
Notes on columns	80% served within X minutes	90% served with X seconds	95% of the work is done within X working days or X hours					
Score	**5**	**4**	**5**	**2**	**6**	**7**	**8**	
Weight	0.3067	0.2493	0.1345	0.1134	0.1814	0.0021	0.0126	
Weighted Score	**1.5335**	**0.9972**	**0.6725**	**0.2268**	**1.0884**	**0.0147**	**0.1008**	
	Customer Satisfaction Index: Sum of Weighted Scores							4.6

(days = calendar days)

Key measures for customer satisfaction are divided into three areas: direct measures, indirect measures, and outcome measures. Direct measures are those where WisDOT directly asks the customers about their satisfaction with a product or a service. WisDOT directly measures customer satisfaction through DMV's Customer Satisfaction Index, DMV's customer comment cards, Highway Operations Survey, Rest Area Maintenance Survey, and the State Patrol customer contacts. WisDOT collects comments from customers who visit DMV service centers through comment cards. The comments are compiled and divided into five categories dealing with customer waits, employee demeanor, facility issues, and service and policy issues. In calendar-year 1998, WisDot received more than 143,000 comment cards from motor vehicle customers.

WisDOT also measures customer satisfaction results through indirect measures. The indirect measures are technical product measurements of items that customers have identified as important and where customer-acceptance thresholds have been determined. In a 1996 national highway user survey, users identified the following as their top priorities for improvement: (1) pavement conditions, (2) safety, (3) traffic flow, and (4) bridge conditions. To measure pavement conditions, WisDOT regularly computes the Pavement Serviceability Index (PSI) and the Pavement Distress Index (PDI). Another indirect measure is the Construction Quality Index, which measures maintainability of the highway project from the maintenance and construction supervisor's perspective. WisDOT also measures the quality of the highway design projects. The Design Quality Index is an indirect measure that indicates project constructability from the contractor or project manager perspective.

The Department of Transportation established a cross-bureau team in February 1997 to identify customers and services for immediate focus. The team identified customer expectations from data already available to DMV through various feedback mechanisms (annual surveys, telephone reports, comment cards) and also identified areas where customers still needed to be surveyed. The team then calculated CSI (Customer Satisfaction Index) and wrote up recommendations for maintaining customer service and forwarded the same to the management team for further direction. In constructing this effort, the team agreed to:

- **Focus on large-volume services**
  It is not possible to measure customer satisfaction for every type of product that the division delivers. Although all of the products are important to customers, the types of customers and the types of service vary too widely to incorporate into a single customer satisfaction index.
- **Create an easy-to-maintain CSI that can be generated monthly**
  With these criteria, the team agreed that customer expectations could be measured periodically through surveys, interviews, system workflow data (such as phone reports), and updated customer expectations, as new information becomes available. However, the team agreed that new performance data needed to be available monthly to generate a CSI and that this requirement should not be burdensome for bureaus or work units. The team identified performance data currently available on work unit reports or easily available from system reports. The data will be used to "feed" the CSI. No new data will be required of work units.

- **Highlight major services within all four basic methods of delivering DMV services, including:**

  1. Telephone service
  2. In-person service
  3. Mail service
  4. Electronic service.

Effect of Use

Monitoring performance and overcoming potential barriers were cited by agencies as primary reasons to use performance measures. Some agencies have reported an overwhelming response to the latest performance measurement initiative. Agencies are developing measures both for internal use and for external reporting.

The use of performance measures to achieve goals and improve performance has different effects. From the interviews, some individuals feel that changes in performance measures to suit their purpose are needed, as they do not always achieve what they are intended to. Performance measures tend to pinpoint the specific program in need for change, but in order to effect improvement, further analysis is then necessary to determine the appropriate program, process, or resource changes. Thus, performance measures merely identify the problem; it is left to the management and staff to investigate the root cause for the underperformance. As program processes, resources, or other factors are changed, the performance measures serve to identify factors with the greatest impact on the performance of an agency activity or program.

The perspective of central budget staff is hopeful and realistic about implementing a performance-based system in Wisconsin. Changes have certainly occurred and are likely to continue to occur as performance measurement is more widely adopted in Wisconsin state government. Some of these changes suggest important changes to internal planning within agencies. As the deputy state budget director noted:

> . . . it has been a very incremental change. We have spent a lot of time and agencies have too. . . . we always want to look at how we can do more for less. . . . we want to focus on what we are getting, and how certain are we to get what we expect. . . . what are we expecting to get, what outcomes, not just outputs, what impact will that really have, and if not much does it makes sense to do that? There is less attention to comparison of costs and more to where the agency is going and how certain we are that we are going to get what the agency says we are going to. I have seen some of this and would like to see more. . . . This would happen if there was more of a widespread application of performance measurement.

Accountability and Communication

Intent and Expectation

Improved accountability and program management is the basis for Wisconsin's performance measurement and strategic-planning efforts. The performance measurement system provided a framework of accountability for decision making. Interviewees pointed to the fact that the chief

intent for creation of performance measures was to show the accountability of the money being spent due to concerns voiced by the legislators. Another expressed an expectation that agencies would use performance measures as a way of peer review. The need to focus on communicating results to the public was also deemed important. One deputy director mentioned:

> Certain information seems to be "sexier" to the media than others, you can have this, but it depends on what is perceived as interesting to the public.

But staff from the Budget Office also said that "using a consistent set of measures, we have an increased credibility with the public."

Actual Use

The Legislative Audit Bureau communicates its performance through standardized reports and annual reports provided to the legislature, the Office of Budget and Planning, other state agencies, and the state accounting office. Public reports that describe programs, services, and initiatives to expand programs and services are used as tools to educate constituency groups, research organizations, employers, educators, and job seekers.

All agencies communicate performance measures and their relationship to agency goals and objectives through their business and strategic plans. For example, the accountability reporting system currently being used by the University of Wisconsin System was developed in response to a recommendation of the Governor's Commission on UW System Compensation. The Commission's report stated that it was necessary to address the problems of faculty/staff compensation in a comprehensive manner. Their recommendations included greater flexibility and greater accountability for the UW System. Specifically, the Commission highlighted the following as being important as the next phase of accountability reporting was carried out:

1. The new accountability report should provide a balanced scorecard. While state government is certainly a primary stakeholder, it is not the only constituency to whom the accountability report is directed. Our employees and our customers (students and employers) have a substantial stake in the outcomes. There are issues on which the interests of the constituencies may differ. For example, there are issues in which efficiency and effectiveness may not yield identical results. In cases such as those, the varying interests of the different constituent groups should be adequately reflected in the report.
2. The accountability report should be designed to provide a basis for improvements in effectiveness, productivity, and quality. In addition to providing a measure of performance (i.e., the report card), an accountability system should provide feedback to UW System Administration and the Chancellors and provide a basis for continuous quality improvement.
3. Indicators should be related to the management context. Performance should be judged against the flexibility that is available to make improvements. Increased flexibility should be tied to improvement in outcomes. Conversely, limited flexibility should be reflected in more modest expectations for outcomes.
4. Benchmarks must be established for our own management purposes. The objective of these benchmarks should be the development of an information base to serve as a guide for a process of continuous improvement. There must be

feedback loops associated with all of the indicators. Tools such as market research, needs assessment, cost/benefit analysis, and best practices should be built into the data collection and reporting process.

5. Part of the procedure for assessing progress should include the review of environmental benchmarks. While the focus of the accountability report should be on outcomes and not inputs it is important for stakeholders to have a baseline as they evaluate progress. State support through its GPR contribution and adequate compensation should be included in a measure of the degree to which the environment fosters progress.
6. Technology has begun to change the way in which we do business and particularly the way we educate students in some very fundamental ways. All indications are that this change will accelerate in the future. As indicators are developed, it is important that we build in an assessment of the impact that the use of technology has on educational outcomes, as well as on the learning process.

On March 17, 1993, Governor Tommy Thompson established the Governor's Task Force on University of Wisconsin (UW) Accountability Measures (Executive Order #177). In its August 1992 final report, the compensation commission had recommended a package of measures including a number of measures that accord increased management flexibility to the UW System. As a part of its package, the compensation commission also recommended that the UW System be required to adopt appropriate accountability measures. The task force recommendations were:

1. That the UW System Board of Regents, in consultation with the governor and the legislature, establish a core set of indicators that the Board of Regents monitors and publicizes. The Board of Regents should establish a core set of indicators that demonstrates the UW System's accountability in the following areas: providing a high-quality undergraduate education; meeting the needs of businesses and other organizations in Wisconsin; and being customer-oriented and responsive to customer concerns. A recommended list of core indicators is provided in Attachment I [not provided in this case study]. The core indicators should be reported both for the UW System as a whole and for each UW institution. That, besides being accountable for the core set of indicators, each UW institution establish additional indicators that demonstrate its accountability in areas that reflect its select mission.
2. That, once a set of core indicators is established and baseline data are available for each of the indicators, the UW Board of Regents evaluate the data and set performance goals related to each indicator. For some indicators, the performance goals may be general—for example, continuous improvement. For other indicators, peer comparison or numeric goals may be appropriate. The goals should differ among UW institutions as necessary to reflect the differences in institutional missions.
3. That, besides being accountable for a set of indicators, the UW System and each UW institution, under the direction, review, and approval of the Board of Regents, establish processes that demonstrate a commitment to accountability.
4. That the accountability measures be publicized in an annual report or report card issued by the UW System and be presented to the governor and legislature in a highly visible manner. The UW System should also seek to develop other mechanisms of communicating its performance to stakeholders.

5. That there be consequences for failing to act to meet the accountability goals and rewards for special efforts that lead to success in meeting the goals.
6. That there be a process to review the suitability of the accountability measures and to take into consideration new public reports concerning the UW System. The UW System Board of Regents should periodically reconvene a public/private-sector task force to review the progress made and recommend changes as appropriate. However, accountability indicators should remain constant between the periodic reviews.

The Budget Office also cited some examples where performance measures are used for accountability purposes. One staff explained:

> We have used PM to affect how much our vendor agencies are paid in a given month. For example, Milwaukee is to say that we said that we would pay you based on your performance. In FY2000 we will continue to use the pay for performance. We will want to compare the performance of the various vendors. Intake and assessment staffs are state staff—the rest are private vendors that want to contract with the states.

Effect of Use

Performance measures help focus all agencies in one common direction in terms of consistency and agreement on goals and objectives and how performance should be measured. State agency accountability and communication with the legislature also has seemed to improve following implementation of performance measures.

Overall, it is not evident whether the general public is aware of Wisconsin's use of performance measurement for improved accountability. The information is widely available in the government and within every relevant department. It is also electronically available on the Web. However, as noted earlier, the people in the implementing group and those in the government are not sure that citizens are aware of the information available about the performance of Wisconsin's agencies and programs. Greater awareness can be created by publication of findings and similar reports. The deputy budget director for the state also noted that the performance measurement efforts have not captured the interests of the media, which in turn affects citizen and public awareness.

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

As is true of other managerial reforms, agencies are likely to perceive the quality of those efforts differently. The same may be said of perceptions of the quality of performance information. For example, one department expressed serious concerns about data quality due to a

lack of staff and data systems. However, the central management staff in most departments expressed satisfaction with data quality (e.g., validity, accuracy). Similarly, the Legislative Audit Bureau has raised concerns about the ability to accurately verify data.

The perception of most staff seems to be that performance measures are primarily driven by general accountability needs of the chief executive and the legislature regarding program existence and funding. However, with use of performance measures, the focus has shifted from externally driven measures to an internally desired tool due to the links between performance measures and desired results. Thus, internal management purposes were given priority based on the quality of measures by program managers and staff. This radical change in thinking among executive branch administrators and staff helped the initiative grow more robust and improve the usefulness of performance measurement government-wide.

Each interviewee was asked to describe the characteristics of performance measures that are most useful to assess program results and was then asked if those types of measures are developed, used, or reported. From these results, respondents described useful performance measures as:

1. Outcomes-oriented
2. Relevant
3. Related to the programs mission
4. A gauge of the input against stated outcomes
5. Timely
6. Focused
7. Reliable
8. Verifiable
9. Understandable.

Efforts to Address Information Quality Issues

Performance measures are developed by input from many people across the government. Each agency is responsible for developing its own measures and standards. They develop a strategic plan and are assisted, if necessary, by the Legislative Audit Bureau and the Office of Budget and Planning. "The agency always participates [in deciding measures], yet the influence is variable," the director of another agency observed. The input from all individuals includes not only what should be measured but also how it is to be captured and defined. There is an attempt to include both financial and nonfinancial information, but one program director stated that "bringing those together is difficult." Audits conducted by the LAB also assist in reviewing performance and program accomplishments of state agencies, which in turn can feed into the measurement process. The 1999–2001 budget also provided funding for a new eight-person performance audit unit in the Department of Administration that would be used to further identify ways to improve state agency program performance.

To address the concerns of data legitimacy, accuracy, reliability, and validity expressed previously, the measures have been refined, and documentation about the measures is required. Training and communication have been formalized so that data requirements are provided to all individuals and organizations involved in the process of developing, collecting, using, and reporting performance measures. Sometimes the actual measures are changed because of (1) change in legislated mandates (federal and state), (2) clearer understanding of goals and

objectives, (3) too little or too much information, and (4) change in priorities. This varies from agency to agency and depends on any program and legal requirements. Actual performance indicators would be subject to audit and be reviewed in a performance audit of the program. Some agencies use consultants to help them develop baseline data.

Agencies also develop oversight and review processes for their own measurement processes. For example, the Department of Transportation has an internal quality control process. Unusually high or low performance results are typically returned to the district for review and explanation. The measures are "constantly being revised." The DOT is also concerned about the timeliness of information, given the workload and work flows of the department staff.

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

Performance measurement was introduced through training programs provided by the state through external and internal sources. Some departments use external consultants for training and assistance in developing mission statements and performance measures.

One executive staff person charged with performance evaluation remarked that:

> We had several attempts over time with evaluation units participating in to develop broader performance outcomes, taking a look at certain measures and tries to monitor them all the time. Some of those were certainly more successful than others.

As a method to assist different agencies with performance measurement, one director further described a "scorecard system" as follows:

> Score Cards is an effort to select some key programs in the department and to identify some performance indicators for those score cards, generally through pages, one of several tables, and one page of graphs to try to keep them very short because the department secretary is going to be using them to monitor programs. We wanted them heavy on graphics and very user oriented. The division administrators view and the program staff use those to update the secretary in these program areas periodically and how to program their operating. It tends to be annually because most of their data are the kind of data, in term of performance indicators, which you will develop annually. We have about 20 or 25 programs that are chosen, or under development, including in the Score Cards effort. Thus enough organization support was provided to the agencies to develop and utilize performance measures.

EVOLUTION OF PERFORMANCE MEASUREMENT

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

The Office of Strategic Planning provided a list of issues that must be resolved for performance measurement to aid the decision-making process in Wisconsin. These are:

1. Focus primarily on goals and objectives of government programs
2. Minimal reporting standards for ease of understanding and dissemination
3. Generation of the necessary performance information by agency budget and accounting systems
4. Need to rationalize the institutional and programmatic framework
5. Determining the amount of information necessary to provide and report frequency
6. Validity and reliability of performance data.

As one director mentioned, it is still unclear how performance measures would have a link to the budget. Similarly, another director mentioned that this problem led to the manipulation of data; for successful implementation of performance measures, it was important to prevent manipulating data to obtain desired outcomes.

Staff from the Performance Evaluation Office remarked that the biggest barrier is to get people to understand why performance measurement should be conducted at all. "Buy-in" by state employees is often the biggest hurdle that states face in implementing such systems. As one interviewee noted: "Different people think it means different things—when you impose a performance measure requirement—everyone will interpret things differently—I think it is understanding and defining it up front of why you are doing it and what it means."

This person also noted: "I think that here is big impression that performance measures are another way for people to say "gotcha" instead of saying "what can we do to improve?"—that's the part that people don't understand.

Another problem identified was getting consensus. One director mentioned:

> Very frequently when we propose a decision criteria—we have to build a case for using that performance measures. We don't impose these things on fiat—it really is a consensus building process. We have to get them to accept the legitimacy of the measures. They may not like the result but they have to agree on the measures.

Finally, another director summed up the various barriers in implementation as follows: (1) How much time is involved? (2) Is the cost of developing information systems feasible? (3) What's in it for the agencies? and (4) What about when politics takes over, then what does the agency think? There is a feeling among some staff that at the user level, there is a gulf between agencies and easily available measures that would be useful and defensible.

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

Statewide support and a comprehensive initiative to institute performance measurement into Wisconsin state government were cited as primary motivators for developing and using performance measures. The importance of the leadership to support the initiative in both word and action is critical.

In Wisconsin, the governor has shown leadership in sending a message to the state about the focus on performance measurement and charging the Office of Performance Evaluation with a central role in these efforts. It was also thought necessary to educate and communicate with the legislature and executive branch. The need to sit down with Cabinet members and make them aware about the measures is important to utilize the performance measures entirely. A director of a state agency remarked that professionals were in a better position to answer questions of

government accountability and performance than the elected officials and, thus, consensus has to be built between the two.

Some individuals touted communication with stakeholders throughout state government as important in order to have a clear understanding of the expectations and the intended results of the performance measurement initiative. Consistency of these expectations and results is also stressed. Understanding of the measures by the people involved is also important so that review on a regular basis is possible. Thus, flexibility is needed for change and modifications as necessary to keep the performance measures relevant.

It is important for programs and departments to take advantage of different approaches to the management of the programs. For example, in the social service programs, it may be helpful to use the expertise of individuals without social service experience to develop and improve performance measures. That would help change the mindset that outputs are more valuable than outcomes. In the beginning, the staff wanted to use the performance measures for an external purpose "to stop something." As the process evolved, the program managers and the staff began to understand that performance measures were useful to them in managing the program. The members of the staff are a critical component in the success of performance measurement. It is important for the staff to understand how they participate in developing, tracking, reporting, and improving performance measurements. Measures, like program goals, will change over time. It is important to establish a system that will accommodate change. Performance measures require the department to work together as a team.

Performance measurement is a national phenomenon. Many states are developing performance measurement systems, and budget processes that more strongly incorporate measurement. However, much work remains to be done to institutionalize performance measurement into decisions about resource allocation. It is important to have the right balance of measures, quality, and outputs, and it is important to measure performance in the context of organization and time to determine both change and consistency.

What are future expectations for the use of performance measurement?

Most interviewees were optimistic about the future of performance measurement. There continues to be an expectation that using and effectively communicating the performance of departments and programs will be necessary to retain funding. Further, some individuals expressed belief that tying performance measures to funding requests would help secure additional funding. It is a tool that both the executive branch and the legislature use to move in the direction of good governance. Many thought that the key agency was the budget office. As one individual noted, "There has been some thought of getting a PM guru in that office."

Overall in the state there will be pockets of great progression due to performance measures. But as one director said, for total acceptance of performance measures, "we will need some model agencies." Another director remarked that "I see it as a big innovation or reform. I see more emphasis on this in the future. States are real interested in this. It won't very long before we have very tight budgets. I see a continuing trend toward this. We see people who want more services but lower taxes. PM is a way to help us to know where we are not succeeding, or where we should be doing better."

On the aspect of technology, one director said, "They need to be more toward recognizing the diversity of the institutions and the missions. Our technology isn't going to change. I think that technology will force us to change our measures—e.g., distance education and faculty productivity." However, statewide IT standards that have been established bode well for further

performance measure development because the technology will facilitate information tracking within and across state agencies. Technology is not an inhibiting factor in wider applications of performance measurements.

Some expressed that future governors ought to keep up the support for continued use of performance measures in the same intensity as past governors; otherwise, the whole exercise might go to waste. Many of those interviewed said that they expect performance measures to continue to be used to improve accountability in government. Subsequently, many believe that performance measures will change how resources are directed. There is some consensus that the performance measurement initiative will improve the quality of state government work in Wisconsin.

Summing up, an agency director remarked optimistically:

> It's going to be a big issue and be much more commonplace and be more accepted in the future. We are headed in that direction—there will be more use of performance measures to manage the programs, which is a big goal that we have. We think our score carding process will be used. There will be more efforts to use the measures and we will develop a "department well-being report" to use the measures to report on this.

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