Performance Measurement Seminar

Government Efficiency and Financial Planning Division of OMB and State Personnel Department
May 18, 2007
PROBE and Measures

Section II-Planning
- Have specific long-term, results-based performance measures that are linked to the program purpose been established?
- Does the program have ambitious targets and timeframes for its long-term measures that reasonably compare with peer group activities?
- Have the program purpose, goals and measures been communicated throughout the organization and across program partners?

Section IV-Results
- Has the program demonstrated adequate progress in achieving its long-term performance goals?
Over half of the programs don’t have measures

OMB to work with agencies to develop program measures

Migrate to performance informed budget development

Program measures will be required in the next budget development cycle to better inform executive and legislative decision-makers where resources are having the greatest impact and should be targeted

Governor: “Demanding proof that government programs work, before spending additional taxpayer money on them, must become standard operating procedure.”
Through your efforts state government will become a performance-based organization that is:

- Committed to results
- Accountable through measurement
- Empowering to individual performance
- Aligned as one, not individual agencies
Results Driven Government

Performance Management system that cascades from high-level goals and objectives to individual performance

- Agency Strategic Objectives
  - Mission Statement
  - Strategic Plan
  - Array of Programs

- Program Performance
  - Activities and Resources

- Personal Performance
  - Individual contribution to program and agency performance
Measurement Hierarchy

- Limited
- Key Performance Measures (Governor)
  - Outcome-based program measures
    - PROBE, Performance-informed budgeting
  - Measures to manage day-to-day activities of agency/department/program
- Numerous
- 400+ programs
Governor’s Performance Measurement System
Key Outcome Measure

Rate of Recidivism
Program Measure-Output

Number of offenders enrolled in rehabilitative programs
Program Measure-Efficiency

Average Per Diem
Top 10 Reasons Not to Measure

1. This program is unique
2. We can’t be accountable because we have no control over anything/everything
3. The average person won’t understand what we do
4. We’ve always done it this way
5. Our results can’t be measured, they’re intangible
6. The feds hold us up as a model state operation
7. We can’t get any more efficient
8. We’re too busy getting real work done
9. We’ve just reorganized and don’t know what to measure
10. This program is federally funded
Why Measure?

- Plan
  - Don’t dwell on the past, focus on improving the future
- Manage/Empower
  - Accountability
- Communicate
  - Expectations
  - Results
    - PROBE
    - Budget Request
- Learn/Evaluate/Adjust/Improve
  - Optimize
  - Innovate
Benefits of Performance Management

- **Strategic**
  - Define and validate policy
  - Measure and communicate progress

- **Operational**
  - Drives change
  - Achieve efficiencies

- **Individual**
  - Clarity of responsibilities, goals
  - Linkage to strategic goals and mission
Types of Measures

- Inputs
- Outputs
- Efficiency
- Customer Service
- Outcomes
Inputs

Resources used by the program that are quantifiable

- Budget
- Staff
- Facilities/equipment
- Volunteers
- Contractors
Outputs

Result of your activities-units of service delivered or products produced (still internally focused but are leading indicators of outcomes)

- Number of people served, trained
- Permits/applications processed
- Cases closed
- Job placements
Efficiency

Ratio or relationship of output or outcome to program inputs

- Permits or applications processed per period of time
- Return on investment
- Cost per unit of output
Customer Service

Measurement must be customer-focused

- External
  - Citizens
  - Other levels of government
- Internal
  - Other agencies/departments
  - Other groups within our agencies/departments
Outcomes

How has the intended program beneficiary changed?

- Job applicants still employed six months after placement
- Percentage of counties with clean air attainment
- Recidivism
Outcomes

Indicators of success that are tied to the program mission

- If we stopped the program, what would be the impact?
- Measures are well understood and accepted in private sector, not necessarily so with government programs
  - Money: input and output in business, only an input in govt.
- Outcomes are about the future
- Public Value-bottom line
Measures are Connected

Resources/Inputs:
- Programmatic investments available to support the program

Activities:
- Things you do—activities you plan to conduct in your program

Outputs:
- Product or service delivery/implementation targets you aim to produce

Customer:
- User of the products/services. Target audience the program is designed to reach

Short-term:
- Changes in learning, knowledge, attitude, skills, understanding.

Intermediate:
- Changes in behavior, practice or decisions

Long-term:
- Change in condition

PROGRAM

OUTCOMES/RESULTS FROM PROGRAM

External Influences
Factors outside of your control (positive or negative) that may influence the outcome and impact of your program/project.

Source: Logic Model Jeff Hart, AGA
Safe Roadways

Resources/Inputs:
- # of State Police Troopers on the road
- CJI Traffic Safety grants
- INDOT budget, FTEs

Activities:
- Patrolling
- Enforcement programs
- Highway Maintenance Program, Intelligent Traffic Systems

Outputs:
- # of Tickets, Warnings, DUI arrests
- # of Warnings, Tickets, DUI stops
- Lane miles repaired, cars/hour/mile

Customer:
- Traveling public

Short-term:
- Increased driver awareness
- Increased seat belt usage

Intermediate:
- Reduced speeds, Fewer accidents, Less congestion

Long-term:
- Sustained reduction in traffic fatalities, injured highway workers, property damage

External Influences:
Weather, Road construction, Special Events

PROGRAM

OUTCOMES/RESULTS FROM PROGRAM
<table>
<thead>
<tr>
<th>Outcomes Achieved</th>
<th>Cost-effectiveness</th>
</tr>
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<tbody>
<tr>
<td>Can we serve more clients or the same number of clients at less cost?</td>
<td>Are we efficiently performing the wrong activities?</td>
</tr>
<tr>
<td>Redesign the program, redeploy the resources, or save the money.</td>
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Source: Based on Accenture Public Service Value Model
What is a Target?

- Describes amount of change you anticipate achieving for the time period
- Specific, measurable amount of change that will signify “success”
- Outcome Target:
  - **Who** will experience change?
  - **How many** people will experience change?
  - **How much** change will occur (compared to baseline)?
  - **Over what time period** will change occur?
Advice about Targets

- Consider available program resources.
- First year targets may be educated guesses.
- Be prepared to adjust targets based on experience.
- Targets should be ambitious.
Performance Management

- Process for aligning individual performance with the organization’s mission, vision, and strategic objectives.
- Way to create performance-based culture.
Performance-based culture: key characteristics

- Emphasis on performance of results, not activities.
- Strategic outcomes drive the work, not “rules.”
- Success of organization depends on employees successfully meeting their individual objectives.
How does this differ from past performance appraisal systems?

- Old way was bottom up—individual job descriptions are foundation.
- Focus is day to day responsibilities.
- Performance of the individual does not necessarily lead to success of organization.
How does this differ from past performance appraisal systems

- New system is “top-down.”
- Begin with agency mission, vision and strategic objectives.
- Strategic plan is then cascaded down to each division, program, and facility and ultimately each employee.
What is success?

- Each employee understands how his or her goals contribute toward accomplishing the agency’s strategic plan.
- Does this describe your agency?
How do we get there?

- Planning
- Communicating
- Measuring
Planning process

- Leader-driven.
- Consider statutory charter, purpose, programs, customers served.
- Most importantly, where are you headed?
- Cannot be done in a vacuum—must flow from Governor Daniels’ strategic objectives.
Communicate to Employees

- Agency mission, vision and strategic plan
  - Communicated often using different media so that you are certain the message is understood.
- How the employee’s performance contributes to the accomplishment of strategic plan.
- Exactly what their performance goals are and how they will be measured.
Measuring

- Just as programs require measures to determine effectiveness, employees’ performance expectations need clear measures in order to determine success.
Case study-State Personnel

Structure to be followed in this case study:

- Governor’s strategic objective
  - State Personnel’s strategic objective
    - Individual performance expectation for a member of SPD executive staff
Case Study-State Personnel

- Streamline government
  - Streamline the provision of human resource services by centralizing service in SPD.
  - Conduct a workflow analysis of the Employee Data section of SPD and develop a streamlined organization that improves service to the centralized agencies. (Director of Comp and Org. Design)
  - Develop a customer service tool that all centralized agencies will use on an annual basis to assess how well centralization is understood and how well it is working (Deputy Director)
Case Study-State Personnel

- Strengthen communications and improve customer service to our citizens.
  - Improve the effectiveness of communication with state employees in terms of content and accessibility.
    - Develop a plan to increase the number of state employees who receive SPD communication via email by 10% by October 2007.
    - Update the look of The Interchange and implement a communication vehicle for Indianapolis employees. (Dir of Communication)
Effectively recruit, reward and retain high potential talent into state government.

- Drive adoption of the performance management system.
- Establish the Employee Relations Division as a model of performance management. (Director of Employee Relations.)
Effectively recruit, reward and retain high potential talent into state government.

- Develop and implement a plan to bring state employee salaries more in line with market pay.
  - Implement the new market-based broad band classification and compensation system by January 1, 2008. (Director of Compensation and Organizational Design.)
Case Study-State Personnel

- **Streamline government**
  - Rein in the cost of employee health insurance by holding claim cost flat during this biennium.
    - Develop a plan to conduct random nicotine testing of about 150 employees who are participating in the non-tobacco use incentive. (Director of Employee Relations.)
    - Drive the participation rate in the One Care Street program to 65% of eligible employees for 2007. (Director of Benefits)
Streamline Gov’t.-Healthcare Costs

**Resources/Inputs:**
- Staff/hrs. dedicated to program
- Program budget
- Assistance from contract partner

**Activities**
- Info sessions
- Mailers

**Outputs**
- Employees Enrolled

**Customer**
- State employees and families

**Short-term**
- High risk employees with personal health coaches

**Intermediate**
- Flat to negative trending in claims submitted in self insured plans

**Long-term**
- Lower premiums

**PROGRAM**

**OUTCOMES/RESULTS FROM PROGRAM**

**External Influences**
- New program skepticism
## Measurement Template

**Agency Name:**

**Agency Mission Statement:**

**Program Name:**

**Program Mission:**

**Fund Center(s):**

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<tr>
<th></th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
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**Appropriation:**

**Expenditures:**

**Full-time Equivalents:**

**Person Responsible for Reporting Results:**

**E-mail Address:**

**Phone Number:**

**Description of Metric:**

**How will the Metric be reported (check one)?**

- [ ] Number
- [ ] Dollar amount
- [ ] Percentage

**What does the Metric measure (check one)?**

- [ ] Input
- [ ] Output
- [ ] Outcome

**Type of Metric (check one):**

- [ ] Program
- [ ] Efficiency
- [ ] Customer Service

**How frequently will the metric be reported upon (check one)?**

- [ ] Quarterly
- [ ] Semi-Annually
- [ ] Annually

**What is the desired direction of the Metric (check one)?**

- [ ] Increase
- [ ] Decrease
Workshop Dates/Times

Monday, May 21  
9:00-10:30 am  
Room 19

Tuesday, May 22  
1:30-3:00 pm  
Room 17

Wednesday, May 23  
9:00-10:30 am  
Room 14

Thursday, May 24  
1:30-3:00 pm  
Room 14

Friday, May 25  
9:00-10:30 am  
Room 14
Program Measure Timeline

May 21 through May 25 - Program measures workshop

June 15 - Agencies not on governor’s quarterly reporting cycle submit proposed measures

June 30 - OMB/New-reporting-agency agreement on measures, begin reporting

July 15 - Agencies currently reporting submit proposed program (PROBEd) measures

August 15 - OMB/Agency agreement on program measures

September 30 - Initiate program measurement

Ongoing - Support agencies interested in dashboarding internal performance measures (outputs)
Assignments and Contact Information

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