What do we do?

How well do we do it?

Who benefits?

Why measure performance?

- ✔ Better **management** decisions;
- ✔ Greater **accountability**, including achievement of organizational goals;
- ✔ Improved and more **cost-effective** public services; and
- ✔ Enhanced public involvement and **confidence** in government.

Types of Performance Measures

→ 🛉🛉 Input Measures

These measures identify the **amount of resources** needed to provide a particular product or service or **demand** for service. (Ex: # of FTE)

🛉🛉 → Output Measures

Output measures (also called workload measures) represent the **amount of product or services** provided. (Ex: # of positions filled by the Human Resources Dept.)

🛉🛉 /→ Efficiency Measures

Efficiency measures reflect the relationship between work performed (outputs) and the inputs (such as dollars, people, time) required to perform or create the service or product. (Ex: # of hours of physical therapy provided per therapist)

👍👎 Effectiveness/Outcome Measures

How well something is done (reliability, accuracy, responsiveness) or whether a service or function meets the desired ultimate impact or public benefit. Some of these measures can be subjective and a number of jurisdictions rely on public opinion polling to help measure outcome/effectiveness. (Ex: Percent of users who say they are satisfied with the permit process)

⊞ Indicators

Indicators are measures that indirectly help measure impact on a community of products or services provided by an agency. They are based on multiple factors, many of which are out of the span of control of the agency. (Ex: Napa County crime rate)

A sound performance measurement system should include more than one type of performance measure.

Ultimately …

The **quality** and **usefulness** of the performance measure is the most important consideration.

What Should We Measure Performance Against?

Performance should be compared to something, like:

⌐1¬ Previous performance

Tracking a performance measure over a number of years to determine if things are getting better or worse. This appears to be the most common standard.

✈ Goals

Setting performance goals for each program or service and then comparing actual performance to the goals.

⚒ Technical Standards or Norms

Measuring a program's performance against professional norms or technical standards or requirements.

🏛↔🏛 Other Jurisdictions (Benchmarking)

Measuring a program's performance against similar programs in other agencies or jurisdictions.

Each method has pros and cons, and they are likely most effective used in conjunction with one another. The discussion of the standards begins on page 7 of the staff report.

From Performance Measurement to Performance-Based Management

As more local governments have begun using performance measures, the focus for some has moved from the issues around the collection and dissemination of performance data to a discussion of how performance measurement information can be **used** in decision-making. This is referred to as the move from performance *measurement* to performance or performance-based *management*, which is tied to some form of strategic planning or goal-setting and involves the use of data to improve program performance.

Performance management also typically involves a much greater investment of agency time and resources, often including major training and organizational development efforts. A strategic planning process can be time and resource intensive, but that investment can be minor compared to the effort that may be needed to change the culture of an organization to focus on making decisions based on data.

Over the years, there have been many different approaches to performance measurement and performance-based management in local government. The section beginning on page 9 of the staff report briefly describes four of the more common or well-known approaches (*Total Quality Management; Planning, Programming, Budgeting Systems; Performance-Based Budgeting; and The Balanced Scorecard*).

Selected Best Practices and Common Pitfalls in Performance Measurement

The complete list appears in the staff report beginning on page 12.

- ⊘ Avoid a "one-size-fits-all" approach.
- ⊘ Don't over-promise.
- ♛ Keep it simple.
- ♛ It makes sense to start small and grow the program over time
- ♛ Major performance management efforts require a strong commitment and appropriate resources.
- ♛ Clearly define the purpose and establish goals and objectives for key programs that will be measured.
- ♛ For each program, use a variety of different types of performance measures: input, output, efficiency, effectiveness/outcome and indicators.
- ♛ Train employees to use the data.
- ♛ Provide honest and accurate information.

What is Napa County Measuring Now?

Over the last four years, Napa County has engaged in four different performance measurement efforts, each of which is currently being used to one degree or another. The discussions of the four efforts can be found on pages 15 – 27 of the staff report. In brief:

Napa County Budget Performance Indicators

Since FY2004-05, the County has included "performance indicators" in the annual budget document. Initially, departments were provided with a limited amount of training regarding the need for performance measures, the type and quality of performance measures desired and how to select performance measures. However, there was no in-depth or ongoing training, nor was there a consistent and concerted quality-control effort. Neither the CEO's Office nor departments were provided with additional specialized staff or other resources on an on-going basis to assist in developing and implementing meaningful and useful performance measures.

Currently, there are 171 performance indicators in the County budget document. The following table shows the breakdown of performance measures by type.

Napa County Performance Measures by Type

n=171

Output 32%
Input 5%
Indicator 12%
Efficiency 1%
Effectiveness 50%
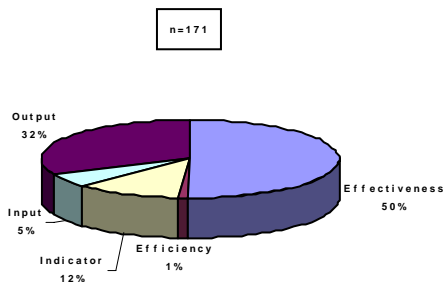
As can be seen, approximately 50% of the budget document indicators are effectiveness measures, about 32% are output measures and only 1% are efficiency measures. There are virtually no true outcome measures.

On an overall basis, it appears that there should be an enhanced focus on developing efficiency measures.

The quality and utility of the budget performance indicators varies widely. Some of the indicators could be quite useful (e.g., "Percentage of individuals referred to the Mental Health Division who are appropriately assessed and matched with eligible services within state timelines") and some are less so.

None of the measures tie to any formal Board priorities or goals, because no such priorities or goals have been established. All of the indicators measure performance over time and some measure against program goals. Very few are benchmarked against other jurisdictions. From staff's perspective, the bottom line here is that:

• The County's budget document includes some good, solid, performance measures that, with assistance and proper training of department staff, can be improved and made more useful; and
• In some cases the existing budget performance measures should be replaced or augmented by new or additional measures that would be more useful.

Generally, budget performance indicator information is only collected once each year as part of the budget preparation process. Some departments make effective use of performance measurement information in making management decisions and others do not. Further, in the case of some departments or programs, decision-making could be enhanced by use of different or additional performance measures. The County has never made a comprehensive and sustained effort to encourage and train employees to use data in decision-making.

A complete list of budget performance indicators, including information on the type of indicator, the department's justification for the indictor and the actual data from the FY2007-08 budget are provided with the staff report as Exhibit A.

ICMA Performance Measurement Program

The International City/County Management Association (ICMA) established the Center for Performance Management (CPM) in 1994 to help local governments in their benchmarking efforts by solving a difficult benchmarking problem: obtaining accurate, apples-to-apples information from other jurisdictions. Napa County began participating in 2003

The CPM collects data on approximately 220 performance measures in 15 service areas from some or all of approximately 140 jurisdictions, "scrubs" that data to try and make sure it is accurate and that all jurisdictions are measuring the same thing in the same way, and then reports out the results, comparing the results of the individual measures among the reporting jurisdictions. Copies of all of the inter-agency comparisons of performance measures that include Napa County information are attached to the staff report as Exhibit B.

Most of the ICMA Performance Measures are output or efficiency measures, with some effectiveness measures and indicators and relatively few pure outcome measures. The County pays a $5,000 annual fee to ICMA for its membership in CPM and access to publications, reference materials and workshops.

Some of the data the County has submitted to CPM, and that CPM has used in performance measures, is incorrect or misleading. See staff report for examples. In general, departments do not actually use the ICMA Performance Measures in their day-to-day decision-making. This may be due to:

1. The delay between the period for which the data is collected and performance measures are published (approximately 18 months);
2. The fact that there has not been any Countywide emphasis or training on using performance measures to make decisions; and
3. The fact that some of the ICMA Performance Measures do not really provide apples to apples comparison because of such things as relative cost of living, different roles and responsibilities, etc. Most of the participating agencies are cities.

Community Indicators

In 2004-05, the County engaged in a yearlong collaborative effort with other agencies and non-profit organizations to develop a set of "community indicators." The *Napa County Community Indicators Report* (attached to the staff report as Exhibit D) was published in 2005, with 64 indicators in 6 areas.

Virtually all of the "community indicators" in the Report are true "indicators" as that term is defined in the performance management literature. That is, they are measures that are impacted by a wide array of factors and cannot be tied to any particular program or service (for example, housing affordability, incidence of heart disease, average commute time, crime rates).

The Community Indicators Report has not been updated since 2005, but the Workforce Investment Board (WIB) is currently engaged in a process to update many of the indicators and intends to issue a new report in January of 2008. This report will include 2005 and 2006 data, to the extent that it is available. The WIB's goal is to issue updated reports every two years.

County staff has not used the Community Indicators Report in decision-making. However, indicators can be useful in getting a sense of how well things are going in particular areas and thus highlight a need to focus on changes to programs or services to address problem areas. In addition, because they do help identify areas where improvement may be needed, indicators can be used by policy-makers in setting priorities and establishing organizational goals.

H&HS Quality Management Initiative

In Fall 2005, the County's Health & Human Services (H&HS) Agency began a multi-year quality management initiative, which involved creation of an Agency-wide program to provide management and the Board of Supervisors with information necessary to assure sound strategic planning, the improvement of service outcomes and efficiencies, and compliance with applicable regulations and other mandates. The latter goal was of particular concern to the Agency, given prior compliance problems which led to the just-concluded Integrity Agreement with the federal government, and given the recent national regulatory scrutiny on healthcare quality and compliance.

The quality management initiative consists of two components: (1) creating and staffing a new Quality Management Division to oversee the development, implementation, operation and monitoring of the new program; and (2) actually developing and implementing an Agency-wide program. The Quality Management Division has been established and staffed with both existing and new staff and is fully functioning. The Division has a total of 11 staff, including many staff who were previously involved in compliance and quality management functions in the Agency's operating divisions.

In terms of the program as whole, as of April of this year the Agency has developed 10 quality management plans. The plans were developed collaboratively by operating program and Quality Management Division staff and were approved by the newly-formed Quality Management Committee. Each Quality Management Plan contains specific goals and objectives and a number of performance measures (called "indicator/monitors").

The Quality Management Plans include more than 200 performance measures, mostly output, indicator or effectiveness measures. A select number of these 200 measures are included in the County's annual budget document.

H&HS division and Agency management are using the Quality Management Plan monitors in making decisions, although not necessarily budget decisions. The Quality Management Division prepares management reports on a periodic basis. The Agency's Management Team uses the management reports to inform program, policy and protocol changes. The Quality Management Division will also prepare annual reports for the Board of Supervisors and County Executive Officer that will illustrate the Agency's performance, identify areas of risk and highlight action plans implemented. A copy of H&HS' *Quality Management Interim Operating Manual* is attached to the staff report as Exhibit E.

Performance Measurement/Management in Other Jurisdictions

Staff reviewed information from 10 jurisdictions that have been identified in the literature as having worthwhile programs.

Based on staff's review, it appears that what distinguishes many of these jurisdictions from others is less the type and quality of the performance measures they use (which in many cases are not that different from what Napa County uses) than the fact that they try to actually use performance measures in decision-making. In other words, most of these jurisdictions have moved from performance measurement to performance-based management.

Information on performance measurement/management efforts in three of the selected jurisdictions (Multnomah County, Oregon; San Mateo County, Calif.; and Marin County, Calif.) is included in the staff report to provide the Board with a sense of different jurisdictions' experiences. The "case studies" include program background, features, resources and anecdotal feedback on the progress and success from program staff members. The information can be found on pages 28 – 33 of the staff report.

Where Do We Go From Here?

> **Sept. 25: Board members provide input on their goals for the County performance measurement program and what types of performance measures the Board would like to see provided in the budget or other forums.**

Staff's Recommended Goals (discussion begins on page 34 of staff report)

✈ Develop and report publicly key performance measures that allow policy-makers and the general public to evaluate if County services are meeting their needs and are being provided efficiently and effectively.

✈ Develop and implement a performance-based management system that provides department management and staff with performance measures of such a quality and in such a manner that they can be used in making day-to-day management decisions.

✈ Provide appropriate training and encourage departmental managers to use performance measurement data in making program decisions.

✈ Implement the above in such a way that it minimizes cost and disruption to County operations and is sustainable over time.

Staff's Recommended Actions

✎   CEO staff continues to work with all departments to improve the quality of performance measures provided in the budget document, based in part on Board input provided at the Sept. 25 workshop concerning types of measures the Board would find useful and on any goals the Board may establish.

✎   Staff works with the Board to identify key organizational goals.

✎   The annual budget hearings are re-focused to concentrate on performance measures.

✎   Staff begins a multi-year effort to implement, in a phased manner, a performance management system that encourages departments to establish program goals and to develop and use performance measures in day-to-day decision-making. Over time, this may also result in revised performance measures included in the budget or otherwise reported to the Board and public.

✎   In an effort to improve the County's use of performance measures, staff builds on the performance measures already included in the budget and focuses on using sources of data already or easily available.

✎   Staff develops a quality assurance mechanism to ensure the reliability of the data used in performance measures.

✎   Staff evaluates and recommends to the Board what additional resources may be needed to accomplish the above.

✎   Staff evaluates the costs and benefits of continued participation in the ICMA Performance Measurement program.

Key Points

ⓘ Different types of performance measurement information are needed for different purposes.

ⓘ The Board's key organizational goals, along with its Vision and Guiding Principles, will help to identify the type of performance measures the Board might find useful, augmented by the General Fund priorities that will be developed during the County's Strategic Financial Plan process.

ⓘ While all departments can benefit from performance measurement, different departments have different needs and capabilities. One size does not fit all in measuring performance.

ⓘ Focusing on one department at a time allows for a more cost-effective targeting of resources to establish a credible program-specific performance management system that is sustainable over time.

ⓘ Adequate resources are essential to the success of a performance management program.

Changes Planned for FY 2008-09 Budget

In FY2008-09, the County Budget document will expand to include a third volume that will focus on Performance Measurement. As envisioned, this new volume will include some Community Indicator information for each functional area and certain information for each component budget unit, including:

📖 Identification of key budget unit or program goals.

📖 Performance measures categorized as: "What/How Much Do We Do?" (output measures); "How Well Do We Do It?" (efficiency/effectiveness measures); and "Is Anyone Better Off?" (effectiveness/outcome measures).

📖 A section on the "Story Behind the Performance Measures," that will provide some explanation as to what is going on and/or what the measures mean.

The third volume will allow the flexibility to include performance measures for each program, if the Board desires, and provide a platform for more explanatory information. Plus the stand-alone document will make it easier to implement periodic reporting of budget performance measures, if a decision is ever made to do that.