



Moving from Reporting Performance Information to Using It

Prince George's County, Maryland

By Greg Useem

Prince George's County, Maryland, is overcoming the challenges inherent in using a performance management system to make informed budget and management decisions.

Strategic plans and performance measures make a difference only if managers use them to make decisions. Simply reporting strategic plans and performance measures may lead to accountability, but rarely results in using information for decision making. Moving from reporting to evaluating performance information and making data-driven decisions is the key to improving government services. It is a difficult transition.

Simply implementing policies and procedures that call for using performance information is not enough. An effective performance management system requires continuous improvement, constantly identifying and fixing barriers. Otherwise, the system may fail as employees naturally resist change.

GETTING STARTED

Prince George's County, Maryland — which has a \$2.6 billion general fund budget and a population of approximately 840,000 — started moving from reporting to using strategic plans and performance measures in mid-2007. To accomplish this, the budget office devised a system that included not only strategic plans and performance measures but also performance-based budgeting and a statistical review program similar to Baltimore's CitiStat. The county plans to implement its statistical review program in the summer of 2009.

In the first year, the new performance management system did not lead to either performance-based analysis or real decision making. Upon review, the county determined that the system had been unsuccessful for two reasons. First, strategic plans and performance measures from county agencies did not communicate key information to analysts and managers. Second, existing processes, tools, and procedures did not assist and guide analysts and managers in using the performance information they were provided.

If written correctly, strategic plans and performance information are the crux of analysis and decision making. Strategic plans and performance measures need to communicate the intended direction of the agency, gauge the level of service that will be provided, and measure how well the strategic plan is being accomplished. With this information, analysts and decisions makers can formulate assessments and determine how to adjust, remove, or revise resources, processes, and services to best accomplish the strategic plan.

Without this information, effective analysis and decision making are unlikely to occur. In the first year after the county implemented its performance management system, only one out of 24 participating agencies had a viable strategic plan and performance measures, and all others required

Exhibit I: Before and After — Improving Objectives and Performance Measures

The county Department of Public Works and Transportation has significant responsibility for the storm drainage system. In fiscal year 2009, the agency reported an objective and performance measure to communicate its work in this area (see below). This information is problematic for analysts and decision makers. The objective indicates that more work should be done, but it does not communicate the impact of the work. Therefore, it is impossible to gauge how effective the service. In addition, the performance measures do not communicate the full picture of the service delivered.

Storm Drainage System: FY 2009 Performance Information

Objective: By FY 2010, increase cleaning and maintenance of channels and pipes by 5 percent to ensure a reliable storm drainage system.

Performance Measures

| Measure | Measure Category | FY 2005 Actual | FY 2006 Actual | FY 2007 Actual | FY 2008 Estimated | FY 2009 Projected |
|--|------------------|----------------|----------------|----------------|-------------------|-------------------|
| Number of Channel and Pipe Linear Feet Cleaned | Output | 65,387 | 68,700 | 72,100 | 75,700 | 77,000 |

In fiscal year 2010 (see below), the objective changed to reducing valid water damage claims — communicating to analysts and decision makers how this service can be accomplished successfully. The performance measures are also improved, communicating a comprehensive picture of service delivery: resources, workload, demand, quality, and outcome measures. This information can be used to evaluate and determine service delivery changes and improvements.

Storm Drainage System: FY 2010 Performance Information

Objective: By FY 2016, reduce the number of valid water damage claims per storm within the stormwater management system from 13 in FY 2008 to 10.

Performance Measures

| Measure | Measure Category | FY 2006 Actual | FY 2007 Actual | FY 2008 Actual | FY 2009 Estimated | FY 2010 Projected |
|--|------------------|----------------|----------------|----------------|-------------------|-------------------|
| Storm Drain Expenditures | Input | \$10,484,300 | \$13,046,500 | \$15,091,400 | \$17,670,500 | \$17,670,500 |
| Number of Employees Assigned to Storm Drain Division | Input | 139 | 139 | 139 | 169 | 169 |
| Amount of Drainage Pipe (Linear Feet) | Output | | 5,461,690 | 5,461,696 | 5,490,000 | 5,517,450 |
| Amount of Major Drainage Channels (Linear Feet) | Output | | 103,119 | 103,119 | 103,119 | 103,119 |
| Amount of Drainage Pipe Cleaned (Linear Feet) | Output | | 16,936 | 15,125 | 17,000 | 17,000 |
| Amount of Drainage Channel Cleaned (Linear Feet) | Output | | 46,152 | 65,626 | 67,000 | 67,000 |
| Number of Flooding Incidents Reported (Storm Drain Related) During a Storm with More than 2.5 Inches of Rain | Output | | | 399 | 359 | 323 |
| Number of Ponds Mowed by County Staff | Output | | 193 | 122 | 164 | 194 |
| Number of Ponds Mowed by Contractors | Output | | 198 | 218 | 218 | 228 |
| Cost per Drainage Pipe Managed (Linear Feet) | Efficiency | | \$2.39 | \$2.76 | \$3.22 | \$3.20 |
| Average Response Time for a Flood Complaint (Days) | Quality | | 7 | 6 | 5 | 5 |
| Number of Valid Damage Claims per Storm | Outcome | 4 | 4 | 13 | 13 | 12 |

improvement. In the worst cases, agencies focused on using their performance information to communicate how busy they were or how many more resources they felt were needed. Not surprisingly, analysts and managers were uncomfortable evaluating and making decisions based on this meager and often flawed information.

Agency staff acknowledged that their strategic plans and performance measures were not useful because of the way this kind of information had been used in the past — or not used. Before the county implemented its performance management system, agencies had been required to report strategic plans and performance measures for the budget document. As a result, the agencies were focused on using the data for reporting purposes rather than for evaluation and decision making. In the worst cases, agencies focused their performance measures on how busy they were (e.g., responding to 911 calls) and their strategic plans on how to accomplish their workloads (e.g., hire more staff). From the perspective of analysts and decision makers, this information was not useful for two reasons: the data did not reflect important aspects of the service delivered, including resources, workload, quality, and outcomes; and the strategic plans did not state the ultimate impact or benefit of the services. Simply adding staff to accomplish the workload does not mean the service was provided more effectively or the customer received a positive benefit. (Exhibit 1 shows how one department improved one of its objectives and associated performance measures.)

MAKING IMPROVEMENTS

The county realized that the success of its performance management system

Exhibit 2: Mission Statement Formula

The _____ provides/produces _____
 to _____ in order to _____
 The agency's mission supports accomplishing the countywide vision by:

- _____

would require revisions and improvements. During the summer of 2008, the county implemented a set of strategies aimed at making the system useful for decision making. These strategies included improvements to agency strategic plans and performance measures as well as processes, tools, and procedures for performance-based budgeting.

To improve strategic plans and performance measures, the county offered additional training to all agencies to improve agency staff understanding of the performance management system. Many agencies took advantage of this training. As a result, the agencies' strategic plans and performance measures became more useful, even as standards became more difficult.

Budget office staff also received training that focused on the effective use of performance information in analysis and making recommendations. Budget analysts used the information more often after receiving this training. For example, budget analysts have used agencies' strategic plans and performance measures to identify appropriate service reductions, maintenance requests, and increases, improving agency performance and limiting the potential for service delivery problems.

As part of the training, the county also created and distributed a manual, which expounded on the policies and procedures, and also served as a how-to

guide. The manual included templates to help write the statements appearing in an agency's strategic plan. Exhibit 2 shows an example of a formula for writing an agency mission statement.

Improved strategic plans and performance measures have resulted in more useful performance information. One improvement came about simply because of the regular reporting of performance measures data. As agencies reported monthly data and analysts in the budget office reviewed and asked questions about the submissions, agencies have regularly revised, corrected, and improved the information — a benefit unanticipated at the outset.

USEFUL TOOLS

The county also revised the performance-based budgeting process to improve the use of performance information. Analysts and decision makers received summarized performance information, tables, and guides that lay out how to make decisions, along with step-by-step instructions on how to use the performance information.

One tool is the strategy review table (see Exhibit 3). This matrix provides a summary of how analysts and decision makers should evaluate an agency's strategy in light of accomplishing its strategic plan — a decision that often has budgetary implications. Column 1 requires the agency's performance to

Exhibit 3: Strategy Review Table

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|----------------------------------|-----------------------------------|--|--|--|
| Comparison Between Performance and Objective's Target | Trend of Objective's Performance Measures | Strategy May Improve Performance | Strategy May Maintain Performance | Recommend Current Strategy Without Changes | Strategy Requires Additional Resources | Consider Moving a Strategy's Resources to a Lower-Performing Objective |
| Gap | Away from Objective's Target | ✓ | ✗ | ✗ | ✓ | ✗ |
| | No Trend | ✓ | ✓ or ✗ | ✗ | ✓ | ✗ |
| | Toward Objective's Target | ✓ | ✓ | ✓ | ✓ | ✗ |
| No Gap | Meeting Target | ✗ | ✓ | ✓ | ✗ | ✗ |
| Above Target | Exceeds Objective's Target | ✗ | ✓ | ✓ | ✗ | ✓ |

be compared with an objective statement (part of the strategic plan) indicating the planned level of performance. Column 2 indicates the trends of the performance data compared with the level of service delivery planned in the objective. Columns 3-7 indicate whether a decision should or should not be made.

The county's rating system is another approach to improving the use of agency strategic plans and performance measures. The budget office rates each agency on the strength and use of its strategic plans, performance measures, and performance-based budgeting. The purpose of the rating system is to provide the agency with clear feedback on how to improve their performance information so it can be used for decision making. Highly rated agencies receive certificates and are justifiably proud of earning superior scores. This creates interagency competition, which has led to noticeable improvements.

There is clear evidence that these strategies have led to marked improve-

ments in agency submissions: 15 out of 24 agencies improved their strategic plans; 12 improved their performance measures; and ten improved their performance-based budgeting submissions. More strategic plans, performance measures, and performance-based budgeting documents have become useable: three strategic plans in fiscal 2010, compared with one in fiscal 2009; six sets of performance measures in fiscal 2010, compared with one in fiscal 2009; and one performance-based budget, compared with none the year before.

CONCLUSION

Because the performance information improved, more analysts and managers used it for their decision making during the fiscal 2010 budget process than in the fiscal 2009 budget process. With this progress in mind, the county will continue to review and revise the performance management system to improve the strategic plans and performance measures as well as the use of information.

In Prince George's County, the lesson learned is that implementing a performance management system does not occur overnight. To become successful at using performance information in decision making, the system must be structured, reviewed, and continuously improved. Patience with the system and determination to achieve the vision will result in small accomplishments that can lead to a strong performance management system in the end. ■

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