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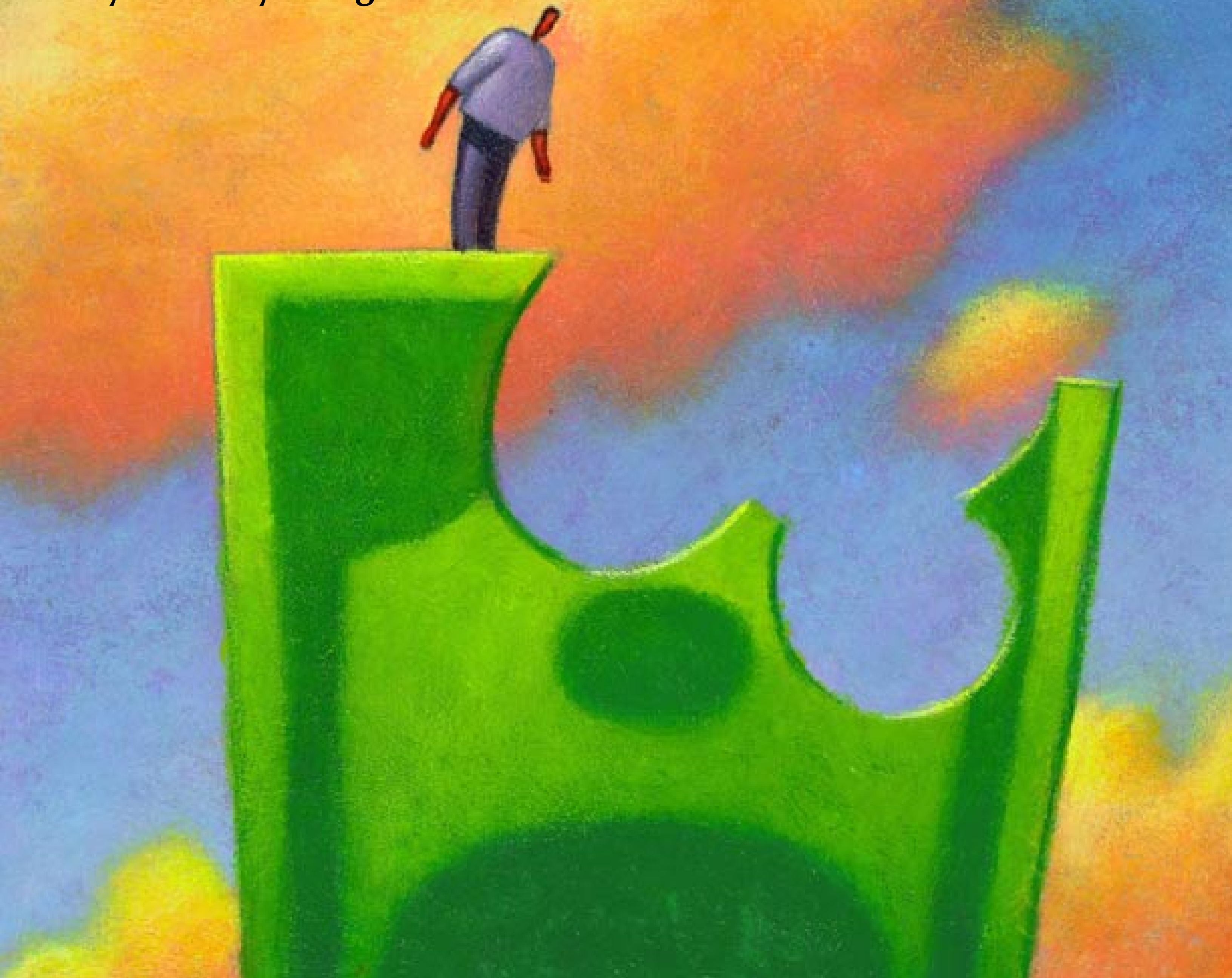
Citizens' Budget Reports: Improving Performance and Accountability in Government

by Geoffrey F. Segal and Adam B. Summers



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By Geoffrey F. Segal and Adam B. Summers

Executive Summary

Civic leaders bemoan the lack of attention or engagement citizens display toward municipal governance. Citizens remain unenergetic and removed from the level of government closest to them, often because they lack the simple knowledge of what government services have been provided and in what quantities, and are unable to determine such information from government documents. Even today, most citizens would be hard pressed to determine how their tax dollars are being spent, and whether or not they are spent wisely. Most municipal documents serve internal purposes and do little to educate or assist the citizen. It is no surprise then, that citizens have little trust or confidence in how governments spend their money.

To improve the relationship between the governed and the governing, governments need to focus on better performance, more efficient government, and an informed citizenry. Citizens want to know how effectively and efficiently their city delivers services. To properly serve their citizens, governments need to make data available so that policymakers and citizens fully understand the array of results that can be accomplished through different levels of spending. Citizens want to know what resources it takes to pick up the trash, fix the streets, and provide fire protection. They want to know how their city stacks up against neighboring or similarly situated cities. Do some cities use more or fewer resources than others? Are there other management options that officials can use, like privatization or public-private partnerships? Constrained budgets are forcing many governments to become more interested in improving productivity and answering these questions.

What matters at the end of the day is what type and level of services are provided. These areas, evidence suggests, can improve when organizations that focus on results and performance, broadly defined, develop budget systems that fund outcomes rather than inputs. To accomplish this, spending needs to link measured results with funding levels and departments must be held accountable for outcomes. An agency is thereby able to demonstrate its effectiveness in carrying out policy goals and efforts to improve performance by budgeting to focus on what citizens really want and need.

Further improvement of government efficiency and effectiveness involves two essential management tools: strategic planning and performance measurement. Widely used in the private sector, strategic planning is a powerful business tool that helps set priorities and allocate scarce resources. Strategic planning looks ahead toward goals to be accomplished, while performance measurement looks back to see what was achieved. When used together they form a continuous process. In essence, strategic planning defines the performance to be measured, while performance measurement provides the feedback loop that keeps the focus on target.

When institutions are focused on inputs they have no reason to strive for better performance. However, when they focus on outcomes, they seek improved performance. When management becomes interested in performance and measurement, it sets a tone that success and performance are imperative, for what gets measured, gets done. More importantly though, measurement allows policymakers to distinguish policy successes from policy failures.

There are many reasons why performance measurement has become an essential management tool. Some of them are:

- Ability to focus on core missions and competencies;
- Increased civic discourse and engagement;
- Increased accountability and efficiency;
- More effective mandates and quality controls; and
- Informed policy discussions.

Basically, the real power of performance measurement is the power to reform, as seen through the influence it has exerted on getting those in government to rethink what they do and how they do it.

In order for performance-measurement systems to work, several different types of data need to be collected. In the absence of a single overriding metric such as earnings or shareholder value, governments and their citizens need to look at five different types of data to get the total picture. The five main categories are:

- Input indicators;
- Output/Workload indicators;
- Intermediate outcomes;
- End outcome/Effectiveness indicators; and
- Explanatory information.

Emphasis on end outcomes forces the organization to focus there first and, going backward, derive all means for production or services from the desired result, as in the performance measurement model below.

Performance Measurement Model			
Inputs ←	Outputs ←	Intermediate Outcomes ←	End Outcomes
Amount of resources devoted to a program activity.	Tabulation, calculation, or recording of activity or effort, expressed in a quantitative or qualitative manner.	Direct influences and impact that the outputs of an agency has on short-term, leading indicators. These can be seen in changes in: 1. Attitudes 2. Behaviors 3. Conditions	Assessment of the results of a program activity compared to its intended purpose.

Another critical element of government's success is being receptive and responsive to the needs and wants of citizens. Citizens, as the recipients of government services, can best identify which areas of government are functioning well and which areas need improvement. They can also be instrumental in identifying how best to improve quality and efficiency. To this end, surveying is a valuable and intricate tool available to policymakers.

Citizens are demanding results—they want to know how their money is being spent, why it's being spent that way, and how much they're getting for their money. Pressure has been thrust upon policymakers to continually strive for better, more efficient service delivery. Strategic planning, performance-measurement budgeting and citizen surveys provide the framework for a government to be efficient, effective, and responsive to its citizenry.

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Part 1

Introduction

Civic leaders bemoan the lack of attention or engagement citizens display toward municipal governance. Citizens remain unenergetic and removed from the level of government closest to them, often because they lack the simple knowledge of what government services have been provided and in what quantities, and are unable to determine such information from government documents. Even today, most citizens would be hard pressed to determine how their tax dollars are being spent, and whether or not they are spent wisely. Too often public documents, which should answer these questions, are agency-centric and are not written with the citizen in mind. While these documents serve an internal audience quite well, they do very little to educate or assist an external audience, including the citizen taxpayer. It is no surprise then, that citizens have little trust or confidence in how governments spend their money.

However, the 1990s changed the political and economic climate forever. A political movement toward "government for results" gained attention throughout the decade. Recently, the economy's downturn coupled with technological advances and innovative breakthroughs are placing an increased emphasis on performance.[1] Citizens' frustration with government services has led to their demands for increased accountability.[2] They are concerned with end outcomes: how their money is being spent and what level of service they're getting for their tax dollars. Citizens want to see progress toward an objective, that is, that the original purpose of the service is being realized.[3]

Strategic planning and performance measurement have become essential management tools. If nothing else, they allow public policymakers to properly communicate with their constituents. Indeed, the 1949 federal Hoover Commission recommended adopting this standard "in order to produce a simpler, more understandable and more satisfactory budget document…[the budget] needs to be completely recast along the lines of work programs."[4] The proper use of performance measurement allows local governments to engage in vital interaction with their citizens. It addresses and improves public confidence while maintaining the common goal of improving services.[5]

Cities that embraced these concepts years ago provide valuable lessons in what to measure, how to measure, and how to effectively report results. If widely adopted, strategic planning and performance measurement provide an opportunity for policymakers to effectively communicate with their citizens, make proper and accurate comparisons with other agencies and the private sector, conduct extensive program evaluation, and find the most efficient allocation of limited resources. Often considered a pioneer in the movement, the city of San Diego suggests that:

> *An important pillar in becoming the 'First Great City of the 21st Century' is the commitment to implement a continuous, systematic process for evaluating the quality and cost of services and products delivered by the city and comparing them with private and public industry leaders.*[6]

Governments will benefit from opening their books, making them more attainable, more understandable, and more transparent to the average citizen, to the individual, and to businesses who both pay for and consume municipal services. And open their books, they must. Citizens are demanding the same level of performance and accountability from governments as they do from private companies.

For governments to succeed in this environment they'll have to rapidly adopt strategic planning, performance measurement, and citizen-education tenets—and the time to do this is now. This guide will help not only to show the value and importance of strategic planning and performance measurement, but also to assist policymakers in developing their own initiatives.

Part 2

Why Public Budgeting Needs Improvement

> *Government is famous for its endless figures and forms. To an outsider, it seems like an industry that pays an enormous amount of attention to numbers. People in government are always counting something or churning out some statistical report. But most of this counting is focused on inputs: how much is spent, how many are served, what service each person receives. Very seldom does it focus on outcomes, on results.*
>
> —David Osborne and Ted Gaebler, *Reinventing Government*

As the quote above describes, traditional municipal budgeting has focused on line items and object codes rather than on programs and results.[7] This exercise is overly focused on dollars. While performance is an issue at budget time, it is almost never systematically examined. Citizens want to know how effectively and efficiently their city delivers services. What resources does it take to pick up the trash, fix the streets, or provide fire protection? How does their city stack up against neighboring or similarly situated cities? Do some cities use more or fewer resources than others? Are there other management options that officials can use, like privatization or public-private partnerships?

Indeed, there is "a growing frustration among taxpayers that they don't know what they're getting for their money."[8] This realization led to the passage of The Government Performance and Results Act of 1993 (GPRA). GPRA created a new framework for more effective planning, budgeting, program evaluation, and fiscal accountability. Clearly, GPRA is an attempt to improve public confidence and performance of government agencies, yet it is a federal law that only applies to the federal government.

An era of constrained budgets has forced governments to become more interested in improving productivity in order to provide services of higher quality or quantity with the same level of resources. In an effort to provide the kind of customer service citizens expect, local governments are learning that the bottom line does not focus only on quantity, but also on service delivery—that is, quality, efficiency, timeliness, accuracy, accessibility, and professionalism.

Organizations that focus on results and performance, broadly defined, need to develop budget systems that fund outcomes rather than inputs.[9] Spending needs to link measured results with funding levels and departments must be held accountable for outcomes. Also, governments need to make data available so that policymakers and citizens fully understand the array of results that can be accomplished through different levels of spending.[10] Such a system retains accountability, but shifts it toward concrete outcome and output measures.

Budgeting Focus: Current vs. GPRA Methods

Current
- Inputs (full-time equivalent or "FTE," $)
- Process
- Compliance
- Management Control

GPRA
- Outputs/Outcomes
- Results
- Performance
- Management Improvement

Source:www.financenet.gov/financenet/fed/cfo/gpra/slides/toolkit/tsld010.htm

The evidence suggests that the best approach to budgeting is to focus on what citizens really want and need, as a demonstration of the effectiveness of the agency in carrying out policy goals and efforts to improve performance. What matters at the end of the day is what services are provided, not how much cash they absorb.[11] Accordingly, the focus should ultimately be on results rather than dollars spent. Benchmarking agency performance over time, against other departments and against private firms, lends itself to easy understanding and evaluation by citizens.

Performance goals and measures play a vital role in public budgeting. They are powerful tools that can lead to the efficient and effective provision of public programs and services. By providing program managers and employees with what they are expected to achieve and how well they are doing, they paint a more realistic and accurate picture of agency performance. Most importantly though, citizens are given the means to evaluate, understand, and participate in their government.

What Is Performance Budgeting?

Performance budgeting is an exercise that "costs out" various activities that attempt to achieve an end outcome. It enables the correlation of results to expenditures. There are three components of performance budgeting: the result (end outcome), the strategy (ways to achieve the end outcome), and activity/outputs (what is actually done in order to achieve the end outcome). Performance budgeting establishes a link between the rationales for specific activities and the end outcome results. Note that the result is not costed out, but the individual activities or outputs are. This information enables policymakers to determine what activities are cost-effective in reaching their end outcome.

Part 3

Strategic Planning: The First Step

A. What It Is

Policymakers are faced with tough decisions every day. They rely on established priorities to assist their deliberative process. Similarly, the first step in a performance measurement initiative involves strategic planning. Governments need to know why they provide a service, at what level they are providing it, and at what level they want to be providing it. In essence, before a government can determine where it wants to go, it first needs to determine where it is. This ensures that its long-term goals and mission are properly articulated. "Strategic planning is a process in which an organization takes a fresh look at its mission and how to best meet that mission, and assesses the likely future environment and needs for service."[12] Thinking in this way helps determine how current activities affect future objectives.

The private sector has long utilized strategic planning as a powerful business tool, helping firms to set priorities and allocate scarce resources, and relying on the market for valuable feedback. Unlike businesses, governments cannot rely on the market for information. However, all is not lost. Indeed, governments can still emulate the results-driven process by building a feedback loop to close the gap between planning and performance.

Continual performance measurement and analysis, coupled with strategic planning, complete the necessary framework for governing-for-results to work. "Strategic planning looks ahead toward goals to be accomplished; performance measurement looks back to see what was achieved—used together, they form a continuous process" (see Figure 1).[13] In essence, strategic planning defines the performance to be measured, while performance measurement provides the feedback that keeps the focus on target.

Figure 1: Continuous Process of Planning and Measurement

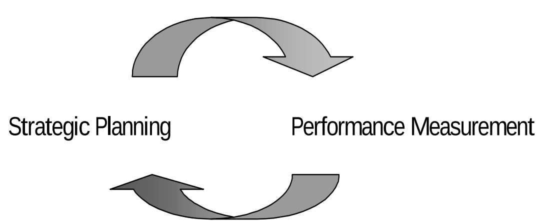


Figure 2: Strategic Management Model

Mission

⇩

Outcome Goals

⇩

Strategy

⇩

Program Alignment

⇩

Budget Alignment

Developing a strategic management model is a top-down process. The department sets goals and level of service, i.e., what it wants to achieve, and determines the strategies it will focus on in achieving those goals. During the budget process, the departments align their "plan" to the citywide view. The departments' budget requests become a mere costing out of the strategic plan.

Best-run City in the World Utilizes Management Tools

Christchurch, New Zealand was honored by *Governing* as the best-run city in the world in October 2001.

Much of Christchurch's success is based upon its extensive use of state-of-the-art management tools. To start, the city's Strategic Statement is a highly accessible report, outlining current projects and future goals. Budgets are based on performance goals and "outputs."

Policymakers were also quick to adopt accrual-based accounting to show the true cost of a project, including depreciation and maintenance.

Christchurch's reforms were part of a larger national movement in New Zealand. Nonetheless, the results that have been generated are worthy of praise.

Source: Jonathan Walters, "Urban Role Model," Governing, October 2001, pp. 19-24.

Once feedback is processed, one of strategic planning's most important attributes comes to light. The information gathered can be used to re-think service-delivery approaches and innovate.[14] Feedback provides data to policymakers to "re-assess priorities as conditions change instead of merely duplicating the past."[15]

B. How To Use It

Every strategic plan should cover multiple years and be focused on long-term goals and priorities. The Urban Institute, in *Making Results-based State Government Work,* reports that a minimum of three years should be built into a strategic plan.[16] Most cities already have experience with multi-year planning documents. Too often, however, a five or 25-year general plan is adopted, never to be reexamined. Since priorities will often shift during the life of a traditional strategic plan, it needs to be flexible and adaptable to changing times. Policymakers cannot be static and must be willing to reevaluate the purpose, mission, and goals of a plan or initiative. For strategic planning and performance measurement to work, information needs to be constantly gathered and analyzed. In so doing, agencies and governments can provide valuable information about how the current strategies are, or are not, working.[17] Where the existing system falls short, officials will need to examine alternate methods of service delivery, including, but not limited to, public-private partnerships, contracting for service, divestiture, competition programs, and reengineering.

How to Develop a Strategic Plan

The following delineates seven basic principles that each strategic plan should include:

1. Identification of the populations served and outcomes sought.
2. Identification of specific outcome indicators by which progress will be measured.
3. Examination of the future environment and problems or barriers within which the government and its programs operate.
4. Identification of the latest available baseline values for each outcome indicator.
5. Examination of alternatives and practical options for achieving outcomes, including the current service delivery approach.
6. Analysis of each strategic option's costs, feasibility, and effect on the outcomes, including estimates of the out-year values for each outcome indicator and the costs included in the plan.
7. Creation of a process for obtaining input from city departments, customers, employees, and interest groups.

Source: Liner, et al. "Making Results-based State Government Work," p. 8.

Part 4

A Primer to Performance Measurement

What I've noticed about bureaucratic programs is that for all their rules and red tape, they keep very little track of what actually happens to the people they're servicing. If that's built in from the beginning—if you keep track of results—you can dispense with a lot of red tape.

—Tom Fulton, President of the Minneapolis/St. Paul Family Housing Fund[18]

When institutions are focused on inputs they have no reason to strive for better performance. However, when they focus on outcomes, they seek improved performance. When management becomes interested in performance and measurement, it sets a tone that success and performance are imperative, for "what gets measured gets done."[19] The simple act of defining performance and goals focuses an entire organization on achievement and success. More importantly though, measurement allows policymakers to distinguish between policy successes and policy failures. Without this structure, organizations would not be able to learn from their past achievements and errors.[20]

Emphasis on end outcomes forces the organization to focus there first and, going backward, derive all means for production or services from the desired result, as in the performance measurement model below.

Figure 3: Performance Measurement Model

Inputs ◄——	Outputs ◄——	Intermediate Outcomes ◄——	End Outcomes
Amount of resources devoted to a program activity.	Tabulation, calculation, or recording of activity or effort, expressed in a quantitative or qualitative manner.	Direct influences and impact that the outputs of an agency has on short-term, leading indicators. These can be seen in changes in: 4. Attitudes 5. Behaviors 6. Conditions	Assessment of the results of a program activity compared to its intended purpose.

A Performance Leader: Sunnyvale, CA

City leaders began to experiment with performance measurement in the mid 1970s. Their system includes a 20-year strategic plan, a 10-year financial plan, a two-year performance budget, annual evaluations, and performance-based compensation.

Managers measure the quantity, quality, and cost of every service they deliver, but the council no longer votes on line items. Now it votes on service levels. It defines what expectations and improvements are to be made in the course of a year. Reevaluation at the end of the year determines how well the agency did in achieving its goals.

Between 1984-85 and 1993-94, Sunnyvale recorded a 44 percent improvement in worker productivity and a 38 percent improvement in the cost of providing services.

Source: State of California, Little Hoover Commission and Osborne and Gaebler, Reinventing Government.

Another Perspective…

Warning—performance measurement is not perfect. In fact, creating targets creates perverse incentives. Knowing that their performance will be measured against the target, agencies may become innovative—in the wrong way—to find ingenious ways to meet their targets.

To combat such misdirection of effort, governments should focus more on transparency than on targets.

Source: "Missing the Point," *The Economist*, April 28, 2001, p. 22.

Measurement allows for the creation of benchmarks (service-delivery levels), which agencies strive to improve upon or meet. Continual measurement allows them to make comparisons with previous years, similar jurisdictions, and private-sector performance, enabling them to see if targets or goals were met.[21] These comparisons will also allow policymakers to discover if applicable practices from other organizations can be transferred to their organization,[22] and identify where outsourcing could improve efficiency and service delivery.

There are many reasons why performance measurement has become an essential management tool, and policymakers have identified many uses and reasons for adopting performance measurement. Each contributes in its own way, but is equally critical to management success. Beyond the benefits already mentioned, agencies that adopt performance measurement can expect to receive the following benefits:[23]

- **Ability to focus on core missions and competencies**. Data and information will enable agencies to reexamine the services they deliver. Comparisons between other agencies or companies will improve resource-allocation decisions and effectiveness.
- **Increased civic discourse and engagement**. To become engaged, the citizenry must be informed. Having specific data makes public participation and deliberation easier and more useful. Public discourse improves the identification of community goals and priorities among competing and limited resources.
- **Increased accountability and efficiency**. An emphasis on results will ultimately improve processes and the way governments work. Eventually governments will seek the most efficient allocation of resources as responsibility is fostered on the part of managers.

- **More effective mandates and quality controls**. The ability to measure the relative changes in service delivery makes it possible to determine the likely success of meeting a mandated service level. A focus on results and accountability also makes it easier to ensure a high quality of services provided.
- **Informed policy discussions**. Evaluation of performance information can yield valuable insights into policy successes and failures and guide examination of alternate strategies.

Basically, the real power of performance measurement is the power to reform, as seen through the influence it has "exerted on getting those in government to rethink what they do and how they do it."[24] It is moving people from being reactive to proactive. Performance measurement has become the foundation for change and improvement in the effectiveness and efficiency of local government services, "in order to make the community a better place to live and work."[25]

In order for performance measurement systems to work, several different types of data need to be collected. In the absence of a single overriding metric such as earnings or shareholder value, governments and their citizens need to look at five different types of data to get the total picture. The five main categories of data are:[26]

- **Input Indicators.** These are measures that are designed to report the amount of resources, either financial or other (especially personnel), that have been used for a specific service or program. Typically, traditional budgeting defines allocations of inputs.
- **Output/Workload Indicators.** These indicators report units produced or services provided by a program. Workload measures indicate the amount of work performed or the amount of services provided.
- **Intermediate Outcomes**. These measures track the key strategies or pre-cursor ingredients necessary to achieve the bottom-line result the program seeks. They are designed to track the short-term, leading impact of policies, strategies, and initiatives on attitudes, behaviors and conditions that are impeding achievement of the bottom-line results. In many cases, intermediate outcomes can be used to track efficiencies and cost effectiveness of program activities. Efficiency indicators can calculate cost-per output and correlate the impact of those outputs on intermediate outcomes, providing a measure of efficiency.
- **End Outcome/Effectiveness Indicators.** This is the bottom-line result—what the agency is trying to achieve. These measures highlight the result of agency programs (outputs and the associated intermediate outcome impact) on bottom-line results produced.
- **Explanatory Information.** This includes the range of data that are relevant to, and have impact on, service performance. These data provide context within a service area and give program managers an opportunity to explain the performance level and any possible extenuating circumstances. The primary purpose is to give policymakers and citizens a better perspective on what happened.[27]

The benefits of reform are widely acknowledged and accepted. They leave little room to argue that public budgeting and reporting don't need improving. Policymakers need to understand the value and importance of these reforms, and why adopting these principles will improve the business of governance. While the costs of establishing performance measurement systems can be high, in terms of staff time and dollar expenditures, the long-term benefits should outweigh the initial up-front costs.

Portland Service Efforts and Accomplishments (SEA) Reports

SEA reporting began in Portland in the late 1980s. The first report was published for FY 1989-90. The report focuses on the spending and staffing, workload, and results of the city's major public services. It also includes the results from an annual citizen survey.

The format is concise, clear, and consistent for each reported service. Operating departments do use SEA for internal management although there is no formal link between SEA and the budget.

Portland uses SEA to communicate with citizens for budget discussions. SEA helps highlight trade-offs in service delivery; for example, do you want 10 new police officers or a new park?

Portland's SEA 1999-00 report is available at:
http://www.ci.portland.or.us/auditor/audser/htm/summary270.htm

Source: Pat Dusenbury, Blaine Liner, and Elisa Vinson*, States, Citizens, and Local Performance Management,* (Washington D.C.: The Urban Institute, September 2000), p. 25.

Part 5

The Citizen Survey Instrument: What it is and How it Can Improve Decision-making

Good government requires that governments be receptive of, and responsive to, the needs and wants of their citizens. Although elections in themselves reveal some citizen preferences, they do not always paint an accurate picture. An important component of government-for-results is the input of citizens, which governments often fail to seek. Citizens, as the recipients of government services, can best identify which areas of government are functioning well and which areas need improvement. They can also be instrumental in identifying how best to improve quality and efficiency. To this end, surveying is a valuable and intricate tool available to policymakers.

Surveys are used to gauge, among other things, the general quality of life, satisfaction with city services, communication between citizens and government personnel, and public sentiment of issues that are currently facing the community. Furthermore, they inform policymakers not only of successes and dilemmas facing government agencies, but also offer some insight as to the magnitude of these achievements and problems as well. Encouraging constructive suggestions from participants not only provides valuable information regarding satisfaction levels with current services, but also supplies agencies with suggestions for how to improve services and meet community goals.

A. Identifying Priorities

Survey responses have the dual impact of clarifying direction and improving responsiveness to the needs and desires of citizens. Surveys give citizens a forum, a voice, to express their opinions and rank the city's performance in key service areas. After identifying citizens' priorities, policymakers should make certain that department goals or priorities properly match citizen desires.[28] Since public sentiment does change, agencies must remain flexible, continually seeking citizen feedback to maintain focus and responsiveness to citizen concerns and wants.

Survey information should be used to determine priorities. After establishing priorities consistent with public sentiment, the task of implementing strategies to reach departmental goals begins.

B. Asking the Right Questions

The success and value of citizen surveys depend on asking the right questions. General questions are good for obtaining general information. Citizen perceptions of the overall quality of life within a city and general satisfaction with city services are important, and the data collected from asking these questions are useful in conducting trend analysis of city performance over the years.[29]

However, general questions do not provide information on *why* problems exist or *how* they should be addressed. Thus, it is important to not only ask questions about the perceived quality of service, but also how valuable a service is and how it can be improved. This helps identify the relative worth of a public service.

C. Problems and Cautionary Notes

Even though surveys reveal a great deal of information about citizens and their preferences for city services, they are not without their flaws. To some degree, the quality of information depends on the quantity of information. Governments must obtain a large enough response rate to assure validity of the responses and justify their use as a barometer for the community. Citizens may possess poor information about the costs of providing services and thus have less ability to evaluate them or compare them against other services or service levels.

D. Case Study: Survey Instruments and the City of Phoenix, Arizona

Phoenix, Arizona has demonstrated superior ability in conducting both citizen and internal surveys and using the information gained to manifest results. Response rates to citizen surveys are consistently high, providing maximum information to the city and enabling it to engage in constant comparison of department goals to citizen satisfaction rates. The city also conducts an employee survey to identify concerns and thoughts of the workforce.

Both surveys are conducted using statistically valid sampling techniques. The employee survey is mailed to all city employees, with a 45 percent response rate, providing a confidence level of 95 percent, plus or minus 1 percent. Cecile Pettle, Phoenix's Budget and Research Director, offers some insights from Phoenix's experiences with the use of survey techniques:[30]

Q: Which practices of other municipalities or of private organizations, if any, were used in the development of Phoenix's survey techniques?

A: The use of survey techniques grew out of the quality movement of the early 1990s and the private sector's use of surveys to gauge customer satisfaction. Our surveys have evolved from simple instruments to our current more formal format but work still remains. We have not yet fully developed the potential of benchmarking and have not yet fully educated our departments in how useful benchmarking can be.

Q: How often do you conduct surveys?

A: Every two years, an outside contractor conducts a formal, statistically valid citizen satisfaction survey. In the "off" years, an employee satisfaction survey is conducted.

Q: How are questions formulated for the survey?

A: To provide for good multi-year comparisons, a core set of questions is always used, although management and elected officials have the opportunity to suggest topics for other questions in order to deal with current issues and problems. The questions, however, are worded by the consultant to ensure they are valid and measuring what we think we're measuring.

Q: How have performance measures been used to evaluate the success of public transit and policing programs and services in the past? Will they continue to be used in the same manner in the future?

A: Performance measures have evolved over the years. Police service measures used to be input/output related, such as how many police officers per capita were authorized. We still use input and output measures (primarily because of citizen questions), but now we also collect and publish clearance rates and the rate at which cases are accepted by the county attorney. This has put more public focus on the reason for police work—to reduce the occurrence of crime.

Emphasis has been placed on customer satisfaction. Are people treated with respect? Are communications good? These customer satisfaction measures help with community-based policing and help the community to feel involved with policing. The community becomes part of helping to reduce crime.

In the past, the measures we used for the transit system were so rudimentary that our performance measures focused only on inputs and outputs. There was no sense in measuring customer satisfaction. The system was completely inadequate, and we knew it. However, we have begun to use customer satisfaction measures and citizen processes in developing strategic transit plans.

Q: How long did it take to develop the current survey process?

A: Roughly 10 years, especially if you include the time it has taken to change our working culture to instill a focus on customer satisfaction.

Q: How much citizen input is sought, and how often?

A: Constantly. We have many kinds of citizen input. For example, bond committees, citizen transit commissions, parks boards, senior boards, youth boards, and over 800 neighborhood associations all have access to the city and their input is actively sought. We do also fairly frequently use formal citizen focus groups with structured decision-making techniques.

Q: Do satisfaction levels factor into manager or employee compensation or bonus awards?

A: Absolutely, especially for executive and middle managers, although all city employees have customer satisfaction taken into consideration during their performance reviews.

Q: Phoenix also uses surveys to assess internal operation and performance (Employee Opinion Survey and the Government Performance Project Survey). How are these survey instruments created?

A: Our city auditor department helps other departments develop many of the survey instruments used and helps them interpret the results. The questions used in our citizen survey and our employee survey are developed by an independent contractor to ensure they are using valid questions.

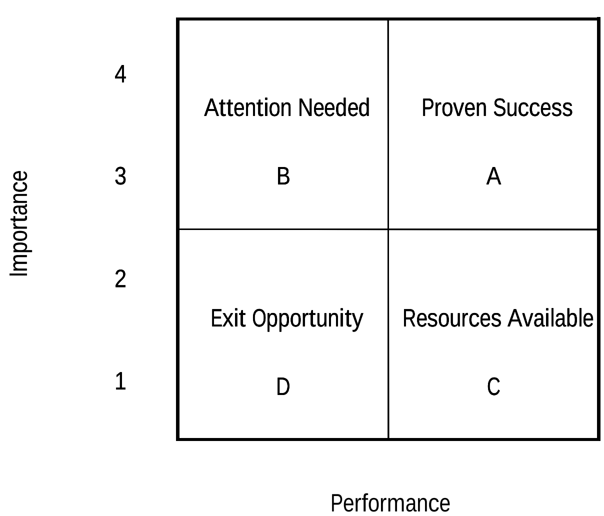
Q: In the "Managing for Results" section of the Government Performance Project Survey Responses, public transit and violent crime were noted as areas providing challenges for the city. The report mentions a citizen-driven transit plan to address problems with public transportation. How will Phoenix involve citizens in the planning, decision-making, and implementation of the plan?

A: Phoenix plans to address the problem by establishing a citizens committee of 600 to 1,000 members, conducting focus groups, conducting meetings in all council districts, and aiding in the establishment of a steering committee. These measures will ensure community participation and will likely lead to a desirable and acceptable outcome.

As for policing services, citizen satisfaction surveys continue to reveal that violent crime is a major concern for citizens, despite data that demonstrate reductions in the rate of violent crime every year since 1996. The police department hopes to continue this trend through the use of community-based policing programs and other shared efforts.

Citizen surveys allow government agencies to determine relative priorities from their citizens. Correlating this information with performance data can identify areas where resources can be freed up, where attention needs to be focused, and priorities reexamined. The model in Figure 4 below illustrates that it is critical to ask about satisfaction and importance. This helps put priorities inline with resource allocation.

Figure 4: Citizen Surveys—Priorities vs. Performance



Source: Carl DeMaio, RPPI/PI

How to read the chart:

Proven Success - A *(Top Right):* performance is high, and the citizens want it. "You have identified what the citizens want and you're good at it."

Attention Needed - B *(Top Left):* performance is low, citizens desire service. More attention needs to be focused to better align perfor-mance with citizen wants/needs. This may be a good area to open to competition or outsourcing to improve quality and performance.

Resources Available - C *(Bottom Right):* performance is high, but citizens don't care. Resources should be shifted from this unwanted service to areas better aligned with citizen priorities.

Exit Opportunity - D *(Bottom Left):* performance is low, and citizens don't want the service. This situation presents an "exit opportunity" for the government to get out of providing the service, ultimately saving money and freeing up resources to be dedicated to services better aligned with citizen priorities.

Part 6

How to Implement: Determining What to Measure and How to Use the Information Effectively

For any government-for-results initiative to be successful, relevant information and data on budget priorities, performance and achievements, and outcomes must be widely accessible in a user-friendly format. Central to this is the actual data collection. After all, data collection and reporting are providing the basis for long- and short-term programming.

For performance information to be effective, it is essential that outcome data not be aggregated. Aggregated information may prove effective to achieve broad goals, but it gives little or no information about a specific program's performance. While aggregated data can be misleading, non-aggregated data will "enable managers to assess where progress is being achieved and where problems exist…so that attention can be devoted to lower-performing areas."[31]

11 Ways to Use Performance Information Effectively

1. To respond to elected officials' and the public's demands for accountability.
2. To help formulate and justify budget requests and policy choices.
3. To help in resource allocation decisions.
4. To raise questions as to why outcomes are not meeting expectations and to trigger in-depth examinations of why performance problems (or successes) exist.
5. To help motivate personnel to continue program improvements.
6. To formulate and monitor the performance of contractors and grantees (performance contracting).
7. To provide data for ad hoc, in-depth program evaluations.
8. To support strategic and other long-term planning efforts (by providing baseline information and subsequent tracking of progress toward long-term goals).
9. To help identify "best practices."
10. To communicate better with the public and to build public trust.
11. Above all, to help provide better and more efficient services to the public.

Source: Liner et.al., "Making Results-based State Government Work," p. 46.

To this end, feedback must be provided constantly or frequently.[32] Yearly reports do not provide managers and citizens enough information. Performance reports, at the very least, should be produced quarterly—a feat that several government agencies already achieve.[33] Furthermore, the sophistication of the collection and reporting mechanism will make it easier to produce reports on a timelier basis, perhaps monthly.

Measures should be taken directly from the strategic plan and should focus the organization's efforts to meet its goals. Ultimately, measures should be clear, comprehensible, understandable, results-orientated, useful, valid, verifiable, and accurate.[34] Each agency providing a service should assist in the creation of the performance metrics used to evaluate performance.[35] When creating and selecting performance measures, it is critical to be selective, as too much data can have the same effect as no data. Overburdening or difficult-to-understand statistics make it extremely hard to get people to pay attention.[36]

The importance of determining which metrics to measure is paramount. Since actual service delivery varies widely, it is impossible to list every potential metric. Rather, we have identified some of the most common and important metrics for each service area, as well as the rationale for using them.[37]

Table 1: Building Maintenance	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs)	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Total square footage maintained ▪ Total number of buildings maintained	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Percent of infrastructure improvement completed on schedule ▪ Percent of preventative maintenance completed on schedule ▪ Average response time for non-emergency repairs ▪ Average response time for emergency repairs ▪ Average time spent per work order ▪ Average cost per maintenance request (by category) ▪ Average maintenance cost per square foot	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome (include efficiency measures)
End Outcomes: ▪ Quantitative Measure: Employee satisfaction survey ▪ Qualitative Measure: Condition of buildings (qualitative survey measure)	Rationale: ▪ The bottom-line result the program desires to achieve.

Emergency Medical Services	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs)	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Size of area served ▪ Total number of responses ▪ Number of education programs/participants	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Expenditure per capita ▪ Average response time ▪ Cost per response ▪ Population served	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome (include efficiency measures)
End Outcomes: ▪ Quantitative Measure: Citizen satisfaction rating ▪ Quantitative Measure: Resuscitation success rate	Rationale: ▪ The bottom-line result the program desires to achieve.

Fire Services[38]	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs) ▪ Total volunteer hours (FTEs) ▪ Total property value within city limits	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Population served ▪ Size of area served ▪ Total number of responses ▪ Number of fire inspections performed ▪ Number of fire investigations conducted ▪ Number of educational programs/participants	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Expenditure per capita ▪ Expenditures per $100,000 of property protected ▪ Average response time	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Quantitative Measure: Citizen satisfaction rating ▪ Quantitative Measure: ISO Fire insurance rating ▪ Quantitative Measure: Total estimated fire dollar loss ▪ Quantitative Measure: Total fire related deaths and injuries	Rationale: ▪ Assesses citizen satisfaction and concern; provides an outside measure of overall fire risk; attempts to quantify success (or failure) of efforts to minimize property loss, death, and injury due to fire—the bottom-line result the program desires to achieve.

Fleet Management	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs)	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Total number of vehicles maintained ▪ Average miles/use of vehicle ▪ Average breakdown of vehicle types	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Average cost per maintenance request ▪ Average maintenance cost per vehicle ▪ Average cost per mile ▪ Average time spent per work order	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Quantitative Measure: Average percentage of vehicle fleet availability ▪ Qualitative Measure: Condition of fleet	Rationale: ▪ The bottom-line result the program desires to achieve.

Library Services	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs) ▪ Total volunteer hours ▪ Number of branches	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Total circulation (number of volumes) ▪ Total registrations ▪ Total operating hours	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Collection turnover ratio ▪ Fine-collection percentage ▪ Average cost per registration ▪ Average cost per visitor ▪ Average cost per volume	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Quantitative Measure: Total visits ▪ Qualitative Measure: Customer satisfaction	Rationale: ▪ The bottom-line result the program desires to achieve.

Parks and Recreation[39]	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs) ▪ Total volunteer hours	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Number of parks ▪ Total park acreage ▪ Total number of recreational and educational activities ▪ Total operating hours	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Average cost per user ▪ Average cost per hour of operation ▪ Revenue generated from recreational and educational activities	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Quantitative Measure: Total number of visitors ▪ Qualitative Measure: Citizen satisfaction rating ▪ Qualitative Measure: Functionality of facilities	Rationale: ▪ The bottom-line result the program desires to achieve.

Police[40]	
Inputs: ▪ Number of sworn officers ▪ Number of non-sworn officers ▪ Total man-hours utilized ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total volunteer hours	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Population served ▪ Size of area served ▪ Total hours spent on patrol (regular and overtime) ▪ Total crimes investigated ▪ Population of jurisdiction ▪ Size of jurisdiction ▪ Number of arrests ▪ Number of citations issued	Rationale: ▪ Provides a measure of workload, amount of service provided, and activity level

Intermediate Outcomes: ▪ Average response time (emergency/non-emergency) ▪ Average number of cases per officer ▪ Citation collection percentage ▪ Average cost per response ▪ Percentage of citations collected ▪ Personnel hours per crime cleared	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Qualitative Measure: Citizen satisfaction rating ▪ Quantitative Measure: Value of property lost to crime ▪ Quantitative Measure: Crime clearance rate ▪ Quantitative Measure: Universal crime index	Rationale: ▪ Assesses citizen satisfaction and concern; provides an outside measure of overall crime rate; attempts to quantify success (or failure) of efforts to minimize property loss, death, and injury due to crime—the bottom-line result the program desires to achieve.

Solid Waste[41]	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs)	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Number of customers served (residential/commercial) ▪ Tons of waste collected/disposed	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Percentage of scheduled collections missed (residential/commercial) ▪ Average response time to service requests ▪ Number of complaints ▪ Cost per ton ▪ Cost per customer served (residential/commercial) ▪ Tons collected/disposed per FTE	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome
End Outcomes: ▪ Qualitative Measure: Average customer satisfaction rating ▪ Quantitative Measure: Environmental compliance	Rationale: ▪ The bottom-line result the program desires to achieve.

Street Maintenance[42]	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs)	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Number of lane-miles maintained ▪ Number of lane-miles resurfaced ▪ Number of potholes repaired	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Maintenance cost per lane-mile ▪ Cost per lane-mile of resurfacing, re-striping, etc. ▪ Cost per pothole repair	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Qualitative measure: rideability of lane-miles ▪ Qualitative measure: average customer satisfaction rating ▪ Quantitative measure: number of complaints	Rationale: ▪ The bottom-line result the program desires to achieve.

Transit[43]	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs) ▪ Number of vehicles used in peak service ▪ Equivalent amount of fuel used	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Annual vehicle miles traveled ▪ Annual revenue collected	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Percentage of trips on schedule ▪ Frequency of service ▪ Cost per passenger ▪ Cost per mile ▪ Condition of fleet	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Quantitative Measure: Reduction of traffic congestion ▪ Qualitative Measure: Customer satisfaction rating (comfort, convenience, etc.) ▪ Quantitative Measure: Number of passengers	Rationale: ▪ The bottom-line result the program desires to achieve

Water/Wastewater[44]	
Inputs: ▪ Total operating expenditures ▪ Total capital expenditures ▪ Total full-time equivalent (FTEs) ▪ Miles of pipeline	Rationale: ▪ Provides information on funds and labor resources used to provide services
Outputs: ▪ Number of customers served (residential/commercial) ▪ Volume of water/wastewater treated or processed ▪ Miles of lines maintained ▪ Number of pump stations and treatment facilities	Rationale: ▪ Provides a measure of workload and activity level
Intermediate Outcomes: ▪ Number of calls about interrupted service ▪ Average response time to service requests ▪ Cost per million gallons pumped/treated ▪ Cost per customer served (residential/commercial)	Rationale: ▪ Attempts to track progress in effecting the changes necessary to produce the end outcome.
End Outcomes: ▪ Quantitative Measure: Number of complaints ▪ Quantitative Measure: Water quality ratings ▪ Quantitative Measure: Wastewater effluent violations ▪ Quantitative Measure: Fire protection rating ▪ Qualitative Measure: Average customer satisfaction rating	Rationale: ▪ The bottom-line result the program desires to achieve.

Part 7

Case Studies

A. Innovations From One of the Leaders in Performance Measurement: The City of San Diego, California

In August 1993, then-Mayor Susan Golding appointed a task force of respected private-sector business people to examine in depth the operations of the San Diego city government. The task force, Citizens to Help Advocate Needed Government Efficiency and Effectiveness (CHANGE^2), was charged with finding new ways to re-invent government and to help make the organization the "most effective, efficiently-run city in the United States." Judging by the numerous awards received in the past couple of years, they're not too far off.

What Else Are They Saying About San Diego's Performance Management Program?

- According to Governing Magazine's Feb 2000 *Grading the Cities*, only one city was rated higher than San Diego in the category "Managing for Results "
- In April 2000, *Government Finance Review* recognized San Diego as one of four cities in the nation to use best practices in Financial Management
- In June 2000, the Government Finance Officers Association honored San Diego with the Award of Excellence for Innovation in Public/Private Partnership for their Zero-based Management Reviews
- The International City & County Managers Association, in September 2001, selected the city of San Diego to receive the Award of Excellence for Innovation in Labor/Management Partnership- Metropolitan Wastewater Bid to Goal Program
- In December 2001, the city of San Diego was recognized as the Best Large Company to Work for in San Diego by the *San Diego Business Journal*.
- The January 2002 Citywide Resident Satisfaction survey reported a 95 percent Overall Satisfaction rating with the city's services.

According to Reason Public Policy Institute's April 2001 *Competitive Cities Report Card*, which analyzed the efficiency in providing city services and corresponding information to citizens of 44 of the nation's 50 largest cities, San Diego ranked sixth overall. In February 2002, Reason Public Policy Institute released the *California Competitive Cities Report Card*, which looked at efficiency in California's 10 largest cities. In this follow-on report, San Diego was clearly the "most efficiently-run large city in California." Of particular note were San Diego's Parks and Recreation Department, which was ranked number one in the state all seven years studied, and the library system, which was rated number one for six of the seven years.

CHANGE^2 recommendations acting as the genius for change, San Diego began implementation of its now award winning Performance Management Program, which included the development of meaningful performance measures and the linking of those performance results to the budget.

Performance Management Program

In addition to the recommendations and initiatives contained in the CHANGE[2] report, the city manager instituted the Streamlining for Efficiency and Productivity (STEP) program. It focused on employee suggestions and ideas that supported continuous process improvement. With the partnership of private and public sector approaches under the CHANGE [2] and STEP programs, the city reinvented itself in designing service delivery and providing key government services with fewer resources. This new program, called the performance management program, is based on the recommendations from CHANGE [2] and STEP. As a program designed to improve city services, the performance management program seeks to improve city operations through several key processes identified through these recommendations, existing city best practices and the integration of additional best practices identified during ongoing benchmarking and completive assessment processes.

The key elements include:

- Performance-based Budgeting;
- Competitive Assessments;
- The Optimization Program;
- Citywide Surveys;
- Zero-based Management Reviews;
- Benchmarking;
- Citywide Automation Efforts;
- Performance Audits;
- Service Efforts & Accomplishments; and
- A Citizens' Budget

The activities and results achieved by each element of the Performance Management Program are reported in the Service Efforts & Accomplishments (SEA) and the Citizens' Budget, both of which are published annually and posted on the San Diego web site at www.SanDiego.gov.

1. Performance-based Budgeting (PBB)

Performance-based Budgeting is an ongoing program that links measured results with allocations of funding. Departments are responsible for creating measurements to track the efficiencies of their operations. Performance and cost data enable policymakers to make operational and budgetary decisions that relate levels of spending to the services provided to the public. Departments are also using customer surveys designed to measure satisfaction with department services.

2. Select Committee on Government Efficiency and Fiscal Reform

The Select Committee on Government Efficiency and Fiscal Reform is charged with bringing common sense to change efforts and finding innovative solutions for streamlining and downsizing city government. The Select Committee is normally chaired by the deputy mayor and is comprised of three members of the city council appointed annually in December; sixteen advisory members, appointed for a one-year term (two by each council member); two advisory members from the original CHANGE[2] task force appointed by the mayor; and the assistant city manager, financial management director and deputy city attorney representing city staff.

The select committee oversees implementation of recommendations from the Mayor's CHANGE^2 Task Force, the City Manager's STEP Report, Zero-Based Management Review Reports, and other issues referred by the city council, council committees, or members of the community.

3. Competitive Assessments

As a catalyst for continuous improvement in city operations, San Diego established two innovative programs, the Optimization Program, which operates under the city manager's control and the Zero-based Management Review (ZBMR), which advises the mayor and council by way of the select committee on government efficiency and fiscal reform.

The ZBMR and Optimization Programs operate independently of one another, yet they complement one another very well. Project information and data are routinely shared between the programs in an effort to maximize the benefit of their shared competitive assessment efforts. Since 1994, these programs operating in concert have saved San Diego well over $100 million and have served to stimulate numerous process improvements and cost reduction initiatives.

4. The Optimization Program

The Optimization Program, established in 1994, is comprised of city staff with expertise in a variety of disciplines, including industrial engineering, reengineering, organization development, total-quality management, and performance management. They also have a thorough understanding of the city's budgeting, financial reporting, and auditing processes.

The Optimization Program operates as an internal management-consulting firm for city staff and advises departments in areas of competitive assessment, process reengineering, optimization, process improvement, and performance management. Areas of recent focus include facilitation of citywide and cross-department improvement initiatives and change management and business processes re-engineering to support citywide automation and technology integration projects.

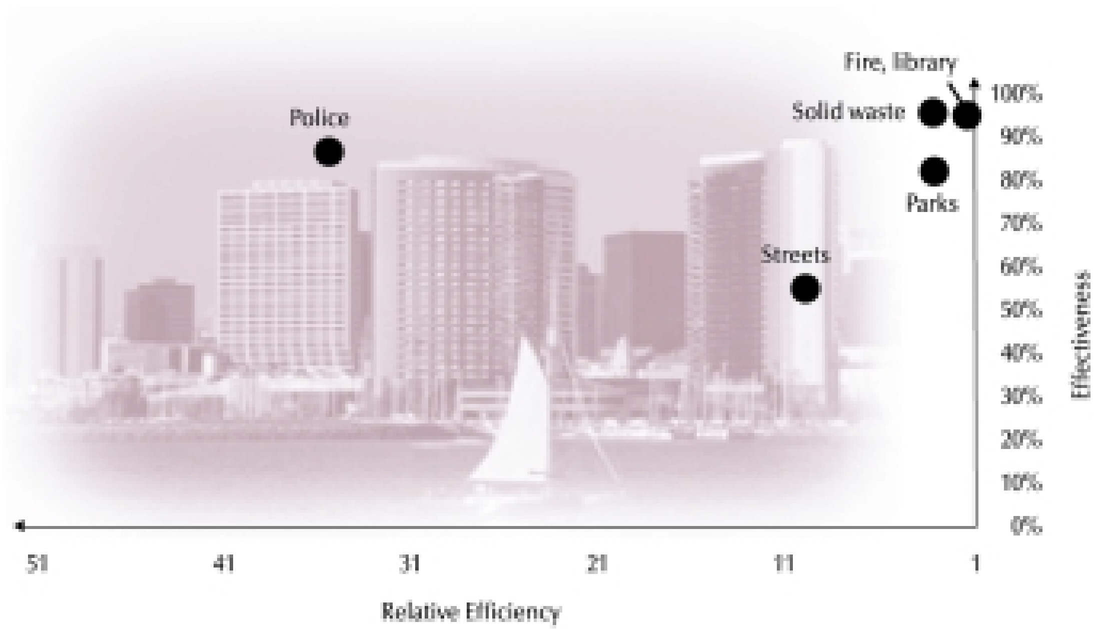
5. Optimization Advisory Panel

The optimization advisory panel consists of businesses and community leaders appointed by the city manager along with representatives from the labor organizations, and was established to advise city's staff by:

- Identifying services to be considered for optimization;
- Reviewing optimization assessment reports and departmental performance goals; and
- Providing general oversight and guidance to the Optimization Program team.

Figure 5: The Optimization Program compared citizen satisfaction and efficiency rankings in the *Competitive Cities Report Card*. Interestingly, the services that were most efficient also received the highest satisfaction rating. However, the police department did receive a high satisfaction rating with a low efficiency score.

City Services



6. Optimization Committee

The Optimization Committee is an internal advisory group whose function is to address policy issues and employee development issues that arise from program implementation. The committee also reviews Optimization Assessment Reports and makes recommendations to the city manager. the members of this committee include city employees from a variety of departments and job classifications, as well as representatives from the labor organizations.

7. Labor/Management Committees

Employees who provide the services identified for optimization review are encouraged to become actively involved in all facets of the optimization process. One avenue includes department Labor/Management Committees that are designed to address issues directly related to the optimization effort, and obtain input and recommendations from all levels and functions within the business unit.

8. Citywide Surveys

The Optimization Program also administers the citywide survey program. Results are published in the Service Efforts and Accomplishments (SEA) document. Major surveys include:

- ***Annual Citywide Resident Satisfaction Survey—***This determines residents' level of satisfaction with major services, perceptions of safety, and attitudes about the quality of life in San Diego.
- ***Triennial Citywide Service Priority Ranking Survey***—Every three years, San Diego commissions a study to assess the need and perceived priority or importance of city services by residents to determine funding priorities. The information is based on 3,200 in-depth interviews conducted with a representative cross-section of San Diego residents. The results are compared to studies conducted in previous years. This information assists policy makers in determining how resources should be allocated during the budgeting process.
- ***Department surveys***—These are also conducted to measure internal and external customer satisfaction with key services.

9. Zero-Based Management Review (ZBMR)

The ZBMR process, launched in 1995, is administered by Non-Profit Management Solutions Inc., which operates under contract with the city to recruit and train teams of citizen volunteers for macro operational assessments of city departments.[45] ZBMR volunteers are typically active or retired business executives and are recruited on a project-specific basis, based on their management or technical expertise in the specific area of concern.

The goal of ZBMR is to review all city operations at least once every five years. The city manager identifies operational priorities and proposes an annual work program for ZBMR, which encompasses approximately 20 percent of the city's operational budget each year.

Assessment results and recommendations for improvement identified by ZBMR are reviewed with department directors and the city manager. Then the final ZBMR report is presented to the Select Committee on Government Efficiency and Fiscal Reform. Items requiring council action are forwarded, along with the approved ZBMR report, to the Rules, Finance, and Intergovernmental Relations Committee and if necessary, on to the full council for review and action.

A ZBMR Success Story…

A recent ZBMR conducted in the city's Fleet Maintenance Division recommended reducing the total size of the city's fleet of vehicles by eliminating underutilized and redundant vehicles and sharing or leasing low mileage and special-use vehicles.

The Department was able to dramatically reduce fleet size and the resulting savings achieved by eliminating replacement costs and reducing maintenance cost totaled to more than $1 million.

This money was returned to the Mayor, Council and City Manager and was used to fund special projects and emergent needs that were not in the original budget.

Departments receiving a ZBMR are required to return to the Select committee within 60 days with an action plan for implementing improvement recommendations. The Optimization Program helps departments develop performance measures for each ZBMR recommendation and then tracks the status of implementing recommendations and documents savings achieved. The status of implementing ZBMR recommendations is reported to the Select committee semi-annually.

10. Benchmarking

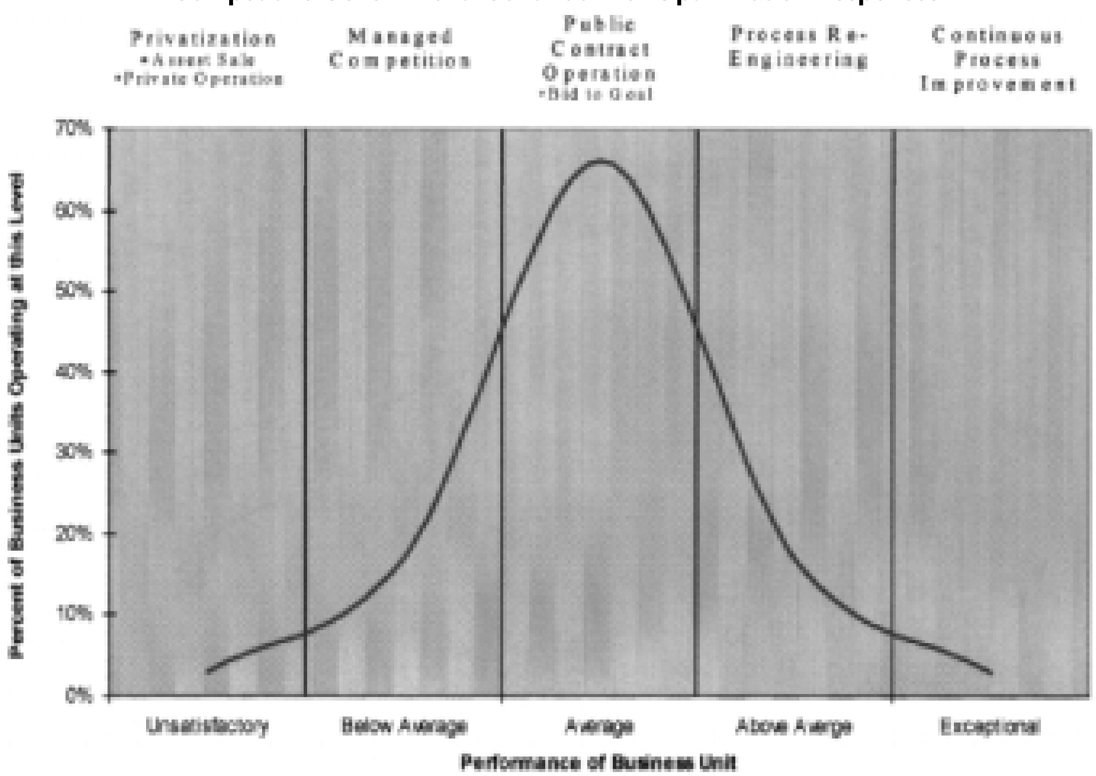
In San Diego, benchmarking is a continuous, systematic process used to evaluate the quality and cost of services and products delivered by the city to compare them with private and public industry leaders. The benchmarking process involves a number of steps that identify comparable processes, collect data, determine performance, communicate findings, establish improvement, develop action plans, implement actions, monitor results, and recalibrate findings.

11. Citywide Automation Efforts

This program element seeks to improve the efficiency and effectiveness of city services through implementation of the goals and objectives contained in the Information Technology (IT) Strategic Plan.

Figure 6: The Optimization Program has developed a model for determining which strategies should be developed to improve service delivery. Options include privatization, managed competition, and public contract operation.

Competitive Government: Continuum of Optimization Responses



12. Performance Audits

The independent city auditor's office has two branches, one for financial auditing and another for performance audits. The auditor's staff conducts random audits on selected PBB performance measures to ensure accuracy of input, output, efficiency, and outcome reporting in the budget document. It also audits the bid-to-goal performance contracts between the city manager and employees and certifies performance results as a precondition for payment of team performance and gainsharing incentives. Staff members also conduct audits of selected contracts between the city and private service providers to ensure service level agreements are being maintained.

13. Service Efforts & Accomplishments (SEA)

This annual publication provides in-depth information on nine city departments that provide direct services to the public. Information includes spending and staffing history, program overviews and accomplishments, performance measures, comparisons to other jurisdictions, and citizen satisfaction ratings. There is also a Semi-annual Performance Report (SAPR) of 44 key performance indicators representing 10 city departments, which is also incorporated into the SEA. Results achieved by other elements of the performance management program and selected case studies and success stories also appear in the SEA.

B. Newer Experiments With Performance Measurement: The City of San José, California

The use of performance measures in the budgeting process is a fairly new and growing practice in the city of San José, California. Pamela Jacobs, Assistant to the City Manager, explains that while many measures were used to evaluate city services provision in years past, and while those measures were even reported as part of the budget document, the measures "were not outcome-oriented, were not developed by staff actually providing the service, and were not used to manage or budget."[46] San José has developed a program called "Investing in Results" (IiR) which seeks not only to incorporate the use of performance measures into budget-allocation decisions (by determining budgets based on agency success in meeting goals), but also to provide incentives for the agency managers to pursue excellence by making their compensation commensurate with success or failure. This has led to an increased focus on long-term planning and results.

The push toward performance measurement in budgeting began in 1996, when a mayoral task force was established to identify areas for improvements in efficiencies, increased revenues, and strategies that could be used to obtain enhanced results. Two of the suggested actions were performance-based budgeting and public-private competition. Pilot programs, started in conjunction with other efforts in the city (such as the continuous improvement program), would be included in a larger framework for delivering government services effectively and efficiently. In 1998, initial success from the pilot programs prompted the generation of the performance measurement framework over a period of months. The authors borrowed practices from similar performance-based experiments such as in the state of Iowa.[47]

Jacobs notes that the 'Investing in Results' framework evolved from the experience with the pilot [programs], from further research of best practices, and from the awareness of the San José culture. We believe the key to the ultimate success of IiR is that it is not just about performance measures, or performance-based budgeting. Rather, it is about how the long-term goals for the community are translated into the work we do on the street. It is a service delivery framework and culture shift that incorporates performance measures as tools."[48]

In addition to implementing the Investing-in-Results program, San José has fostered a more "citizen-friendly" atmosphere by revamping some of the budget documents. The "community budget" is a new city-services section of the budget that more clearly defines the operations and goals of the six operational City Service Areas (CSAs). CSA categories are comprised of Aviation, Economic and Neighborhood Development, Environment and Utility Services, Public Safety, Recreation and Cultural Services, Transportation, and one "strategic support" CSA with three sub-areas (Employee Services, City Facilities and Equipment, and Finance and Technology). The CSAs consist of "core services" from approximately 26 departments. Borrowing from common private-sector practices, interdepartmental teams have developed five-year "business plans" to identify community outcomes, CSA goals, and performance measures for tracking progress. The business plans also contain one-year "action plans," which include specific actions to be undertaken within the current fiscal year.

CSAs are designed to change the approach from an agency-centric view of issues about service delivery to a citizen-customer view of issues. Thus, the CSA section conveys more information in less space and is not nearly as burdensome and tiresome as the standard line-item budget documents. Jacobs explains:

> *The CSA section of the budget summarizes the business plans, presenting the outcomes, goals, and performance measures. In each CSA there is a discussion about the investments being made that year to achieve the outcomes and other efforts being made without new investments. At the end of each CSA section, there is a summary table that lists all the investments at the core service level (in the departments) that contribute to that CSA. The CSA section is about 95 pages long as opposed to the departmental/core service budget that is 800+ pages. The CSA section is a high level summary of what the city is investing in to achieve community outcomes. At the same time, more detail on each of the core service investments listed in the summary page can be found in the remaining part of the budget document.*[49]

In its third year of a three-year implementation plan to put the framework and tools in place, the biggest challenge has been dealing with new and incomplete data. Typically, data is collected and reviewed on an **annual** basis for most *strategic service levels*, a **quarterly** basis for most *core service levels*, and on a **weekly** basis for some *operational levels*.

Baltimore's Citistat Performance Reviews

Mayor Martin O'Malley has thoroughly embraced the power of performance measurement. In fact, he started an aggressive measurement system, modeled after the New York Police Department's Compstat.

Citing the need to implement change now, the reporting requirements are the strictest in the country. In fact, O'Malley and his staff grill agency top-level managers on their performance *every two weeks!*

Source: Christopher Swope, "Restless for Results," *Governing*, April 2001.

Even though data are still incomplete, the city has begun to notice promising results. One such area—originally serving as the primary performance-based budget pilot—is the Department of Transportation. The Department has realized efficiency gains in services such as landscape maintenance and roadway markings. Cost savings in these areas has been used to fund higher levels of service. In addition, performance data have been used to justify an investment that reduced response time for graffiti removal from 72 hours to 24 hours.

Another benefit of performance measurement and performance-based budgeting is the greater communication achieved between San José and surrounding communities that are experimenting with performance-based systems. By opening the lines of communication, cities are sharing information about what does and does not work to more rapidly and more efficiently develop effective systems. After early implementation efforts are complete, officials anticipate an even greater exchange of best-practices information between both public and private organizations. After all, the improvements and innovations of tomorrow can only be discovered after the best ideas of today have been mastered.

Jacobs observes, “The most important outcome thus far of IiR is the increased focus on customers and on results customers want, rather than on inputs and outputs, and on ‘[that’s] the way we've always done it,’ [or] ‘that's not my job.’ Rather, we are focused on delivering services from the ‘view from the driveway’—what the customer sees and wants. We are very enthusiastic about this cultural change in San José and the results we will achieve through it.”[50] Mayor Ron Gonzales echoes Jacobs’s optimism: “[The new performance-based approach] is changing the kinds of questions we ask and the answers we search for. Coming from the private sector, I think it’s better for policymakers to clearly define our expectations, and then let the city management team get results.”[51]

C. Performance Measurement Ensures Financial Stability While Improving Services: The City of Philadelphia, Pennsylvania

During the early 1990s, the city of Philadelphia was mired in a financial crisis. The city faced a significant structural deficit, stagnant or declining revenues, and a limited ability to obtain either short-term or long-term financing. The immediate cash burden was somewhat alleviated by a bond issued by the Pennsylvania Intergovernmental Cooperation Authority (PICA), a state-created oversight authority, and by renegotiated wage agreements with labor bargaining interests. The government imposed a 1 percent sales tax increase and began to look to management and productivity initiatives as a solution to the problem. City officials recognized that any long-term solution would have to involve fundamental changes in the way the city conducted business.

Although the city used a management-by-objectives framework that included some outcome measures (e.g., response rates and frequency of services) prior to 1992, agency performance against goals was reported irregularly and was not tied to the budget process. As the city began to stabilize its budget and recover from fiscal crisis, the focus shifted toward satisfying the dual aims of providing quality services and ensuring the lasting financial strength of the city. The answer was found in the use of performance measurement. As Assistant Budget Director Sean McNeeley explains:

> *The [Rendell Administration] began to move toward systematic performance measurement by 1994 as a means of ensuring the long-term fiscal health of the city while safeguarding and improving services. Performance measures were implemented to identify whether ongoing budget reductions would impact services, whether management and productivity initiatives were having the desired effects, and to identify the potential service benefit of new investment in certain programs or departments.*[52]

By 1995, performance measures were evaluated at regular budget meetings and included in both the quarterly city manager’s report and the five-year financial plan. McNeeley reports that the current Street Administration, which began in 2000, “continues to use the measures in a similar manner, while building on past successes by streamlining the number of outputs tracked and increasing the focus on service quality and outcomes.”[53]

The initial set of performance measures was developed over a period of 6–12 months and has since been continually improved upon. Responsible for conducting periodic formal reviews of the system, the Office of Budget and Program Evaluation (OBPE) also handles informal requests for alterations, additions, or deletions of particular measures. Departments generally report on measurements and revise their year-end forecasts on a rolling monthly basis. These reports and revisions are examined by the city on a quarterly basis, although departments are granted the freedom to tailor the performance measurement system to best meet their individual needs. For example, the Compstat process utilized by the police department entails daily use of performance measures, which would be excessively tedious and inefficient for other departments.

Philadelphia initially experienced some internal resistance to the change in policy. Managers felt that fervor for the idea would wane, and that the extra time and effort necessary to implement the system would not be justified by the results. After six years of practice and improved performance, however, departmental attitudes have changed.

Departments maintain a great deal of flexibility in setting their performance measurement targets and managing their goals. This is not to say that the central administration does not influence the targets for which departments must shoot. In cases where a department establishes goals that imply a reduction in service, central administration officials will consult with department managers on which goals should be adopted and how budget priorities may be adjusted to achieve them. In addition, the mayor's input may also be incorporated into the goal-setting process. For example, in accordance with Mayor John Street's strategic objective of neighborhood transformation, the mayor established a specific target for the number of vehicles to be removed within 40 days under the abandoned vehicle removal program. The managing director's office worked with four separate departments to achieve the goal. This goal-setting and coordination loop between the central administration and the individual service departments has resulted in increased exchange of information and ideas and has made the performance measurement system a success.

In addition to serving as a tool for conveying more accurate information, establishing goals, and monitoring progress against those goals, the performance measurement system has helped the city of Philadelphia to define its fundamental service priorities. According to McNeeley, "Performance measurement is an important element of [the city's] annual Five-Year Financial Plan. It serves to frame the objectives and initiatives presented by departments while providing a mechanism for accountability."[54] Beginning in 2002, the city plans to further expand the scope and importance of performance measurement by more closely linking the initiatives and service goals included in the forward-looking Five-Year Plan with the actual service levels achieved and citizen survey results contained in the backward-looking Mayor's Report on City Services.

Though the performance measurement system is useful for all the reasons noted above, the bottom line is that it gets results. For example, the use of performance measurement by the streets department led it to reorganize its street-resurfacing program, resulting in increased output and greater efficiency. Likewise, the analysis of performance measurement data led the free library to expand its weekend service hours in its neighborhood branch locations. Despite the fact that the population of Philadelphia has declined over the past 50 years, since implementing the added service hours, the library system has achieved record visitation and circulation levels, in terms of both aggregate and per service-hour measures.

In Philadelphia, even in the wake of budget cuts, departments have been able to provide improved city services by using performance measurement to more accurately align city government priorities with those of the citizens it serves and by eliminating wasteful, unproductive spending. This has allowed the city to achieve cost savings, resulting in a positive fund balance for a record nine consecutive years, while cutting business and personal income taxes for six straight years. The city's past results and ever-increasing commitment to the performance measurement system are a testament to the system's value in defining governmental goals and providing quality service to the citizens of Philadelphia.

Part 8

Conclusion

Citizens are demanding results—they want to know how their money is being spent, why it's being spent that way, and how much they're getting for their money. Pressure has been thrust upon policymakers to continually strive for better, more efficient service delivery. Increasingly, the most important measure for any government agency is quality, not quantity. There is a vast difference between efficiency and effectiveness: efficiency measures how much each unit of output costs, while effectiveness measures the quality of the output. Citizens are indeed interested in an efficient government, but they are more interested in a government that is effective. Policymakers are listening to demands that government become more accountable and responsible to citizen concerns.

"Governing for results" provides the tools that policymakers use to produce better, more manageable governments. Strategic planning, performance measurement/budgeting and citizen surveys provide the framework for an efficient and effective government. Since the new paradigm in government management is results, policymakers should be quick to adapt the many successful results-oriented initiatives from other governments. Focusing on better performance, more efficient government, and an informed citizenry promises to improve the relationship between the governed and the governing.

Appendix 1

Examination of a Typical Municipal Budget

The line-item budget, borne out of response to government corruption at the turn of the century, is still the predominant form.[55] In this document, appropriated money is distributed into various categories, or line-items. Each object code signifies what can be purchased, and the corresponding dollar amount identifies how much can be spent. Stringent financial control is exerted with limited flexibility by controlling the types and amounts of expenditures.

This form of budget tells very little about the activities or functions of the organization it serves. For example, it shows the amount of money that has been budgeted for personnel, but it does not show the nature of the services which these personnel staff.

Figure A-1 is a classic example of a traditional consolidated line-item budget. Figure A-2 is a part of facilities maintenance detailed line-item budget, with each individual code (e.g. 5225 Legal Printing and Advertising) having a corresponding budgeted amount.

Figure A-1

Function	General	Special revenue	Capital projects	Debt service	Enterprise	Trust/ agency	Total estimated expenditures
General government	$ 688,890			$67,480		$121,110	$ 877,48
Health	780,030	$ 200,930	$ 401,600				1,382,56
Welfare	1,602,120	3,216,560					4,818,68
Public safety[b]	2,927,130	913,650	1,280,260				5,121,04
Fire department	966,230	297,720	631,730				
Inspection	309,830	50,600					
Investigation	155,120						
Fire and rescue	501,480	247,120	631,730				
Police department	1,960,900	609,930	648,530				
Investigation	241,320						
Traffic	251,760		91,210				
Patrol	1,467,820		757,320				
Personal services	993,640						
Salaries	811,220						
Wages	48,200						
Sick pay	42,180						
Social Security	92,040						
Materials	284,160						
Office supplies	33,250						
Uniforms	22,110						
Gasoline/oil	131,600						
Heating and power	71,200						
Telephone	26,000						
Equipment	90,020	609,930					
Communications		220,660					
Weapons	10,180	161,110					
Auto		228,160					
Furniture	79,840						
Contractual services	100,000						
Youth clubs	100,000						
Capital outlays			757,320				
Construction			525,560				
Patrol cars			231,760				
Education	6,132,550	842,670	2,106,040				9,081,26
Sanitation	636,030	665,390	1,347,720		$1,004,640		3,653,78
Transportation	1,653,550	3,852,030	1,967,240				7,472,82
Recreation	1,658,250		191,370				1,849,62
Total expenditures	$16,078,550	$9,691,230	$7,294,230	$67,480	$1,004,640	$121,110	$34,257,24

Figure A-2: Facilities Management Department

DESCRIPTION	1994 ACTUAL	1995 BUDGET	1995 ACTUAL	1996 ORIGINAL
Personnel	$2,519,573	$2,563,825	$2,445,283	$2,318,300
Services	555,777	670,793	635,243	615,414
Supplies	304,997	308,887	279,881	289,141
Other Expenses	92,200	108,619	109,372	108,600
Transfers & Contingencies	0	66,034	200	35,000
Total Operating Budget	**$3,472,547**	**$3,718,158**	**$3,469,979**	**$3,366,455**
Capital Equipment	84,784	35,400	29,233	0
Capital Projects	855,653	947,649	194,583	415,850
Total Capital Budget	**$940,437**	**$983,049**	**$223,816**	**$415,850**
Total Annual Budget	**$4,412,984**	**$4,701,207**	**$3,693,795**	**$3,782,305**
5100 Employee Salaries	1,767,438	1,778,268	1,658,167	1,621,013
5142 Auto Allowance	8,640	8,640	7,890	8,640
5143 Overtime Pay	259,746	249,400	317,095	174,800
5181 Retirement - Employee Pension	39,711	42,904	39,499	43,055
5184 Retirement - Skilled Trade Pension	67,681	70,000	72,884	80,000
5191 Federal OASDI Contributions	152,494	152,033	149,510	140,768
5195 Health Insurance	209,395	250,435	188,277	236,267
5197 Worker Compensation	7,000	7,000	7,000	9,000
5198 Unemployment Insurance Contribution	7,468	5,145	4,961	4,757
5201 Postage	207	617	455	627
5202 Telephone Service	22,960	24,369	22,177	24,493
5221 Printing and Duplicating	9,782	13,444	9,268	13,097
5225 Legal Printing and Advertising	22,124	26,331	23,081	22,431
5233 Rent/Lease - Equipment & Machinery	18,285	14,468	13,130	12,842
5237 Rent/Lease - Uniform Clothing	13,432	15,420	12,171	15,620
5243 Repair/Maint - Veh,Equip,Machinery	120,595	111,772	111,175	108,712
5244 Repair/Maint - Buildings/Grounds	171,890	190,305	198,320	172,986
5259 Employee Training/Travel Reimburse	2,281	3,276	1,823	2,776
5268 Insurance and Notary Bonds	77,838	98,512	85,954	89,698
5269 Other Specialty Service Fees	13,841	12,452	7,121	7,650
5274 Temporary Employment Agencies	8,759	7,900	10,306	7,900
5275 Security Guards	46,534	116,950	115,534	108,031
5279 Other Professional Services	12,057	13,074	5,124	8,174
5291 Dues, Memberships & Subscriptions	1,604	2,678	1,793	2,708
5292 Laundry and Dry Cleaning	130	219	104	219
5297 Municipal Waste Charges	13,458	18,622	17,707	17,372
5300 Clothing	1,272	1,340	919	1,340
5320 Food and Beverage	1,392	1,400	1,374	1,400
5331 Oxygen	154	240	171	240
5333 Natural Gas	67,910	72,870	64,134	71,116
5340 Maintenance & Constr Materials	135,918	123,728	124,734	115,078
5351 Gasoline	15,195	17,374	14,243	17,396
5352 Diesel Fuel	54	108	39	108
5356 Motor Oil	248	564	114	564
5359 Other Vehicle Parts and Supplies	6,819	7,921	3,579	7,221

Appendix 2

Performance Measurement, Strategic Planning, and Performance-based Budgeting Resources

Citizen Driven Government Performance	http://andromeda.rutgers.edu/~ncpp/cdgp/sloan.htm
City of San Diego Citizens' Budget	http://www.sannet.gov/budget/annual/volume1/index.shtml
City of Philadelphia Mayor's Report on City Services	http://www.phila.gov/mayor/jfs/csr2001.html
General Accounting Standards Board	http://accounting.rutgers.edu/raw/gasb/
Government Performance Project	http://www.maxwell.syr.edu/gpp/
Governing Magazine	http://www.governing.com
International City/County Management Association	http://www.icma.org
The National Center for Public Productivity	http://andromeda.rutgers.edu/~ncpp/ncpp.html
The Performance Institute	http://www.performanceweb.org/
Performance Measurement for Government	http://accounting.rutgers.edu/raw/seagov/pmg/index.html
City of Portland Service Efforts and Accomplishments 1999–00	http://www.ci.portland.or.us/auditor/audser/htm/summary270.htm
City of San Diego Service Efforts and Accomplishments	http://www.sannet.gov/city-manager/service-efforts/index.shtml
PricewaterhouseCoopers Endowment for the Business of Government	http://www.endowment.pwcglobal.com/grants.asp
Privatzation.org	http://www.privatization.org
Reason Public Policy Institute	http://www.rppi.org
The Urban Institute	http://www.urban.org

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Related RPPI Studies

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William D. Eggers, *Performance-based Contracting*, How-to Guide No. 17, May 1997.

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Endnotes

[1] Blaine Liner, et. al., *Making Results-based State Government Work,* (Washington D.C.: The Urban Institute, April 2001), p. 1 and International City/County Management Association, FY 1999 Data Report, (www.icma.org/performance), p. 1.

[2] International City/County Management Association, “Benchmarks of Performance: An Introduction to the Practice of Assessing Public Service Performance,” www.icma.org

[3] Pat Dunsenbury, *Communicating with Citizens about Government Performance* (Washington D.C.: The Urban Institute), p. 1.

[4] Hoover Commission Task Force Report on Fiscal Budgeting and Accounting Activities (Washington D.C., 1949), p. 6.

[5] Ibid., p. 6 and David Bernstein, “Local Government Measurement Use to Focus on Performance and Results,” *Evaluation and Program Planning,* vol. 24 (2001), p. 95.

[6] City of San Diego, CA, *Final Fiscal Year 2001 Budget* (San Diego, 2001), p. 311.

[7] See Appendix 1 for an examination of a traditional line-item budget.

[8] David Osborne and Ted Gaebler, *Reinventing Government* (New York: Plume, 1993), p. 140.

[9] Osborne and Gaebler, “Reinventing Government,” p. 161.

[10] Little Hoover Commission “Budget Reform: Putting Performance First,” www.lhc.ca.gov/lhcdir/135rp.html

[11] “The Trouble With Targets,” *The Economist*, April 28, 2001, p. 53.

[12] Liner et. al., “Making Results-based State Government Work,” p. 5.

[13] Ibid., p. 5.

[14] Ibid., p. 9.

[15] Little Hoover Commission Report “Budget Reform: Putting Performance First,” www.lhc.ca.gov/lhcdir/135rp.html

[16] Liner et. al., “Making Results-based State Government Work,” p. 7.

[17] Pat Dusenbury, *Strategic Planning and Performance Measurement,* (Washington D.C.: The Urban Institute, 2000), p. 1.

[18] Osborne and Gaebler, “Reinventing Government,” p. 138.

[19] Ibid., p. 146.

[20] Ibid., pp. 146-151.

[21] National Center for Public Productivity, www.andromeda.rutgers.edu/~ncpp/cdgp/maunal.htm

[22] Kenneth A. Bruder, Jr. and Edward M. Gray, “Public-sector Benchmarking: A Practical Approach,” International City/County Management Association, www.icma.org.

[23] Ibid., and Pat Dusenbury, Blaine Liner, and Elisa Vinson, *States, Citizens, and Local Performance Management,* (Washington D.C.: The Urban Institute, September 2000), p. 2.

[24] Jonathan Walters, “Management’s Challenge: Leadership for Changing Times,” *Governing*, January 2001, p. 58.

[25] International City/County Management Association, *Center for Performance Measurement FY 1999 Data Report,* (Washington D.C., 2000), p. 4.

[26] The National Center for Public Productivity, www.andromeda.rutgers.edu/~ncpp/cdgp/manual.htm and Little Hoover Commission, “Budget Reform: Putting Performance First,” www.lhc.ca.gov/lhcdir/135rp.html.

[27] Harry Hatry et. al., “Eleven Ways to Make Performance Measurement More Useful to Public Managers,” International City/County Management Association,,” www.icma.org.

[28] The type of surveying generally referred to in this section is written responses to questions distributed to the public through the mail, or to government employees at work. Town hall meetings may serve a similar purpose, but these restrict the sample size of the participants. Other more formal techniques, such as the use of focus groups, may also provide valuable citizen input. The formal structure of this type of forum may be intimidating to some, limiting the information obtained. As such, this forum should be used as a supplement to, and not a replacement for, mail surveys.

[29] For example, if responses to a question such as: "The overall quality of life in the city is good or very good" rose from 50 percent to 80 percent over the course of a decade, policymakers can identify successful and unsuccessful policies that led to the results. This will help in maintaining and improving policies and procedures by tracking citizen acceptance and responsiveness.

[30] Interview with authors, August 2001.

[31] Liner et al., "Making Results-based State Government Work," p. 47 and Hatry et al., "Eleven Ways to Make Performance Measurement More Useful to Public Managers," International City/County Management Association, www.icma.org.

[32] Hatry et. al., "Eleven Ways to Make Performance Measurement More Useful to Public Managers," www.icma.org

[33] For example: San Diego, Phoenix, and Philadelphia.

[34] Bernstein, "Local Government Measurement Use to Focus on Performance and Results," p. 100.

[35] Hatry et. al., "Eleven Ways to Make Performance Measurement More Useful to Public Managers," www.icma.org

[36] Jonathan Walters, "Deeds, Data, and Dollars," *Governing*, November 2000, p. 99.

[37] Another component of performance measurement is explanatory information. Examples have been left out since this will vary for each organization.

[38] Harry P. Hatry et. al., "Service Efforts and Accomplishments: Its Time Has Come," www.accounting.rutgers.edu/raw/seagov/pmg/project/reports/fire.html

[39] The National Center for Public Productivity, "Recommended Service Efforts and Accomplishments Reporting Indicators for Parks and Recreation," www.andromeda.rutgers.edu/~ncpp/cdgp/parkrec.htm

[40] National Center For Public Productivity, www.andromeda.rutgers.edu/~ncpp/cdgp/police.htm and Hatry et al., "Service Efforts and Accomplishments: Its Time Has Come," www.accounting.rutgers.edu/raw/seagov/pmg/project/reports/police.html

[41] Hatry et. al., "Service Efforts and Accomplishments: Its Time Has Come," www.accounting.rutgers.edu/raw/seagov/pmg/project/reports/sanitation.html

[42] The National Center for Public Productivity, www.andromeda.rutgers.edu/~ncpp/cdgp/roads.htm and Hatry et al., "Service Efforts and Accomplishments: Its Time Has Come," www.accounting.rutgers.edu/raw/seagov/pmg/project/reports/roadmaintenance.html

[43] Hatry et. al., "Service Efforts and Accomplishments: Its Time Has Come," www.accounting.rutgers.edu/raw/seagov/pmg/project/reports/masstransit.html

[44] Hatry et. al., "Service Efforts and Accomplishments: Its Time Has Come," www.accounting.rutgers.edu/raw/seagov/pmg/project/reports/water.html

[45] Note that this review is conducted only for those agencies under the city manager's direction. Thus, it is clear that organizational structure is an important factor to be considered when discussing the implementation of performance measurement or any other programs. The understanding of the structure of city governments is critical in evaluating governmental performance and efficiency and the possibility of implementing alternate systems of management. The authors regret that they do not have time or space to pursue this topic further in this report.

[46] Interview with authors, August 2001.

[47] The incorporation of labor interests has allowed San José to avoid many of the conflicts that plague other jurisdictions with strong labor presences. In fact, the city reports that labor leaders have been more interested in fostering than resisting the types of changes sought by the city. However, as Baltimore Mayor Martin O'Malley warns, "Interaction and shared strategy sessions between a city and labor interests is a tenuous proposition, as city contract issues may be revealed that may resurface during future labor negotiations." (See Christopher Swope, "Restless for Results," *Governing*, April 2001, p. 23).

[48] Interview with authors, August 2001.

[49] Ibid.

[50] Ibid.

[51] Timothy Roberts, "New Budget Process Rewards Results," *Silicon Valley/San José Business Journal*, April 9, 2001.

[52] Interview with authors, September 2001.

[53] Ibid.

[54] Ibid.

[55] J. Richard Aronson, *Management Policies in Local Government Finance* (Washington D.C.: ICMA University, 1996), p. 163.

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