

## Governmental Accounting Standards Board

### Case in Brief

During 1999, researchers from the Governmental Accounting Standards Board (GASB) visited twenty-six state and local governments to determine the depth and breadth of actual use of performance measures by these governments for budgeting, management, and reporting; the effect of their use; and the extent to which governments are ensuring the relevance and reliability of performance measures. Through a comprehensive series of in-depth interviews, information was gathered about the reasons those governments are using performance measures, how they are being used, the degree to which they are being reported to citizens and other users, their effects, and what changes in the use of performance measurement those interviewed believe would improve their effectiveness. The overviews of the case studies below are just a small sample of the twenty-six cases that were researched.

#### State of Arizona

The primary focus of the performance measurement movement in the State of Arizona is on “what matters.” The direction has been primarily from within the executive branch with departments developing performance measures and the Governor focusing on key “themes” of government. Legislative use of performance measures is just beginning and expected to expand during the 2000-2001 budget cycle. There are a number of citizen groups that are active in the state. Although there are no clear indication that these citizen groups helped choose the performance measures that are used, their interest in the government and its programs certainly helped identify areas of concern to the agencies. Although legislation was passed in 1993 and subsequent years, the first test of performance measures comes in the 1999-2001 biennium budget cycle. Agencies have been using performance measures for many years, many before the 1993 required use. Because of the length of time, approximately seven years from formally requiring the use of performance measures and the use of performance measures in the budget cycle, agencies, in general, realize the management purposes for using performance measures. Many agencies are using performance measures to improve “what matters.”

#### City of Austin, Texas

The government of the City of Austin is in the midst of implementing a system of performance management designed to build on prior performance measurement, performance auditing, and program budgeting experiences, and strengthen performance management by making it more results oriented and systemic. The systemic nature of this citywide performance management initiative starts with departmental business plans in which departments define their programs, desired results, and related program goals and performance indicators. All employees' individual performance evaluations are also intended to be linked to relevant department and program goals and performance indicators, to align goals and performance throughout the organization, down to the point of service delivery to the public. The program performance indicators are also included in department budgets, creating the policy and resource link to the business plans. Performance reporting and performance auditing are also an important part of the system, creating the accountability link and a feedback link for performance improvement.

## State of Texas

The State of Texas is an excellent example of a state government that has effectively institutionalized the use of performance measures. Performance measures have been used for more than twenty years, and the most notable improvements have been the legislative requirements for including performance measures in the printed budget beginning in 1991 and the actual use of performance measures in the budget allocation process. This most recent initiative has survived changes in the executive administration and appears to be thoroughly institutionalized in the state government.

It is evident that the state of Texas is serious about performance measurement. It has invested in this effort through refocusing energies and reorganizing around performance measures. There have been no new funds appropriated for this effort, with the price being shouldered by each agency and department. While it appears that this effort will continue to evolve, there are important linkages expected between performance and appropriations, which are expected to materialize in the next biennium.

## State of Oregon

This case study is of the State of Oregon, which is best known in the field of performance measurement for its Oregon Benchmarks, a comprehensive set of indicators of various societal attributes identified as being important to the well-being of citizens and businesses in the State of Oregon. The site visit and interviews for this case study were done jointly with researchers from the Urban Institute's project on state efforts to encourage use of performance measurement. However, these benchmarks grew out of a statewide planning initiative of the 1980s called Oregon Shines. Because of the broad nature of these benchmarks and because they were developed without concern for the programs and responsibilities of the state government, a lengthy process has followed in developing methods to use Oregon Benchmarks within the state government to provide strategic direction for its programs and to monitor progress in achieving desired results. Oregon provides an excellent example of the difficulty of trying to link government services to broader, society-wide issues and concerns.

## City of Portland, Oregon

The City of Portland, Oregon, has several systems that incorporate use of performance measures for decision making, strategic planning and performance improvement, and accountability and communication. These systems include the Portland-Multnomah Benchmarks and Oregon Benchmarks; strategic planning; the annual budget; departmental use of performance measures; performance audits by the City Auditor; and the City's Service Efforts and Accomplishments (SEA) Report, which incorporates an annual citizen survey as well as performance reports on major city programs. The SEA Report began in 1988, when the Audit Services Division was authorized to pursue experimentation with Service Efforts and Accomplishments reporting (Tracy and Jean, 1993). In 1991, the Portland Auditor's office concluded a feasibility study on SEA reporting (Office of the City Auditor, April 1991), and the SEA Report has been annually produced since that time. Those interviewed for the case study report that despite the number of measurement activities, the measurement systems and processes are not necessarily related. The

City is arguably best known for the SEA Report, since Portland has been producing the SEA Report for a longer period of time than any other jurisdiction, and for the Portland-Multnomah Benchmarks, which have received extensive national coverage. It is on the basis of the SEA Report and the Benchmarks that Portland stakes its reputation as a hotbed for accountability related activities.