

Performance Measurement

Karen Carney, *Successful Performance Measurement: A Checklist* (Nov. 1999), Annual Editions: Public Administration 01/02. ed. Howard R. Balanoff (Guilford, CT: McGraw-Hill/Dushkin, 2001), 43-44.

Does your performance measurement system actually boost performance? Here's a checklist for ensuring meaningful performance measurement. Includes an annotated "If you want to learn more" section and a sidebar on "soft" metrics entitled "Measuring the Soft Stuff."

XiaoHu Wang, *Performance Measurement in Budgeting: A study of County Governments*, Public Budgeting and Finance (Fall 2000, vol. 20, no. 3), 102-118.

Evan Berman and XiaoHu Wang, *Performance Measurement in U.S. Counties*, PAR (Sept./Oct. 2000, vol. 60, no. 5), 409-421.

This study examines the capacity of U.S. counties to undertake performance measurement. Based on a national survey of counties with populations over 50,000, the authors address the following questions: To what extent do counties implement performance measurement? Which capacities must be present for different levels of implementation and success? What can counties do to increase their capacity for performance measurement? And, what is the effect of county structure and functions on the use of performance measurement? This study finds that the success of performance measurement is greatly affected by counties' underlying organizational capacities.

Joseph Besselman, A. Arora, P. Larkey, *Buying in a businesslike Fashion-And Paying More?*, PAR (Sept./Oct. 2000, vol. 60, no. 5), 421-434.

The government, particularly the Department of Defense (DoD), is undergoing yet another wave of acquisition reforms, which are intended to bring commercial buying practices to DoD's purchasing operations. This research shows that, prior to these reforms, the DoD's buying practices were superior to commercial practices in terms of prices paid for a large number of electronic and engine parts. The research compares DoD and purchasing of more than 676,000 identical items costing more than \$60 million with commercial purchasing of the identical items. It finds that the DoD's purchasing superiority holds even when purchasing costs are considered. The DoD achieved these results because it was already using commercial practices commonly followed by large firms: aggregating purchases, using cost data, and negotiating aggressively in markets with few suppliers. Some of the recent reforms will undermine the DoD's ability to exploit these common commercial practices and will raise the government's costs.

Julia Melkers and K. Willoughby, *The State of States: Performance-Based Budgeting Requirements in 47 out of 50*, PAR (Jan./Feb.. 1998, vol. 58, no. 1), 66-73.

Robert D. Lee, Jr. and Robert C. Burns, *Performance Measurement in State Budgeting: Advancement and Backsliding from 1990 to 1995*, Public Budgeting and Finance (Spring 2000, vol. 20, no. 1), 38-54.

Performance measurement has been one of the dominant themes of budget reform in the 1990s and has been prevalent in the mainstream of budgeting since

the 1950s. Given the attention that performance measurement has had nationally, states might be expected to have made major strides in this arena in recent years. The article considers the current status of performance measurement practices, and identifies both advancement and backsliding made by states between 1990 and 1995. The discussion is based on data obtained from surveys of state budget offices in those two years. Indexes of performance measurement were constructed, and these became the bases of regression analyses using independent variables pertaining to state characteristics. Generally, these analyses were unsuccessful in explaining the variations among the states. The findings underscore the diversity among the states in their budgetary practices and the fact that budget reform, in the sense of increased use of performance measurement, is not necessarily achieved in a straight line of progression. The article considers possible explanations for the changes.

Leanna Stiefel, R. Rubenstein, and A. E. Schwartz, *Using Adjusted Performance Measures for Evaluating Resource Use, Public Budgeting and Finance* (Fall 1999, vol. 19, no. 3), 67-87.

Public service organizations are looking for ways to improve the evaluation of performance and resource allocation. One of the approaches is to use adjusted performance measures, which attempt to capture factors that affect the organizational performance but are outside of the organization's control. This article illustrates the construction and use of adjusted performance measures to assess the performance of public schools, and reports findings from a study of school-based budgeting in Chicago that relates adjusted performance measures and patterns of budget allocations.

David Mosso, *Accounting for the Business of Government, Public Budgeting and Finance* (Winter 1999, vol. 19, no. 4), 65-74.

This article includes the remarks made by David Mosso, Chairman of the Federal Accounting Standards Advisory Board, at the 1998 AICPA National Governmental Accounting and Auditing Update meeting. The article dispels notions of management by slogan and old myths about both government and business accounting regarding their stereotypical performance measurement techniques (i.e., profit driven versus politically and socially driven performance measures) Four elements of effective performance measurement are outlined and include a comprehensive measurement system, management process, incentive structure, and an independent audit facility. The article cites various observations pertaining to each of the elements outlined. The major hurdles of successful performance measurement ultimately require hard work and inspired leadership to be overcome.

Katherine G. Willoughby and J. E. Melkers, *Implementing PBB: Conflicting Views of Success, Public Budgeting and Finance* (Spring 2000, vol. 20, no. 1), 105-120.

A modern budget reform, performance-based budgeting (PBB) emphasizes the measurement of government performance by agencies and public servants. In this article we define PBB as requiring strategic planning regarding agency mission, goals and objectives, and a process that requests quantifiable data that provide meaningful information about program outcomes. Performance-based budgeting requirements are now pervasive in the states. Of forty-seven states with PBB requirements, thirty-one have legislated the process to be conducted, while sixteen have initiated the reform through budget guidelines or instructions. What remains unknown, yet of vital interest to state administrators, their staff, legislators, and citizens, regards implementation status of PBB systems. How many states are

utilizing a PBB process as prescribed by law or administrative directive? And if PBB has been implemented, has it been successful regarding improvement of agency effectiveness and decision making about spending? Perhaps most importantly, has PBB influenced appropriation decisions?

This research is based on responses to a mail survey of executive and legislative budgeters regarding the PBB system established in their state. Results discussed in this article consider budgeters' response about PBB implementation status and effectiveness as conducted. We find that there are differing perceptions across the branches of government regarding both the extent of PBB implementation as well as its success. Results show that states with better-known PBB systems have not necessarily realized greater success in terms of effectiveness from this budget reform than states with less popularly known systems, at least as perceived by the budgeters included in this article.

Naomi Caiden, *Public Service Professionalism for Performance Measurement and Evaluation*. *Public Budgeting and Finance* (Summer 1998, vol. 18, no. 2), 35-52.

For over fifty years, efforts have been made to measure the results of government activities. Most recently, performance measurement and evaluation have been key components of government reforms in many countries in reaction to loss of confidence in governments and budget stringency. Emphasis is on measuring outcomes or results within a general framework of strategic planning and objective setting, and in a context of devolution, managerial decentralization, and privatization. While it seems reasonable that governments should justify their use of public funds by demonstrating the effectiveness of their programs and activities, performance measurement in practice is by no means straightforward and demands considerable thought in its design and implementation.

*James Fielding Smith, *The Benefits and Threats of PBB: An Assessment of Modern Reform*, *Public Budgeting and Finance* (Fall 1999, vol. 19, no. 3), 3-15.*

PBB is more vulnerable to threats from fraud, falsification, and misrepresentation than were previous budgeting systems. Vulnerability grows from complexity, dependence on performance data, year-to-year changes in strategic focus, and the great expansion of the numbers of kinds of specialists involved in the process. It appears to grow out of PBB's widely recognized benefits. Transparency has been put forward as the primary protective device against threats to PBB; however, this has problems with both definition and operationalization. The fix may be a number of coordinated measures, most importantly the inculcation of sound ethical standards throughout an organization using PBB.

Congressional Budget Office, *Using Performance Measures in the Federal Process* (Washington, DC: July, 1993).

United States GAO, *Performance Budgeting: State Experiences and Implications for the Federal Government* (Washington, DC: 1993).

Wholey, Joseph S., and H. P. Hatry, "The Case for Performance Monitoring," *PAR*, vol. 52, no. 6 (Nov/Dec 1992), pp. 604-610.

Performance-oriented program management is needed at all levels of government. Despite concerns about outcome versus impact, validity, reliability, cost, and standards, monitoring of public agency program quality and outcomes is feasible and essential for accountability. (SK)