

Developing Strong Performance Indicators for Outcome-Based Budgeting

*Training for
Louisiana Departments
September 9, 2009*

*Tom Moss
Bev Stein
The Public Strategies Group*

Goals for the Training

- For you to better understand:
 - The DOA's expectations about performance indicators for your budget requests.
 - How to identify and develop a strong performance indicator

Expectations going forward

- Review the Performance Indicators you've already been using

- Affirm they're strong indicators that:
 - Help align an activity with one of the State Outcome Goals
 - Focus on outcome indicators

- Change/substitute as needed for your Budget Requests

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How will Citizens, and the DOA know your activity achieves outcomes ?

- Strong Performance Indicators

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What's a Strong Performance Indicator?

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Why Measure Performance?

- What gets measured gets done.
 - If you don't measure results, you can't tell success from failure
 - If you can't see success, you can't reward it
 - If you can't reward success, you're probably rewarding mediocrity (or even failure!)
 - If you can't see success, you can't learn from it
 - If you can't see failure, you can't correct it
 - If you can't demonstrate results, you can't win public trust and support
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Your Challenge

Make sure each budget request has strong performance indicators that will:

- Help the DOA determine whether the proposed activity represents a good value for the dollars requested
 - Clarify the performance expectations and aspirations for that activity
 - Enable the state to assess the activity's performance over time
 - Communicate to citizens the results they are getting for their tax dollars
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Types of Indicators

- **Input:** What resources are invested?
 - **Output:** Amount of service delivered
 - **Efficiency:** Cost (in dollars and/or time) per unit of output or outcome
 - **Effectiveness:** How the service meets standards based on customer expectations
 - **Outcome:** Amount of the intended end result that is produced. How much are customer's lives or experience actually changed?
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Examples of Input Indicators - but they're the least important !

Amount of Resources Invested

- Number of FTEs
 - Number of locations/offices
 - Level of grant funding achieved
 - Dollars spent on activity
 - Energy consumption in state buildings
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Output Indicators

Amount of Service Delivered

- Number of people/calls/inquiries served
 - Miles of road cleaned/paved
 - Number of online resources provided
 - Number of training courses taught
 - Number of incidents responded to
 - Number of park visitors
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Efficiency Indicators

Cost per Unit of Output or Outcome

- Cost (time & materials) per mile repaved
- Average number of person-hours to complete a permit review
- Annual cost per pupil in K-12
- Cost per child insured
- Cost per mile of roadway construction

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Effectiveness Indicators

How the activity Meets Standards

- Contract amendments approved in 3 weeks
- Percent of curriculums meeting national standard
- Percentage of calls answered "accurately"
- Percentage of bridge repairs done on schedule
- Number of legislative audit findings

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Outcome Indicators

Amount of Intended Result Produced

- Number/percentage of clients who attain activity goal (employment, smoking cessation, high school graduation)
- Crime rates, poverty rates, health status
- Air and water quality
- Commuting times
- Families paying below 30% of income for housing
- Audit expense reductions identified and made

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Example: Health for Citizens

- Service:** What's being done?
 - Outreach
 - Intake
 - Enrollment
 - Provision of health care interventions/treatments

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Example: Health for Citizens

Input: What resources are invested?

- FTE's
 - Dollars
 - Number of clinics
 - Insurance forms produced
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Example: Health for Citizens

Output: Amount of service delivered

- Number of outreach contacts
 - Number of patients seen
 - Number of families enrolled
 - Number of procedures performed
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Example: Health for Citizens

- **Efficiency:** Cost per unit of output or outcome
 - Cost per outreach contact
 - Patients seen per clinic hour
 - Cost to enroll a family
 - Non direct care overhead per procedure
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Example: Health for Citizens

- **Effectiveness:** How the service meets standards based on customer expectations?
 - % of initial outreach contacts that report the experience as "very satisfactory"
 - % patients waiting less than 15 minutes past appointment time
 - Enrollments completed in less than ½ hour
 - Procedures performed with all recommended patient notification and information sharing
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Example: Health for Citizens

□ **OUTCOME:** Amount of intended result achieved?

- Percentage of outreach contracts that enroll
- Percentage of patients reporting positive outcomes from the visit
- Enrolled families that complete initial physicals and followup
- ~~Health status of enrolled families~~

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The Measurement Chain of Value



Some additional considerations

- Using averages versus percentage of times a standard is met
 - Average minutes to respond to 911 call
 - Percentage of 911 calls responded to in 4 minutes or less
- Focusing on what you should measure versus what you can measure
- Being precise in how you will calculate the performance indicator, including frequency
- Examining established benchmarks from other cities

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Criteria for evaluating a performance indicator:

- ◆ Demonstrates the contribution that service will make to the relevant statewide outcome goal.
- ◆ Communicates to citizens the value that the activity offers. Can a normal citizen understand what it means? Your aunt Edna, your teenage son or daughter?
- ◆ Data are accurate, reliable, and timely enough so that you can react to it.
- ◆ Suggests questions that will be useful to managers
- ◆ Suggests actions that will lead to better results; will somebody use the data?

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Getting Started: 7 Key Questions

When you think you have a good indicator, ask...

- Is it possible to quantify this on a regular basis (monthly, quarterly, annually)?
- Do you know your current level of performance? How much do you need/want to improve from that baseline? Is there a target performance?
- With the performance information, what questions would it suggest?
- With the information, what management decisions could be made?

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QUESTIONS?

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