Does Your City or Village Stack Up: Measuring and Reporting on Municipal Government Performance

Dr. Eric Scorsone, State & Local Government Program, Michigan State University

With assistance from:
Daryl J. Delabbio, Ph.D., County Administrator/Controller, Kent County, MI

Who’s Measuring Performance: Locals

• Results vary by size (Cities)
  – 30% of cities between 25,000 and 50,000
  – 50% of cities between 50,000 and 75,000
  – 75% of cities with over 75,000
  – Small cities nonuse of PM’s is over 80%

• PM’s and Counties
  – Found that in counties with over 50,000 about 1/3 use PM’s
  – Only about 7% of counties could be defined as high intensity users of PM’s
Foundations of Performance Measurement Systems

Two Management Schools

- Hierarchical Management
  - Tight spending controls and personnel policies
  - Emphasis on “process” versus results

- Performance Management
  - Great discretion with regards to spending and HR
  - Emphasis on “Results” versus process
  - Communicating and garnering feedback with public and policymakers

What is Performance Measurement & Management/Reporting?

- Performance Measurement is assessing on a regular basis the results, efficiency and effectiveness of government services and programs
- Performance Management are tools for generating changes in resource allocation and operations to deliver improved services
- Performance Reporting is communicating the results of management initiatives and outcomes to the public
What makes a good PM System?

- Strategic Alignment

- A Performance Management System should have three characteristics:
  - **Validity**: measures accurately reflect the underlying work
  - **Legitimacy**: internal and external stakeholders are motivated by system for change
  - **Functionality**: benefits (productivity, cost savings, better service) should accrue

Validity & Reliability

- Data is available and accessible
  - Electronic form or paper form

- Data is accurate and consistently measured

- Data is timely to the activities, process and tasks

Legitimacy

- High level engagement and support
  - Role and support of top managers and public officials

- Department head and employee involvement in creating measures

- Citizen engagement
Functionality

- Performance measurement system generates benefits to different users
  - Citizens
  - Public officials
  - Employees and managers
  - Other governments

- Benefits of using system outweigh costs of deploying system

Framework

Performance Measurement System

3 components:

- Goals
- Objectives
- Performance Measures
Setting Goals

- **Definition:**
  General statements about the results to be produced
    - Idealized outcomes
- **3 to 5 years or more timeframe**
- **Long range, big picture items that will improve quality of life for all citizens**
- **Change on an infrequent basis**

Goal Examples

- **Kent County**
  - **County Clerk:** Disseminate information requested in a proficient, timely manner.
  - **Fleet Services:** To manage and maintain County owned vehicles in a safe and cost effective manner
  - **IT:** Provide a stable, reliable, secure, and cost-effective computing infrastructure environment that supports County departments, agencies, and local units of government

Goals Examples

- **Sterling Heights, MI**
  - **Assessing:** To provide an accurate and equitable assessment annually for residential, commercial, industrial, and personal property.
  - **Financial Services:** To service all water and sewer customers with accurate and timely billing and collections.
  - **Facilities Maintenance:** To conduct preventative maintenance programs on all mechanical, electrical, and plumbing equipment, to ensure it operates at safe and optimum efficiency.
Objectives

Definition:
Specific, tangible measurable items that are tied to overall government goals and generally oriented to an annual outlook (likely to change or be altered annually)

Setting Objectives: ‘SMART’

• S – Specific
• M – Measureable
• A – Ambitious
• R – Realistic
• T – Time bound

Courtesy of Ted Poutilier (2003)

Performance Measurement Identification Worksheet

Instructions: Complete Goals & Objectives
**Please save Performance Measures section for later**
Performance Measures

Performance Measure Types

- Inputs (Resources)
- Outputs
  - Activities or services completed
- Process or Workload
  - Activities in process, delays, backlogs
- Outcomes

Inputs/Resource Measures

- Resources used to produce outputs and outcomes
  - Labor, personnel (FTE)
  - Materials and equipment
  - Buildings and facilities
Output Measures

- Products and services delivered
- Number of calls answered
- Number of road miles repaired/cleaned
- Number of permits, court cases handled
- Number of prisoners handled

Output Measure Examples

- Sterling Heights, MI (City Management)
  - Administrative Policy and Procedures reviewed
  - Agenda Statement reviewed
  - Focus Group Meetings Facilitated

- Sterling Heights, MI (City Clerk)
  - Lawsuits closed
  - Life insurance claims

Efficiency & Productivity

- Relationship between inputs and outputs
  Typically related to cost to undertake activities or number of activities per employee or per 1000 residents
  - Cost per road mile cleaned/repaired/constructed
  - Cost per permit issued
  - Cost per FTE per court case, prisoner held
  - Number of activities per staff (productivity)
Efficiency & Productivity Examples

• Efficiency (inputs divided by outputs)
  – Cost per fire run
  – Cost of payroll service per employee
  – Average number of days to process a purchase order

• Productivity (outputs divided by inputs)
  – Number of workers’ compensation claims per 100 FTE
  – Accident cost per 100,000 miles driven
  – Hours spent for building maintenance per 1,000 s.f.

Outcomes

• Definition:
  A direct measure of if or how well a goal has been achieved
  – Can be any “type” of measure

• Depending on goal, may require:
  – Intermediate outcomes
  – End outcomes

Outcome Examples

• Intermediate
  – Outcome that is expected to lead to an important goal, but is not measuring the goal itself
  – Service response time (time required to handle a case, issue a permit, etc…)
  – Other examples: accuracy of assistance, adequacy of information, customer satisfaction

• End Outcome
  – Goal is to issue permits quickly so as to encourage economic development
**Program Outcome Examples**

- **Intermediate Outcomes**
  - % of service requests met within 15 days
  - % of roads in compliance with PASER standards
  - Average pavement quality index

- **End Outcomes**
  - % of customers satisfied with facilities
  - % of accidents per 100 million vehicle-miles with road condition as a contributing factor
  - % of highway accidents as a result of ice or sleet

---

**Performance Measures and Targets**

- **Performance Measures**
  - PM’s are the actual numerical or qualitative indicators that determine progress towards objectives;
    - To increase, decrease or maintain something.....

- **Targets**
  - Targets set standards as to how change will occur in performance measurement
    - By how much will increase, decrease or maintenance be.....

---

**Performance Measures and Targets**

- **Quantitative Performance Measures**
  - Examples
    - With Targets
      - 20% increase in neighborhood associations formed and active over next 12 months
    - Without Targets
      - Increase in neighborhood associations formed and active over next 12 months
Data Collection Issues

• Data is at the heart of performance measurement and management systems
• Serious consideration to the availability, timeliness and accuracy of data is critical
• Potential sources of data
  – Administrative Data
  – Survey data (Customers, Residents, businesses)
  – State mandates

Criteria for Data

• Valid and Reliable – do they measure what they are supposed to?
• Understandable- what do they tell us?
• Balanced – quantity and quality
• Timely and Actionable
• Resistant to goal displacement – does it lead to ‘gaming’ behavior?
• Cost sensitive

What is Performance Measurement & Management/Reporting?

• Performance Measurement is assessing on a regular basis the results, efficiency and effectiveness of government services and programs
  Leading to……
• Performance Management Tools for generating changes in resource allocation and operations to deliver improved services
  Leading to……
• Performance Reporting is communicating the results of management initiatives and outcomes to the public
Performance Management and budgeting and

**Performance Management**

- Using performance-based information and results to make operational and budgetary changes in government

- Key techniques include:
  - Using data to make operational management changes on a regular basis
  - Pay for performance
  - Performance based budgeting
  - Performance contracting with outside vendors

**CitiStat model**

- Intensive, high frequency performance management system

- Meeting are held using data monthly or biweekly with department heads

- Key is to keep focus on ‘performance’
CitiStat in Michigan

- Lansing, MI
- Warren, MI

Performance Informed Budgeting

- Budget process is partially driven or informed by performance information
- Performance measurement may affect budget development or execution
- Performance based budgeting may occur at various levels of the process
  - Budget development by management and staff
  - Budget development by council or board
  - Budget communication and critique for citizens and customers
Performance Informed Budgeting

Examples

- Linking efficiency and effectiveness measures to spending

Examples
- How will increase or decrease in number of police officers impact performance measures?
- Will an investment in a local prisoner reentry program reduce correction spending over time

Performance Informed Budgeting

- Basically, it moves beyond using last year to set the budget plus any economic adjustments
  - Private sector asks, here is what we will invest, what is the payoff?

- Investment mentality
  - Challenge of determining what you are buying in outputs and outcomes (multiple bottom lines)
  - Challenge of comparing performance payoffs from different programs
    - Crime prevention (youth recreation) vs. crime control
    - Paying for capital maintenance now or later

Collaboration Continuum
Concord, North Carolina

- Each program has mission statement, service delivery goals and quantifiable objectives
- Leadership promotes learning versus punishment
- Investment in employee training

MISSION: Concord Police Department exists to maximize the quality of life of the citizens of the City and its visitors by combating crime and the fear of crime. We will uphold the law fairly and firmly by building community partnerships, solving problems, and being accountable. We will do all this with integrity, common sense, sound judgment, and respect for cultural diversity.

Community Policing

PERFORMANCE GOALS:
Major Service Area: Community Oriented Police Service
Goal: To provide a refined and enhanced community oriented policing philosophy to the citizens of Concord to reduce crime as well as the fear of crime
### Performance Measures

- COP Number of incoming calls per 1,000 population Workload
- COP Average monthly staffing level Workload
- COP Part I crimes per 1,000 population Effectiveness
- COP % of Part I cleared of those reported Effectiveness

### Changes in Services

- Percent of work orders requiring represat service were much higher than other municipalities
- Measure improved over three fiscal years by nearly 20% with service changes
  - Allowed for reallocation of staff and elimination of outsourcing of tire services to in-house with cost reduction achieved

### Rivenbark and Roenigk (2006)

- Mission, Assessment and Performance (MAP)
  - Are you personally committed?
  - Is performance language part of your daily conversations?
  - Are goals and objectives established?
  - Do you collect a broad array of data and measures?
  - Do you use comparative trends?
  - Do your staff have the necessary training and experience to report and use performance information?
  - Do you acknowledge success?
Michigan Local Government Benchmarking Consortium

Sponsored by the
State and Local Government Program,
Michigan State University Extension

Benchmarking

• A way to utilize performance measures to mark progress towards a particular goal
• The practice of using and comparing performance measures within one’s own sector for the purpose of evaluation, improvement, budgeting, morale, accountability, and promotion
• Allows for organizations to learn from one another and build upon the work of others rather than develop their own strategies to improve efficiency
  – A sharing of smart practices
Benchmarking Initiatives are Growing

- Florida Benchmarking Consortium
- North Carolina Benchmarking Project
- EuroStat
  - Urban Audit: compares data for 258 local governments across the EU
Executive Board

• Current Membership:
  – Robert Hillard, City of Allegan
  – Mike Hughes, City of Sturgis
  – Terry Proctor, County of Cass
  – Greg Purcell, County of Calhoun
  – Jerry Richards, Meridian Township
  – Tom Tanghe, City of Auburn Hills
  – Richard Watkina, Delta Township
  – Christian Wuerth, City of Birmingham
  – Eric Zuzga, Village of Quincy

Service Area Committees

• Initial Service Areas:
  – Emergency Dispatch
  – Fire/EMS
  – Fleet Maintenance
  – Information Technology
  – Parks maintenance
  – Police/Sheriff/ Road Patrol
  – Road Maintenance

• More to come…

Service Area Committees

Members…
• Are experts or practitioners
• Meet at most once a year to determine benchmarks
  – Update benchmarks and address other issues via conference calls throughout the year

• Benchmarks are from ICMA and other resources provided by MSU
Making the Most of Benchmarking

We are benchmarking, now what?

Learn
- Formalize learning from better performing governments
- Assist with labor negotiations

Grow
- Recognize need for and find opportunities to cooperate
- Track organizational objectives and budget priorities

Share
- Offer feedback and encouragement for employees
- Share with public via media or annual report

Member Commitments

- Service Area Committees
  - Members to be involved in at least 1
  - Quarterly conference calls
  - One in-person meeting annually

- Data Collection
  - Responsible for collecting data outlined by SACs in a timely fashion

- Recording of Results
  - Maintain some record of results of benchmarking over time
Examples of Success

- Hickory, NC reduced per ton waste collection cost from $69 to $29 per ton
- Winston-Salem, NC saved $395,000 in waste collection costs
- Asheville restructuring and eliminated three dispatcher positions and saved $100,000 while still managing same call volume

Contact

MSU State and Local Government Program
www.msue.msu.edu/slg
Dr. Eric Scorsone and John Amrhein, MBA
Co-Chairs
State and Local Government Program
Michigan State University
517-353-9460 or scorsone@msu.edu or amrhein@msu.edu
Nicole Bradshaw, M.S.
Program Director
MLGC
Michigan State University
517-353-1619 or sbiales13@msu.edu