

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD
NATIONAL ACADEMY OF PUBLIC ADMINISTRATION**

**REPORT ON SURVEY OF STATE
AND LOCAL GOVERNMENT USE
AND REPORTING OF
PERFORMANCE MEASURES:
FIRST QUESTIONNAIRE RESULTS**

September 1997

Report on Survey of State and Local Government Use and Reporting of Performance Measures: First Questionnaire Results

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Summary

In issuing Concepts Statement 2 on service efforts and accomplishments reporting in 1994, the Board called for a five-year period of experimentation with the use of performance measures before they considered whether to proceed with the establishment of reporting requirements as part of general purpose external financial reporting. In the fall of 1996, the GASB staff, working in conjunction with the National Academy of Public Administration and the GASB's service efforts and accomplishments task force, developed the first of two questionnaires to collect information about the current use and reporting of performance measures by state and local governments. This report includes the analysis of that survey's results, which sought information about whether those responding have developed performance measures, whether they are using them for decision-making purposes, what types of performance measures they are using, what aspects of management these measures are being used for, to whom they are being reported, whether measures are being verified, specific programs for which performance measures are being used, whether the use of performance measures is required, and whether entities are planning to continue or begin using them in the future. The second survey, which will seek additional information about the use and effect of using performance measures, is being prepared and will be sent to those entities that indicated that they have developed or use such measures.

The first survey instrument was sent to slightly over 5,000 entities,¹ with responses received from 900,² or 18% (Chart 1). Of those responding, 479 (53%—Chart 2) said they have developed some types of performance measures and 421 (47%—Chart 3) that they use performance measures for decision making in some way. This number dropped when respondents were asked whether they use output or outcome measures, with only 296 (33%—Chart 3) saying they do so. When asked about the specific uses made of **output measures**, 222 (24%) said they are used for strategic planning, 249 (28%) for resource allocation, and 236 (26%) for program management and monitoring (Charts 5 and 6). Output measures were said to be reported to internal management by 225 of those responding (25%), to elected officials by 216 (24%), and to citizens and media by 191 (21%)—(Charts 8 and 9). **Outcome measures** were said to be used for strategic planning by 215 (24%), for resource allocation by 227 (25%), and for program management and monitoring by 252 (28%—Charts 6 and 7), indicating little difference between the stated use of **output** and **outcome** measures. Outcome measures were said to be reported to internal management by 223 (25%), to elected officials by 219 (24%), and to citizens and the media by 189 (21%—Charts 10 and 11).

Of the 421 who say they use performance measures, 226 (54%) reported that they are being verified in some way (Charts 12 and 13). Of the 319 who say they are reported to elected officials, 182 (57%) noted they are verified (Charts 12 and 13). When asked about requirements to use performance measures, 270 of the respondents (30%) said

¹Entities as used in this report does not necessarily refer to state and local governmental units as a whole. In many cases it refers to an agency or department of a larger governmental unit. In some case several departments or agencies of a state or local government responded to the survey.

²For all questions, responses are listed by type of governmental unit (state, municipality, county, school district, and so forth) both in the body of the report and on the charts.

they have a requirement of some kind (Charts 14 and 15). Of the 270 that reported that they are required to use performance measures, 243 (90%) stated they are currently using them (Charts 16 and 17).

Of the 900 that responded, 698 (78%) said they plan to use or continue to use performance measures. Most of this use appears to be focused on program management, with 566 of those responding (63%) saying they plan to use them in that way, and 530 (59%) saying they plan to use them for resource-allocation purposes (Charts 18 and 19). When respondents were asked about plans to *report* performance measures, the number drops to 377 (42%), which appears to indicate that some factors cause those responding to be less favorably inclined to report performance measures (Charts 18 and 19).

Based on the results of the first questionnaire on development, use, and reporting of performance measures, the primary indication among those responding is that the use of performance measures by state and local government is now relatively widespread, with 421 of those responding (47%—Chart 3) presently saying they are using them in some way. The incidence of use can be expected to grow significantly, with 78% of those responding expecting to use performance measures in the future (Chart 19). However, far fewer of those responding report performance measures, with only 24% reporting them to elected officials and 21% to citizens and the media (Chart 9). Here again, significant growth can be expected, with 42% (Chart 19) expecting to report performance measures in the future. But the gap between those who *use* performance measures and those who *report* them appears to have the potential of widening rather than narrowing—of those responding, there are now 421 that use performance measures and 216 that report them to elected officials, a difference of 205 (23% of those responding). If those responding do as they say they are planning to do, there will be 698 (78% of those responding) using performance measures but only 377 (42%) reporting them, a difference of 321 (36% of those responding) between use and reporting.

Questions still remain about whether those responding are really using performance measures for decision making and the kinds of measures being used, to what degree state and local governmental units are using performance measures, what effect their use is having, how relevant the measures being used are, and why entities appear to be less willing to report performance measures. The second survey will try to gather more information to address these and other issues.³

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³For additional information, please contact Jay Fountain, GASB Assistant Director of Research, GASB, e-mail jrfountain@gasb.org, fax (203) 849-9714, or phone (203) 847-0700 ext. 259.

Background

In Concepts Statement 2,⁴ the GASB encouraged state and local governmental entities to experiment with the development, use, and reporting of service efforts and accomplishments (SEA) measures. The GASB concluded that SEA information is an essential part of the information necessary for general purpose external financial reporting but that it had not been developed sufficiently for the GASB to consider requiring nonfinancial performance measures to be reported as part of external financial reports. However, the Board did indicate that they intended to consider this issue again in 1999 after a five-year experimentation period.

To determine how extensive experimentation with SEA measures was proceeding in state and local governments, the GASB undertook a survey to find out whether state and local governmental entities are developing, using, and reporting performance measures; how such measures are being used; and whether these entities plan to continue (or begin) to use and report performance measures in the future. (See attached survey instrument for details of questions asked and descriptive information provided.) The survey was sent in September 1996 to 5,000 individuals working with state and local governments (some entities received multiple survey questionnaires in order to solicit responses from different departments, such as finance and budget); 900 responses were received. In addition to GASB subscribers and individuals who had commented on the proposed SEA reporting Concepts Statement, survey recipients were selected from mailing lists received from the International City/County Management Association; National Association of School Business Officers; National Association of College and University Business Officials; National Association of State Auditors, Comptrollers and Treasurers; and National Association of State Budget Officers as well as participants in the Managing for Results conference held by the State of Texas and University of Texas.

Of the 5,000 surveys mailed, 2,295 were sent to municipalities, 704 to counties, 594 to school districts, 559 to colleges and universities, 295 to public authorities, 266 to state departments, 60 to public employee retirement systems, and 31 to special districts. (Approximately 200 recipients were not able to be classified by type of governmental unit.)

Although the response rate of 18% was somewhat less than was hoped for, it was still considered sufficient to provide us with a general indication of the breadth and types of use of performance measures so that a second mailing was not considered necessary.

⁴GASB Concepts Statement No. 2, *Service Efforts and Accomplishments Reporting*, April 1994.

Chart 1

	<u>Survey Sent to</u>	<u>Responses</u>	<u>% Responding</u>
Municipalities	2,295	407	17.7%
Counties	704	146	20.7%
Colleges and Universities	559	87	15.6%
School Districts	594	60	10.1%
Public Authorities	295	43	14.6%
PERS	60	14	23.3%
State Departments	266	132	49.6%
Special Districts	31	9	29.0%
Unclassified	196	2 ^a	1.0%
	<u>5,000</u>	<u>900</u>	<u>18.0%</u>

^aMost of the responses received from those responding considered unclassified were classified by the respondent according to entity type and so are reported in the above with the appropriate entity type.

The first two questions on the survey asked whether participants had developed performance measures (Question 1) and used performance measures for decision making and management (Question 2) for a substantial number of programs.

Participants were then asked whether they had developed and used two specific types of performance measures—*outcomes* (measures of the results that occur, at least in part, because of services provided) and *outputs* (measures of the quantity of services provided). Participants that have not developed or used performance measures were directed to proceed to question 6 in the survey—whether there was any requirement to use performance measures—and question 7—whether they planned to use performance measures in the future, and in what manner. Participants that have developed and use performance measures were asked to complete the other questions (Questions 3 through 5) about the aspects of management that performance measures are being used for, to whom they are being reported, whether they are being verified for reliability and relevance, and which major programs are using performance measures.

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Respondents That Have Developed and That Use Performance Measures

Of those responding, 479 (53%) say they have developed some type of performance measures; 354 (39%) say they have developed output or outcome measures. Fewer (421, or 47%) say they use some type of performance measures for decision making; a smaller number (296, or 33%) say they use output or outcome measures for decision-making purposes. State departments were the category responding most positively, with 83% saying they have developed performance measures, 65% that they have developed output or outcome measures, 76% that they are using performance

measures, and 57% saying they are using output or outcome measures.⁵ School districts, colleges and universities, and counties also appear to use outcome measures more than other entities, with 50% of colleges and universities and 48% of the other entity types saying that they are using them. Among the other major types of governmental units, responses varied from a low of 44% of municipalities saying they have developed performance measures (30% have developed outputs or outcomes) to a high of 58% for counties (40% have developed output or outcome measures). For the use of performance measures, 37% of the municipalities say they use performance measures (22% use output or outcome measures) and 48% of the counties say they use performance measures (36% use output or outcome measures).

Chart 2
Those Responding That Say They Have Developed Performance Measures

	Total Responding	Developed Performance Measures	% That Have Developed	Developed Outputs or Outcomes	% That Have Developed
Municipalities	407	180	44.2%	124	30.5%
Counties	146	84	57.5%	58	39.7%
Colleges and Universities	87	47	54.0%	41	47.1%
School Districts	60	31	51.7%	24	40.0%
Public Authorities	43	17	39.5%	13	30.2%
PERS	14	7	50.0%	5	35.7%
State Departments	132	110	83.3%	86	65.2%
Special Districts	9	2	22.2%	2	22.2%
Unclassified	2	1	50.0%	1	50.0%
Total	900	479	53.2%	354	39.3%

Chart 3
Those Responding That Say They Use Performance Measures for Decision Making

	Total Responding	Use Performance Measures	% That Use	Use Outputs or Outcomes	% That Use
Municipalities	407	150	36.9%	91	22.4%
Counties	146	70	47.9%	52	35.6%
Colleges and Universities	87	45	51.7%	37	42.5%
School Districts	60	29	48.3%	22	36.7%
Public Authorities	43	17	39.5%	12	27.9%
PERS	14	7	50.0%	5	35.7%
State Departments	132	101	76.5%	75	56.8%
Special Districts	9	1	11.1%	1	11.1%
Unclassified	2	1	50.0%	1	50.0%
Total	900	421	46.8%	296	32.9%

⁵Of the 46 states from which at least one department responded, 34 had at least one department that stated that performance measures have been developed and 30 that performance measures are used.

Using Performance Measures for Selected Aspects of Management

Participants were asked (Question 3) to check all of the aspects of management they use output or outcome measures for and, if used, whether those measures were used extensively or to some extent. Of those responding, 149 (17%) say they use outputs entity-wide for strategic planning either extensively or to some extent, 167 (19%) say they use outputs for resource allocation (budgeting), and 160 (18%) say they use outputs for program management and monitoring.⁶

State departments appear to be more active in using output measures entity-wide, with 56 (42%) indicating they are using them for strategic planning, 59 (45%) for resource allocation, and 57 (43%) for program management and monitoring. Municipalities were at the other end of the responses, with 73 (18%) saying they are using outputs for strategic planning, 82 (20%) for resource allocation, and 76 (19%) for program management and monitoring. Counties, colleges and universities, school districts, and public authorities were closely grouped in the middle between states and municipalities.

Chart 4
Those Responding Saying Outputs Are Used for Various Aspects of Management—Entity-Wide

	Total Responding	Use Outputs for		
		Strategic Planning	Resource Allocation	Program Management & Monitoring
Municipalities	407	73	82	76
Counties	146	34	49	42
Colleges and Universities	87	24	24	24
School Districts	60	18	17	20
Public Authorities	43	12	13	12
PERS	14	4	4	4
State Departments	132	56	59	57
Special Districts	9	1	1	1
Unclassified	2	0	0	0
Total	900	222	249	236

⁶To test for possible nonresponse bias, an effort was made to contact 100 entities that were sent the questionnaire but had not responded. Among the 27 entities that were reached by telephone, 13 (48%) said they have developed performance measures, 14 (52%) that they use them for decision making, 12 (44%) that they report them, 20 (70%) that they have some requirement to use performance measures (usually only policy—17, or 63%), and 19 (70%) that they plan to continue or begin to use performance measures in the future.

Chart 5
Percentage Using Outputs for Various Aspects of Management—Entity-Wide

	% Using Outputs for		
	Strategic Planning	Resource Allocation	Program Management & Monitoring
Municipalities	17.9%	20.1%	18.7%
Counties	23.3%	33.6%	28.8%
Colleges and Universities	27.6%	27.6%	27.6%
School Districts	30.0%	28.3%	33.3%
Public Authorities	27.9%	30.2%	27.9%
PERS	28.6%	28.6%	28.6%
State Departments	42.4%	44.7%	43.2%
Special Districts	11.1%	11.1%	11.1%
Unclassified	0.0%	0.0%	0.0%
Total	24.7%	27.7%	26.2%

For outcome measures, the results were approximately the same, with 215 (24% of all respondents) saying they are using outcomes entity-wide for strategic planning, 227 (25%) for resource allocation (budgeting), and 252 (28%) for program management and monitoring.

Again, states appear to be the largest users of outcomes entity-wide, with 57 state departments (43% of those responding) saying that they are being used entity-wide for strategic planning, 55 (42%) for resource allocation, and 61 (46%) for program planning and monitoring.

Responses from municipalities were different, with 72 (18% of those responding) stating they are using outputs for strategic planning, 72 (18%) for resource allocation, and 85 (21%) for program management and monitoring. For outcomes, counties, colleges and universities, school districts, and public authorities are grouped in the midrange of responses.

Chart 6
Outcomes Used for Various Aspects of Management—Entity-Wide

	Total Responding	Use Outcomes for		
		Strategic Planning	Resource Allocation	Program Management & Monitoring
Municipalities	407	72	72	85
Counties	146	30	41	46
Colleges and Universities	87	24	24	23
School Districts	60	20	19	18
Public Authorities	43	11	11	14
PERS	14	0	4	4
State Departments	132	57	55	61
Special Districts	9	1	1	1
Unclassified	2	0	0	0
Total	900	215	227	252

Chart 7
Percentage Saying They Are Using Outcomes for Various Aspects of Management—Entity-Wide

	% Using Outcomes for		
	Strategic Planning	Resource Allocation	Program Management & Monitoring
Municipalities	17.7%	17.7%	20.9%
Counties	20.5%	28.1%	31.5%
Colleges and Universities	27.6%	27.6%	26.4%
School Districts	33.3%	31.7%	30.0%
Public Authorities	25.6%	25.6%	32.6%
PERS	0.0%	28.6%	28.6%
State Departments	43.2%	41.7%	46.2%
Special Districts	11.1%	11.1%	11.1%
Unclassified	0.0%	0.0%	0.0%
Total	23.9%	25.2%	28.0%

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Reporting Performance Measures

When we looked at the reporting of performance measures (Question 3), the results began to decrease. Of those responding, 225 (25%) stated that they report outputs to internal management, 216 (24%) to elected officials, and 191 (21%) to citizens and the media. Not surprisingly, the reporting of outcome measures is quite similar, with 223 (25%) stating that they are being reported to internal management, 216 (24%) to elected officials, and 189 (21%) to citizens and the media.

Once again, a larger portion of state departments indicated that they report outputs and outcomes than do other types of entities. For outputs, 53 (40%) state departments say they report output measures to internal management, 48 (36%) to elected officials, and 41 (31%) to citizens and the media. For outcomes, 53 (40%) state departments say they report them to internal management, 55 (42%) to elected officials, and 39 (30%) to citizens and the media.

In both cases this represents a drop from the number of those responding that have developed and are using performance measures. For example, 421 (47%) of those responding say they use performance measures of some type for decision making, while 219 (24%) stated that they report outcome measures to elected officials and 189 (21%) to citizens and the media.⁷

⁷Only respondents that stated that they use performance measures were able to answer the questions as to whether they report performance measures and to whom.

**Chart 8
Reporting Output Measures**

	Reporting Output Measures			
	Responding	Internal Management	Elected Officials	Citizens & Media
Municipalities	407	76	76	71
Counties	146	40	44	31
Colleges and Universities	87	23	20	21
School Districts	60	17	15	17
Public Authorities	43	11	9	6
PERS	14	4	3	3
State Departments	132	53	48	41
Special Districts	9	1	1	1
Unclassified	2	0	0	0
Total	900	225	216	191

**Chart 9
Percentage Reporting Output Measures**

	% Reporting Output Measures To		
	Internal Management	Elected Officials	Citizens & Media
Municipalities	18.7%	18.7%	17.4%
Counties	27.4%	30.1%	21.2%
Colleges and Universities	26.4%	23.0%	24.1%
School Districts	28.3%	25.0%	28.3%
Public Authorities	25.6%	20.9%	14.0%
PERS	28.6%	21.4%	21.4%
State Departments	40.2%	36.4%	31.1%
Special Districts	11.1%	11.1%	11.1%
Unclassified	0.0%	0.0%	0.0%
Total	25.0%	24.0%	21.2%

As has been the case in other areas, municipalities had the lowest percentage of respondents reporting performance measures. Here, 76 (19%) of the municipalities report outputs to internal management, the same number report to elected officials, and 71 (17%) to citizens and the media. For outcome measures, 77 municipalities (19% of those responding) report to internal management, 74 (18%) to elected officials, and 72 (18%) to citizens and the media. Once again, counties, colleges and universities, school districts, and public authorities were grouped closely together between states and municipalities.

**Chart 10
Reporting Outcome Measures**

	Reporting Outcome Measures			
	Responding	Internal Management	Elected Officials	Citizens & Media
Municipalities	407	77	74	72
Counties	146	38	40	34
Colleges and Universities	87	26	20	18
School Districts	60	16	17	15
Public Authorities	43	9	8	8
PERS	14	3	4	2
State Departments	132	53	55	39
Special Districts	9	1	1	1
Unclassified	2	0	0	0
Total	900	223	219	189

**Chart 11
Percentage Reporting Outcome Measures**

	% Reporting Outcome Measures To		
	Internal Management	Elected Officials	Citizens & Media
Municipalities	18.9%	18.2%	17.7%
Counties	26.0%	27.4%	23.3%
Colleges and Universities	29.9%	23.0%	20.7%
School Districts	26.7%	28.3%	25.0%
Public Authorities	20.9%	18.6%	18.6%
PERS	21.4%	28.6%	14.3%
State Departments	40.2%	41.7%	29.5%
Special Districts	11.1%	11.1%	11.1%
Unclassified	0.0%	0.0%	0.0%
Total	24.8%	24.3%	21.0%

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Respondents That Verify Performance Measures in Some Manner

Question 4 asked participants to indicate whether the performance measures they used were subjected to some type of verification process and to describe the type of verification and by whom it was performed. Of the 421 using performance measures, 226 (53%) said they were subjected to some type of verification process. Of the 319 reporting performance measures to elected officials, 182 (57%) perform some type of verification process. However, based on the descriptive responses, it appears that most verification is performed by internal analysts or program staff (including program evaluators) and would not meet a test for compliance with audit standards. However, it is encouraging to note that over half of those responding that stated that they are using

and reporting performance measures appear to be aware of the need for checking the integrity of those measures.

Chart 12
Verification of Performance Measures

	<u>Use for Decision Making</u>	<u>Report to Elected Officials</u>	<u>Verify</u>	<u>Use and Verify</u>	<u>Report and Verify</u>
Municipalities	150	124	78	74	63
Counties	70	52	31	29	24
Colleges and Universities	45	32	32	32	26
School Districts	29	26	15	15	15
Public Authorities	17	12	12	12	10
PERS	7	5	5	5	3
State Departments	101	67	60	57	40
Special Districts	1	1	1	1	1
Unclassified	1	0	1	1	0
Total	421	319	235	226	182

Chart 13
Verification of Performance Measures—Percentages

	<u>% That Use That Verify</u>	<u>% That Report That Verify</u>
Municipalities	49.3%	50.8%
Counties	41.4%	46.2%
Colleges and Universities	71.1%	81.3%
School Districts	51.7%	57.7%
Public Authorities	70.6%	83.3%
PERS	71.4%	60.0%
State Departments	56.4%	59.7%
Special Districts	100.0%	100.0%
Unclassified	100.0%	N/A
Total	53.7%	57.1%

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Respondents That Are Required to Use Performance Measures

The results of the survey indicate that in many cases the motivating force behind the use of performance measures is other than legal or policy requirements. Of those responding, 270 (30%) are required to use performance measures. However, 479 (53%) say they have developed performance measures and 421 (47%) that they use performance measures. This indicates that 151 of those responding (36% of those using performance measures) are doing so without any requirement. Among those that are required to use performance measures, 142 (53%) have a requirement created only by policy, usually a procedure imposed by management on itself. It appears that 320 (76%) of those using performance measures do so without any requirement imposed outside of management.

In this case, state departments have more requirements to use performance measures, with 86 state departments (65% of those responding) stating that they are required to use such measures. At the other end of the responses are municipalities, with 72 (18%) stating that they are required to use performance measures. Legal requirements were present for 129 (14% of those responding), whereas ordinances accounted for only 5 (0.6%) and policy for 142 (16% of all of those responding).

**Chart 14
Required to Use Performance Measures**

	Responding	Required to Use	Required by		
			Law	Ordinance	Policy
Municipalities	407	72	11	3	60
Counties	146	37	7	1	27
Colleges and Universities	87	30	16	0	13
School Districts	60	21	15	1	6
Public Authorities	43	17	13	0	8
PERS	14	6	3	0	4
State Departments	132	86	64	0	23
Special Districts	9	1	0	0	1
Unclassified	2	0	0	0	0
Total	900	270	129	5	142

**Chart 15
Percentage That Are Required to Use Performance Measures**

	Required to Use	Required by		
		Law	Ordinance	Policy
Municipalities	17.7%	2.7%	0.7%	14.7%
Counties	25.3%	4.8%	0.7%	18.5%
Colleges and Universities	34.5%	18.4%	0.0%	14.9%
School Districts	35.0%	25.0%	1.7%	10.0%
Public Authorities	39.5%	30.2%	0.0%	18.6%
PERS	42.9%	21.4%	0.0%	28.6%
State Departments	65.2%	48.5%	0.0%	17.4%
Special Districts	11.1%	0.0%	0.0%	11.1%
Unclassified	0.0%	0.0%	0.0%	0.0%
Total	30.0%	14.3%	0.6%	15.8%

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Comparison of Respondents Required to Use Performance Measures and Those That Actually Use Them

Of the 270 responding that are required to use performance measures, 243 (90% of those required to use performance measures—27% of all responding entities) currently use performance measures. This means that 27 (10%—3% of all responding entities) of those that are required to use performance measures are not presently using them. Another 178 (20% of all of those responding) are using performance measures but are not required to do so by law, ordinance, or policy. State departments are more frequently required to use (and do use) performance measures, with 80 (93%—61% of all state departments responding) of those that are required to use performance measures actually using them. For municipalities, 58 (81% of those that are required to use performance measures) are doing so; the number for counties is 36 (97%).

Chart 16
Required to Use Performance Measure Compared to Those That Actually Use

	Responding	Required to Use	Required to Use and Don't	Required to Use and Use	Not Required to Use and Use
Municipalities	407	72	14	58	92
Counties	146	37	1	36	34
Colleges and Universities	87	30	2	28	17
School Districts	60	21	0	21	8
Public Authorities	43	17	4	13	7
PERS	14	6	0	6	1
State Departments	132	86	6	80	18
Special Districts	9	1	0	1	0
Unclassified	2	0	0	0	1
Total	900	270	27	243	178

Chart 17
Percentage That Are Required to Use Performance Measure Compared to Those That Actually Use

	Required to Use	Required to Use but Don't	Required to Use and Use	Not Required to Use and Use
Municipalities	17.7%	3.4%	14.3%	27.5%
Counties	25.3%	0.7%	24.7%	31.2%
Colleges and Universities	34.5%	2.3%	32.2%	29.8%
School Districts	35.0%	0.0%	35.0%	20.5%
Public Authorities	39.5%	9.3%	30.2%	26.9%
PERS	42.9%	0.0%	42.9%	12.5%
State Departments	65.2%	4.5%	60.6%	39.1%
Special Districts	11.1%	0.0%	11.1%	0.0%
Unclassified	0.0%	0.0%	0.0%	50.0%
Total	30.0%	3.0%	27.0%	28.3%

Respondents That Plan to Continue (or Begin) to Use Performance Measures

The answers to Question 7 begin to provide us with an idea of the future potential use of SEA information for various purposes including reporting. It is most interesting that compared to the 421 of those responding that presently use performance measures (47% of all that responded), 698 (78%) say they plan to use them in the future. Again, state departments lead the way, with 117 (89%) state departments saying they plan to use performance measures in the future. Here counties are only slightly behind state departments, with 128 (88%) planning to use such measures. This drops to 34 (79%) for public authorities, 303 (74%) for municipalities, 44 (73%) for school districts, 10 (71%) for PERS, and 54 (62%) for colleges and universities.

When asked what they plan to use performance measures for, slightly more plan to use them for program management (566, or 63%) than for resource allocation (530, or 58%); strategic planning was considerably lower, with 417 (46%) planning to use them that way. This compares very favorably to present entity-wide usage for outputs, where 236 (26%) say they use performance measures for program management and monitoring, 249 (28%) for resource allocation, and 222 (24%) for strategic planning.

In all cases, state departments are again the clear leader, with 108 (82%) of the state departments saying they plan to use performance measures for program management, 101 (76%) for resource allocation, and 99 (75%) for strategic planning. Current state usage of output measures is 57 (43%) for program management, 59 (45%) for resource allocation, and 56 (42%) for strategic planning. For municipalities, the rates of planned usage are considerably less, with 229 (56%) saying they plan to use them for program management, 229 (56%) for resource allocation, and 157 (39%) for strategic planning. Still, these rates represent a significant increase from what municipalities are presently doing—76 (19%) are using outputs for program management, 82 (20%) for resource allocation, and 73 (18%) for strategic planning. Colleges and universities in this case trail municipalities, with 43 (49%) planning to use performance measures for program management, 38 (44%) for resource allocation, and 36 (41%) for strategic planning.

However, when one looks at plans to **report** performance measures, the response rate drops considerably. Although 698 (78%) of those responding say they plan to *use* performance measures in some way, only 377 (42%) say they plan to *report* performance measures. Reporting is considerably below both program management (63%) and resource allocation (59%) as a planned use and even slightly below strategic planning (46%). The highest percentage of those responding that plan to report performance measures is state departments (61%); counties follow with 50% planning to report performance measures, whereas only 35% of municipalities plan to do so.

**Chart 18
Number of Those Responding That Plan to Use (or Continue to Use)
Performance Measures**

	Responding	Plan to Use	Plan to Use For			Reporting
			Strategic Planning	Resource Allocation	Program Management	
Municipalities	407	303	157	229	229	141
Counties	146	128	66	94	103	72
Colleges and Universities	87	54	36	38	43	33
School Districts	60	44	25	31	37	21
Public Authorities	43	34	25	27	30	19
PERS	14	10	8	7	9	7
State Departments	132	117	99	101	108	81
Special Districts	9	7	1	3	6	3
Unclassified	2	1	0	0	1	0
Total	900	698	417	530	566	377

**Chart 19
That Plan to Use (or Continue to Use) Performance Measures**

	Plan to Use	Plan to Use For			Reporting
		Strategic Planning	Resource Allocation	Program Management	
Municipalities	74.4%	38.6%	56.3%	56.3%	34.6%
Counties	87.7%	45.2%	64.4%	70.5%	49.3%
Colleges and Universities	62.1%	41.4%	43.7%	49.4%	37.9%
School Districts	73.3%	41.7%	51.7%	61.7%	35.0%
Public Authorities	79.1%	58.1%	62.8%	69.8%	44.2%
PERS	71.4%	57.1%	50.0%	64.3%	50.0%
State Departments	88.6%	75.0%	76.5%	81.8%	61.4%
Special Districts	77.8%	11.1%	33.3%	66.7%	33.3%
Unclassified	50.0%	0.0%	0.0%	50.0%	0.0%
Total	77.6%	46.3%	58.9%	62.9%	41.9%

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Respondents That Plan to Use Compared to Those Required to Use, Not Required to Use, and That Now Use

Of the 421 that say they are now using performance measures, 413 (98%) say they plan to continue to do so. Of those that are required to use performance measures, 243 (90%) say they plan to use them in the future. Of those not required to use performance measures, 484 (77%) say they plan to do so anyway. Therefore, a 65% increase in the percentage of those presently using performance measures may be expected, based on the survey results, with very few of those responding planning to stop using them. Nonetheless, 27 (10% of those that are required to use performance measures) do not plan to do so in the future, and even with the significant increase in

the number of those responding using performance measures, 202 (22%) still indicate that they have no plans to continue to use them or to begin using them.

Chart 20
Number of Those Responding That Plan to Use (or Continue to Use) Performance Measures Compared to Number Required, Not Required, and That Now Use

	Required To Use	Not Now		Plan To Use			Required	Now Use
		Required To Use	Now Use	Not Required	Now Required	Now Use	Don't Plan To Use	Don't Plan To Use
Municipalities	74	333	150	242	58	148	14	2
Counties	38	108	70	95	36	70	1	0
Colleges and Universities	30	57	45	42	28	45	2	0
School Districts	20	40	29	29	21	28	0	1
Public Authorities	11	32	17	26	10	16	4	1
PERS	7	7	7	6	6	7	0	0
State Departments	89	43	101	37	83	97	6	4
Special Districts	1	8	1	6	1	1	0	0
Unclassified	0	2	1	1	0	1	0	0
Total	270	630	421	484	243	413	27	8

Chart 21
Percentage That Plan to Use (or Continue to Use) Performance Measures Compared to Number Required, Not Required, and That Now Use

	Plan To Use as Percentage of			Required	Now Use
	Not Required	Now Required	Now Use	Don't Plan To Use	Don't Plan To Use
Municipalities	72.7%	78.4%	202.0%	18.9%	1.3%
Counties	88.0%	94.7%	182.9%	2.6%	0.0%
Colleges and Universities	73.7%	93.3%	120.0%	6.7%	0.0%
School Districts	72.5%	105.0%	151.7%	0.0%	3.4%
Public Authorities	81.3%	90.9%	200.0%	36.4%	5.9%
PERS	85.7%	85.7%	142.9%	0.0%	0.0%
State Departments	86.0%	93.3%	115.8%	6.7%	4.0%
Special Districts	75.0%	100.0%	700.0%	0.0%	0.0%
Unclassified	50.0%	N/A	100.0%	N/A	0.0%
Total	76.8%	90.0%	165.8%	10.0%	1.9%

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Conclusions

Based on the results of the first questionnaire on development, use, and reporting of performance measures, the primary indication is—at least among those responding—that the use of performance measures by state and local government is now relatively widespread, with 421 (47% of those that responded) presently saying they are using them in some way. Based on responses to the survey, the incidence of use can be expected to grow significantly, with 78% of those responding expecting to use performance measures. However, there are far fewer that report performance measures, with only 24% reporting them to elected officials and 21% to citizens and the media. Here again, significant growth can be expected, with 41% expecting to report

performance measures in the future. But the gap between those who *use* performance measures and those who *report* them appears to have the potential of widening—there are now 421 that use performance measures and 216 that report them to elected officials, a difference of 205 (23% of those responding). If all do as they say they are planning to do, there will be 698 (78%) using performance measures and only 377 (42%) reporting them, a difference of 321 (36% of those responding) between use and reporting.

This appears to indicate a reticence on the part of many of those responding to proceed with the reporting of this information about some of the essential aspects of government performance. Yet, the possible increase in the number of those responding organizations using performance measures is encouraging and indicates that experimentation with performance measures is significant, especially considering that only two and a half years had passed between the issuance of GASB Concepts Statement 2 and the mailing of the survey instrument.

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The Next Step

The staff is now in the process of preparing a second survey questionnaire to be sent to the 479 entities that indicated that they have developed or use performance measures. This questionnaire will be directed at gathering additional information about the ways in which they use and report performance measures. It will also try to obtain information about the effects that may be attributable to the use of performance measures and any difficulties or challenges that have arisen during the period of their development and use. Specifically, information about the effect the use of performance measures has had on understanding by citizens and elected officials, communication, and attitude toward the entity will be sought. Additionally, the second questionnaire will seek information about the specific uses being made of performance measures and whether those that stated they are using performance measures are, in fact, actively using them for decision making.

After the results of the second survey questionnaire are received, analyzed, and reported, the staff will continue its work with state and local governments to encourage increased reporting of performance measures, especially to citizens and elected officials. Another survey is planned for late 1999 so that information can be obtained about changes in the use and reporting of performance measures and their effectiveness can be analyzed and reported to the Board for use in deciding whether to consider requiring the reporting of performance measures as part of general purpose external financial reporting.

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