CASE STUDY:
City of Austin, Texas

USE AND THE EFFECTS OF USING PERFORMANCE MEASURES FOR BUDGETING, MANAGEMENT, AND REPORTING

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EXECUTIVE SUMMARY

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.

TYPES OF PEOPLE INTERVIEWED AND THEIR ORGANIZATIONS

Interviews were held with 24 people, noted below with codes used for them later in this draft.

<table>
<thead>
<tr>
<th>Interviewee/Official</th>
<th>Title</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Bill Spelman</td>
<td>Council Member</td>
<td>City Council</td>
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<td>Jesus Garza</td>
<td>City Manager</td>
<td>City Managers Office</td>
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<td>Helen Niesner</td>
<td>City Auditor</td>
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<td>Steve Morgan</td>
<td>Deputy City Auditor</td>
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<td>Joan Ewell</td>
<td>Project Manager</td>
<td>City Auditor's Office</td>
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<td>Stuart Grifel</td>
<td>Internal Consultant</td>
<td>City Auditor's Office</td>
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<td>Gary Warren</td>
<td>Fire Chief</td>
<td>Fire Department</td>
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<td>Tyler Anderson</td>
<td>Assistant Director</td>
<td>Fire Department</td>
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<td>David Lurie</td>
<td>Director</td>
<td>Health and Human Services Department</td>
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<tr>
<td>Mike Abkowitz</td>
<td>Chief Financial Officer</td>
<td>Health and Human Services Department</td>
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<td>Vickie Schubert</td>
<td>Chief Financial Officer</td>
<td>Infrastructure Support Services</td>
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<td>Betty Dunkerley</td>
<td>Financial Services Director (Assistant City Manager)</td>
<td>Finance Department</td>
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<tr>
<td>Charles Curry</td>
<td>Budget Officer and ICMA Performance Measures Coordinator</td>
<td>Finance Department</td>
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<td>Marti Foster</td>
<td>Organization Development Consultant</td>
<td>Human Resources Department</td>
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<td>John Stephens</td>
<td>Comptroller</td>
<td>Comptroller's Office</td>
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<td>Gordon Bergh</td>
<td>Chief of Operations</td>
<td>Emergency Medical Services</td>
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<td>Matt Kite</td>
<td>Assistant Director</td>
<td>Public Works and Transportation Department</td>
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<td>Jerry Shermann</td>
<td>Performance Analyst</td>
<td>Public Works and</td>
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OVERVIEW AND BACKGROUND

The City of Austin is in the midst of implementing a system of performance management that follows a “managing-for-results” cycle. As shown in Figure 1, Austin’s cycle has four parts:

- Strategic and annual planning, including both organizational performance goals and performance expectations for individual managers and employees;
- Performance budgeting, including program funding to achieve service performance levels;
- Performance measurement and reporting, including organizational performance reporting, individual performance appraisal, and measurement-based performance audits;
- Performance-based decision making by citizens, elected officials, managers, and employees.

City of Austin
Government Performance Accountability System

Source: Office of the City Auditor
Austin’s “Performance Accountability System” builds on a history of gradual development of performance management and incorporates a program-based budget first implemented in 1996 and performance auditing, which the City Auditor’s Office started in 1985, including three audits of the City’s performance measurement and reporting since 1994. Austin’s Fiscal 1999-2000 budget will be based on departmental business plans with key performance indicators integrated into the financial-planning process. For 1999-2000, performance measures will be included in executive-level performance appraisals and is planned for extension to all employees’ performance appraisals in 2000-2001. Austin employees’ performance appraisals are known as their Success Strategy Performance Reviews or “SSPRs.” The current SSPRs are supposed to have individual performance criteria spelled out. The change to be made, starting with executives, is to craft performance measures in individuals’ SSPRs that demonstrate the employee’s contribution to accomplishment of specific department and program performance indicators, which should link back to department business plans.

In addition to a catalog of program-specific measures adopted by Council with the program budget, Austin has a set of “community livability indicators,” and the Council sets policy goals with “priority indicators.”

Before 1985, a number of departments measured aspects of their performance for their own planning and management purposes. Various initiatives since the mid-1980s have gradually moved Austin towards citywide implementation and use of performance measurement in various forms, including the following initiatives:

- **1985:** City Auditor’s Office initiates performance auditing. After finding deficiencies in performance measurement and its use in many departments, the City Auditor proposed a resolution to the City Council on improving performance measurement.
- **1989-1994:** A prior City Manager emphasizes “total quality management” (TQM) including customer-focused measurement and quality training that includes training in basic measurement down to line employees in some departments;
- **1992:** City Council adopts the Resolution on Performance Measurement and Reporting, which had been proposed by the City Auditor’s Office.
- **1994:** City Auditor’s Office conducts the first audit of the City’s performance measurement and reporting system;
- **1996:** City Manager’s Office implements program-based budgeting; City Auditor’s Office conducts second audit of the City’s performance measurement and reporting system.
- **1997:** “Community Scorecard” public performance report issued by city management.
- **1998:** City Auditor’s Office conducts third audit of the City’s performance measurement and reporting system, working with the Budget Officer as its “City Management Partner;” City Manager proposes an initiative to improve Austin’s performance accountability system (Office of the City Auditor, 1998).
- **1999:** A “corporate partnership” including City Management (City Manager, Budget Office, Human Resources Department) and the City Auditor’s Office begins implementation of the City Manager’s Office’s performance accountability system improvement initiative.
Each performance-measurement initiative has had a different emphasis over the years; so the emphasis on the conditions measured and targeted for improvement has changed, though the change in emphasis has played out differently in different departments, depending on the context of each department’s services and the extent to which a department participated in particular initiatives. Water and Wastewater (WW), for example, which was a strong participant in the City’s TQM initiative, started with a major emphasis to measure and improve quality (e.g., reduce taste and odor complaints, improve customer satisfaction), and recently has shifted to reducing costs while maintaining its quality levels in an effort to keep its water rates affordable and to stay competitive with private suppliers of its services. WW also uses a measure called “price-value” that attempts to show whether its customers get a good value for what they pay. The Fire Department, by comparison, which historically has measured response time, noted that when it first was asked to include performance measures in its budget proposals, it mostly reported workload indicators as a way of describing program effectiveness. In response to a later citywide emphasis on measuring “cost efficiency,” the Fire Department added efficiency measures to the workload measures it reported. In the latest City initiative, the department is starting to emphasize reporting on “results.”

As related by City Auditor’s Office staff (who report to the City Council), elected officials’ emphasis on performance has also changed over the years. In earlier years when the Council focused on performance, the emphasis was likely to be on “finding ways to cut budgets.” In recent years, the Austin area has been experiencing rapid growth and a current mayor and council that emphasizes “growth management” rather than budget reduction. In this environment, there is a need to expand services, especially services provided on a regional basis. For example, HHS serves beyond the city limits as a city-county consolidated service. The department’s full name is the Austin-Travis County Health and Human Services Department. Emergency Medical Services (EMS) serves the City and parts of Travis County beyond the City’s borders. “They are pushing for expansion for services in both political bodies, both municipal government and county government pushing for a consolidation or our operation into one common delivery system. So [EMS] could very well double in size in the next 18-24 months” (DS: EMS). Expansion can be a positive environment for implementing performance management as departments are less threatened by cutbacks, and the City of Austin’s revenue growth makes it easier to invest in administrative systems to support performance measurement and reporting. However, an expansion environment can also make performance management seem less urgent to policy-makers. “I see it as a good time to spend money on the stuff [we] want to spend money on—like some computer databases, some better reporting systems … but it is still like everyone seems to be more in the mode of let’s spend a bunch of money here in Austin now versus let’s really manage our performance. I think we were fortunate really to get this performance budget thing going right now.”

Two Recent Developments that May be Relevant to City Performance in the Future

While they are not currently connected to the City of Austin’s formal performance-measurement system, two other initiatives related to concerns of rapid growth are important. In 1997, staff from the City of Austin’s “Sustainable Communities Initiative” (then under the City’s Planning, Environmental, and Conservation Services Department [PECSD]) convened a group of community leaders to consider starting a regional sustainability indicators project. By April 1998, a diverse 50-person advisory board was formed, with members from three counties, and
with backgrounds representing three main perspectives: economic development, the environment, and social equity. With the same City office still providing financial and staff support, the board began to oversee the Sustainability Indicators Project of Hays, Travis, and Williamson Counties (http://www.centex-indicators.org/). In winter-spring 1999, the project gave 25 presentations to community groups across the three counties, and conducted a community survey on priority issues published in the Austin American-Statesman newspaper, distributed separately in Spanish, and published on-line and distributed at community meetings. In September 1999, the Advisory Board adopted 42 indicators of sustainability under four categories: Community/Children, Workforce/Economy, Health/Environment, and Land/Infrastructure. In March 2000, the project issued its first report, Central Texas Indicators 2000: A Report on the Economic, Environmental, and Social Health of the Central Texas Region.

Although the sustainability project had been active, with City support, for one to two years by the time the case-study interviews were held, and it was concluding a visible public-outreach effort by the time of the interviews (April 1999), the project was not mentioned in any of the interviews. The departments interviewed were well into their business planning before the sustainability-indicators project had begun its outreach, and the sustainability indicators had not yet been selected. Therefore, people interviewed were not yet thinking of the project as something potentially relevant to the City’s performance-measurement and improvement efforts. It will be interesting to learn whether, and how, City performance-measurement and improvement efforts relate to the three-county sustainability indicators and project in the future.

Another growth-related development since the case study interviews were held was the Austin 360.00 Summit, in January 2000, involving public and private leaders from the region, including the mayor of Austin and leaders of many of the technology firms that have been growing rapidly in the region. According to the Austin American-Statesman (Bishop, 2000), after the summit, “a coalition of high-teach CEOs announced the formation of an ‘Austin Network’” to collaborate on solving public problems in the region. The American-Statesman article referenced the “Joint Venture: Silicon Valley Network” (JVSVN: a regional collaboration of business, labor, and government formed in 1992) as an example of an existing networked, regional collaborative organization in California. JVSVN has issued its own annual reports of regional sustainability indicators and has done many collaborative improvement projects with local governments in its region. It is too early to tell how, if at all, initiatives of the Austin Network will relate to City of Austin performance-measurement and improvement initiatives.

FINDINGS

PEOPLE AND THEIR ROLES

Who has been involved in initiating, developing, and using performance measurement, and how have they been involved?

The City Auditor, who reports to the City Council separately from city management, hired a Deputy City Auditor in 1985 with considerable government performance-auditing experience to build audit staff capabilities in performance auditing, and initiate City performance audits. The City Auditor’s Office’s performance audits led to adoption or improvement of measurement by some departments and the 1992 proposal for a Council resolution by the Auditor. Audit staff
described the audit office’s experience leading up to the resolution: “We basically audited comprehensively about fifteen city departments and in almost all of those department-wide performance audits, there were some findings about deficiencies in performance measurement, performance reporting, [or] the way that people use the information to make decisions …. [We observed] in [our] auditing, ‘There’s some kind of trend here.’ We said, ‘Well maybe the thing to do is not to put this into another audit but to start an initiative.’ So I think what you really saw is by 1992, we really pushed this resolution to get a corporate backing at the council level.” (AS).

Since the 1992 resolution, the City Auditor’s Office conducted three citywide audits on performance measurement and reporting throughout the City, in 1994, 1996, and 1998, which have led to measurement improvements. The Auditor’s Office has also provided technical assistance to City departments in improving their measures and measurement systems. Based on the 1998 audit findings, the City Auditor proposed that the City adopt a much more comprehensive set of policies to supersede the 1992 Council resolution that would have specified many more planning, measurement, and reporting requirements for management. While the City did not adopt the comprehensive set of policies, the Auditor’s Office agreed to join the City Manager’s initiative to improve performance measurement (noted below).

The City Council unanimously passed the 1992 resolution on performance measurement and reporting proposed by the City Auditor. The Council has also adopted its own list of priority indicators (“Council Priorities and Benchmarks,” in Office of the City Auditor, 1998, pp. 153-154), which include a wide range of community outcome indicators under the categories of “Community Benchmarks,” “Affordability,” “Sustainable Community,” “Public Safety,” and “Social Fabric: Youth, Family, and Neighborhood Vitality.” City Council members use performance measures in various ways. They review them when the budget is submitted, they question the City Manager and department heads about performance during budget meetings, and they request and examine performance measures for new programs that are proposed. Also, city contracts include performance measures. Some City Council members examine the contract performance measures and related data when contracts are proposed and when they come back to Council for renewal.

Two City Managers and other lead central management staff, notably the Financial Services Director (and Assistant City Manager), the Budget Officer, the Controller, and Human Resources staff, particularly the internal Organization Development Consultant interviewed for this study, have also played important roles in initiating, improving, and using performance measurement in Austin. An earlier City Manager initiated a TQM program in 1989, including an Austin Quality Award (AQA), which prompted the development of customer-service and quality measurement that some departments have maintained and built upon. The Water and Wastewater Department, for example, used AQA criteria for developing its first strategic business plan, which it has continued to build upon through the years. The current City Manager initiated the development and use of departmental performance measures in the budget process by starting program budgeting in 1996. The Budget Officer, under the Financial Services Director, led development of program budgeting for the City, providing each year’s guidance to departments in performance reporting in the budget, and leading reviews of departments measures with program budget submissions. The Budget Officer also served as the “City Management Partner” to the City Auditor’s Office in the 1998 citywide audit of performance measurement. The Controller, working with the budget office, has played a role in establishing cost allocation codes for departments that can be used to measure efficiency (unit
costs), and reviewing how departments have coded their costs to programs and activities. The Controller is leading improvements in the City’s payroll and financial accounting systems to enable greater disaggregation in cost allocation for more precise efficiency measurement.

In late 1998, in response to the 1998 audit of citywide performance measurement, the City Manager proposed to the mayor and Council a “Corporate Performance Measurement Initiative” (Garza, 1998) in lieu of passing an ordinance. This plan emphasizes:

- **Simplifying the system**, especially revising the City’s accounting into a single system unified with the program budget. Currently the City does program budget accounting separate from its traditional line item accounting.
- **Clarifying the information the City provides**, including summarizing the most important findings from the many detailed measures now reported, and communicating the relationships among different kinds of information to make performance reporting more useful to City employees, the Council, and the public.
- **Developing measures meaningful to City employees** so they are more likely to use performance information in their daily work.
- **Focusing on cost**, particularly unit cost measures, to complement existing outcome measures for decision making.

The Organizational Development Consultant from the Human Resources staff, along with an external consultant, was primary trainer of department leaders and facilitators in the City’s new structured approach to developing department business plans, an early major step in implementing the new Corporate Performance-Measurement Initiative.

**Operating department managers and staff** have played varying roles over the years in initiating, developing, improving, and using performance measures. Some departments had developed performance measurement as a regular part of their management practice years before the recent initiatives, either on their own or as part of the City’s TQM initiative. When the City initiated program budgeting in 1996, these departments had more to build upon than other departments. Some of the departments with longer performance-measurement and strategic-planning experience had already involved managers and staff on many levels in the development and use of performance measures. Other departments had not done so until recently. The City’s 1999 structured effort at department business planning, involving training and facilitation of numerous managers and staff from all departments, was probably the first time that many departments have gone deep into their organization to involve their employees in developing department and program goals and performance indicators.

With a few exceptions, **Citizens** and **media** were not cited in interviews as users of City performance measures or as significant participants in developing performance measures. A number of public reports are issued with performance indicators (e.g., the budget, quarterly and annual financial reports, a 1997 Community Scorecard, and city newsletters on growth and neighborhoods), and there are occasional press releases on specific performance issues. Also, Council budget meetings and other public sessions that include reviews of performance measures are shown on Austin’s public access television station. However, in a City Auditor’s survey of city government managers, respondents gave low ratings to current performance measurement in meeting the needs of Council and citizens (Office of the City Auditor, 1998, p. 23). The exceptions involve some citizens who reportedly raise performance questions in public budget meetings, and the Council-appointed citizen boards and commissions who advise or oversee a
number of departments. Apparently, most boards and commissions have not yet been involved in the development, or thorough review, of performance measures. City staff interviewed suggested that departments are likely to start involving boards and commissions in the next budget cycle. However, two departments interviewed—Health and Human Services, and Water and Wastewater, did indicate how boards or commissions they report to were involved in the recent round of business planning and development of performance measures.

While citizens may not yet play major roles in developing or using performance measures of most departments, they do play an important role in providing customer-focused performance data for the City and its departments, through the City’s annual citizen-satisfaction survey, and through citizen, customer, or user surveys done by a number of departments on a regular basis. Also, while citizens had not played a major role in development and use of City performance measurement through April 1999 (the time of the interviews), many of the Austin officials interviewed discussed improving and increasing communication with citizens as an important future step in development of performance measurement in the City of Austin.

USES AND EFFECTS OF PERFORMANCE MEASUREMENT

This section of the case study addresses the following two questions:

What intended and expected uses and effects of performance measurement were articulated?

What actual uses and effects of performance measurement were identified?

Introduction to Use of Performance Measures

The people interviewed who are not part of Austin city management, and who work with city operating departments from the outside—the City Council member and audit staff—commented that use of performance measurement varies by department. Audit staff characterized the situation as “pockets in the city, which are kind of more data-driven, places where they might use the measures more.” While this section of the case study cites many examples of the use of performance measures by operating departments, that is not necessarily characteristic of the whole city government. Four of the seven operating departments interviewed for this case study (Water and Wastewater, Public Works and Transportation, Fire, and EMS) were cited by one or more of the “external” people interviewed as being among the leaders in the city government in the use of performance measurement. It should be expected that the use of measurement is uneven, as one of the reasons for Austin’s current performance management improvement initiative is to improve the use of performance measurement across the city government. This case study also addresses uses of performance measurement by people outside of city management, especially by the City Council.

Uses of Performance Measurement for Resource Allocation and Policy Decisions

Intent and Expectations

Austin’s shift to program budgeting (sometimes referred to as activity budgeting), including performance measures for identified programs and activities, signaled that budgeting is one of the City’s intended uses of performance measurement, which was confirmed by officials in all of
the interviews. They expected performance information to be used throughout the budgeting process, from departments’ initial development of their budgets, to review by the budget office and preparation of the City Manager’s budget, to public budget review and questioning by the City Council, and ultimately to final budget decisions made by Council.

In their budget preparation, several department managers noted that their intention was to use performance measures to develop good budget justifications, either by demonstrating program effectiveness, or demonstrating a gap between needs and service levels. In another department, budget preparation was cited as one intended link in key management processes tied together by performance measures. When that department head “has his meetings with the managers about the budgets in preparation, that first question is: ‘What is your strategic plan, and how does that link to your budget, and let’s see your performance measures.’”

Several people interviewed—an elected official, central management staff, and several department managers—indicated that intended uses of performance measures included eliminating programs that were not performing, and shifting resources across programs based on Council program performance priorities and where investments will have the greatest impact. But there were several different perspectives on how they expected that would play out.

One department manager described this picture of the “ideal vision” sought for budgeting: “I’ve heard this story before of an ideal result being a book of pages. That the pages represent programs and for it to be so well defined and so well delineated between programs that an elected official could go through and, by consensus among elected officials, tear out a page and throw it in the garbage, and then whatever was left would be the budget. And that they could expect to see very well defined isolated programs functioning and producing results individually and so that they could report their successes by program.”

Another manager described using performance budgeting to “sunset” programs: “What was anticipated was to be able to put a sunset concept on it. In other words, this activity costs X amount of dollars, and it does X for the citizens and for Austin. It allowed policy-makers and managers the ability to look at a program or an activity and determine if it was still worthy of existence and if not, what were the costs associated with it and could it be sunset or put away and if so, these are the dollars that go along with that program.”

A City Council member put a different twist on the sunset idea. He noted that eliminating programs due to poor performance is not a likely occurrence; he wants managers to think it is possible to motivate better performance: “I think that’s a threat. It’s like nuclear deterrent. You have the nuclear bombs, but you hope never to use them. The fact that we can zero out your program if you don’t get numbers up, means people are going to get their numbers up. They’ll be there watching the same thing we’re watching. So they’re going to be operating the program with that in mind. And I think that is probably a closer match to what the real intention was.”

Finally, the City Manager has a vision of his executive team moving away from advocating only for their own departments in the budget process, to supporting strategic investments in other departments that contribute to the same desired outcomes: “I would like departments to stop thinking in terms of advocating for a specific function as much as understanding the connection between their mission and other departments’ missions and whether the resources that they use can have a better outcome. … I told the departments that I knew that I would be successful when the police chief could stand in front of the city council who wants to give them lots of money to go take care of criminals and say, ‘I don't need that money. That money is needed for parks and
recreation. Because that kind of investment in kids pays me huge dividends in taking care of the issues that I deal with. I know that I will have been successful when I hear that. I think that I have the team to get there.”

Actual Uses

Performance information is used on several levels in Austin for resource allocation. At the highest level of budget and policy decisions by City Council, performance measures are seen as supplementing the political process, rather than making these decisions less political. Both elected and management officials expressed frustration that it has been extremely difficult to eliminate poorly performing programs, either because the programs are well established in the bureaucracy or they are popular in the community. But, according to many interviewees—both elected and appointed—performance information is discussed in the Council’s budget deliberations. As one central manager described it: “During the budget process, there are a lot of questions that come from council and citizens both. Some of them relate to the performance measures. Whether they ultimately result in decisions or not, I don't know. It is hard to say. It is hard to isolate the questions from the action that is taken.” Audit staff confirmed that council members have been paying attention to performance when considering budget decisions: “I have been monitoring a little more closely lately … questions that come from council offices or agenda items. And if there is a new program, a large expenditure, invariably one of them is going to ask, ‘So where are the measures? Where are the performance measures that go with this? What do we expect to get from it?’ And that’s been very rewarding to see some of that. To get them asking again those questions.”

Departments use performance measures to develop and justify their budgets. Department managers noted that performance measures helped them “tell their story” to justify their budget requests. As one manager tells it, “My perception in the past, when it came down to budgeting, was: whoever had the best story got the most goods. … I am not very good with words [but performance measures] tell you more. You can prove things. I think that the data proves what we need. That is also helping focus in on what is the information that you really need to know. It helps with the questions. We are much more prepared at budget time. We have a whole better understanding of the whole budget process.” Another manager said: “Now I can go in saying this is the exact cost of our goals. We have the historical data on what our actual performance has been and, based on this, is what we predict that we need next year.”

Several cases were cited of department executives and the City budget office questioning division and program managers, during budget development, about their strategic or business plans and their performance measures, and how these relate to their budget. As one department manager said: “If you’re asking for more people, you better have … performance measures—result measures—to back you up.”

Public Works and Transportation management staff described building the budget for street repair and maintenance by programming measures as what they need to accomplish their goals into a budget model, which projects the amount of funds needed. “We then prepare a budget with a list of the performance measures that we know we’ve got the money to do. We’re not guessing that we’ve got enough in there for asphalt; we know we got enough. … In our case the council has the knowledge that this is the array of performance measures that we are going to do. … Not that we’ll just spend our $15 million dollars, but we’re going to give you this much.”
Department managers also describe shifting their resources within their approved budgets to meet changing needs, as in this public-health example: “If we see something changing in the community with a specific disease like Hepatitis C, we see that as an emerging disease in our community. That indicator becomes, then, something that we use in terms of decision making […] Maybe we have improved the situation with one particular disease, and we see a new one emerging as a problem in the community. By having this data to track that, we then [make] some management decisions either to redirect some resources or seek some additional resources to deal with this other issue emerging in the community.”

**Effects of Use**

One example was cited of elimination of a program, with City Council agreement, because performance data showed that the program was ineffective. One interviewee felt the Council wanted to eliminate this program in any event, and used the performance data for “political cover” in the community. Several people characterized this as a rare exception, with other examples provided of ineffective programs that were continued because management or the Council wanted to continue them. As noted by the City Manager: “Really, we have resigned ourselves, at least for the moment, that this is going to be much more of a management tool than it is a policy tool.”

The effects of using performance measurement for resource allocation were more likely to come about because of departmental uses of measures than Council uses, either because departments shifted resources in their proposed budgets, or they shifted how their budgeted funds were used. The following example of shifting park-security resources based on performance data illustrates that effect: “For public safety, we survey our users. We take that information very seriously …. One of the things that started to be extremely obvious from the surveys was that we are relatively safe … during the daylight hours in … your heavy-use trails [and] parks. What we found, which didn't surprise me, was that people that use … isolated … areas that were less developed and maintained didn't feel quite as safe. Your most unsafe were the folks that were using the trails and didn't have any other opportunity but to use them in the evenings right at dark. … The hike and bike trails, the greenbelts or even a park late in the evening—those were the times that we found in our surveys that people were not as comfortable and safe-feeling and perceptive as they would be during daylight hours. … So we shifted our time from spending 15 - 20% of our resources in the morning during the daytime; we took 20% of that resource and shifted it to between 6:00 in the evening and 10:00 in the evening. We identified problematic areas and put the staff where those problems were expressed to us as a concern.”

**Strategic Planning, Performance Monitoring, and Performance Improvement**

The main planning horizon in the current performance-management improvement initiative is an annual horizon, starting with making departments’ annual business plans more results-oriented, so they can be used for setting common goals for aligning all department programs. Some individual departments also have longer-term strategic plans, and there are longer-term citywide concerns that come into play, such as growth management. But the current initiative focuses first on improving departments’ annual business plans, and using performance measures to link the plans with more specific objectives for divisions, programs, teams, and employees.
**Intent and Expectations**

Past performance-measurement efforts in Austin tended to have narrow focuses, for example, to support program budgeting, or to support total quality management and customer-service improvement. The City’s current initiative to improve the use of performance measurement is broader and more systemic than past efforts, with the intention of creating a fully integrated system of managing-for-results, in which department business plans, budgets, operating plans, and team and individual performance reviews are all linked by common, measurable goals, and performance indicators are used at all levels that align with those goals. Performance measures play an important role in aligning all these key processes to achieve the intended integrated system. The system is further integrated by performance auditing and auditing of performance measures, for both an accountability link, and to provide a view from outside departments on how they can improve their performance and the way they measure performance.

As described by one central manager interviewed: “For the current system that we are developing right now, the intent … is to develop a set of measures that reflect what the business [and] expected results are for each department and to have that product be integrated with the performance budget …. And then to also be integrated with what we call the business strategy performance review or the individual planning and evaluation system. We also have that integrated it into individual SSPR [employee performance evaluations] so that at the level where the work actually gets done, there is alignment with the work that the individual does, the work that the work unit does or the team does, the work that the department does, and the results that the city can describe to its customers at the citizen and council level to corporate management and their own internal management. That is the intent. To have an integrated system rather than to have pieces that are isolated and not nearly as relevant or useful to day-to-day-operations.”

Consistent with the intent to use performance measurement to improve “alignment” in Austin are expectations to improve “focus” and “direction,” as described by two managers:

- “When it comes to performance measures, my expectations are that we use it as a tool to focus on results and assist management and staff in the organization to keep us focused on our objectives. I think that it is critical that we are able to demonstrate outcomes in terms of what we do. I look at performance measures as an essential tool for doing that.”
- “The primary effect that I expect performance measurement to have is to direct results. It directs people’s thinking about what they do and how they do it. It directs things in terms of focus and problem solving and management and other decisions.”

The top-to-bottom alignment of goals and performance measures are also intended to help everyone understand how their work contributes to their organization’s results: “The intent, then, is that when it is really implemented at the individual level, the individual employee can say, ‘Now I understand why I do this. Now I understand what the results are that I need to accomplish because I see it at this next level, and now I understand why my work matters.’”

Many of those interviewed, including elected and appointed officials, also cited their intentions to improve program performance in various ways, from controlling operational costs, to improving efficiency, to improving program outcomes. As one manager said, “We wanted to be able to predict what we’re going to do, not just report it, but predict it. So we could stay under fiscal control.” Audit staff felt that performance measurement should “encourage performance improvement by giving [managers] the information.” The City Manager noted:
“For programs that are not successful, we could identify how we could become successful. I think that [the intent] is to get the departments disciplined in that focus.”

Actual Uses

Even before the current citywide improvement initiative, some departments had experience using performance measures in strategic planning to determine operational performance plans and budgets, and to align goals and performance objectives within the department. For example, Fire Department management described using a standard of 3½ minutes expected response time for pumper trucks to plan where future fire stations should be located as Austin grows, and as the department expects its responsibility will eventually extend beyond the city limits into Travis County. Public Works and Transportation managers described using a “computerized decision tree database” with an inventory of the structure and condition of every segment in Austin’s street system. That “very complete model of the city … provides the framework of the annual maintenance need of the network to … keep it healthy and maximize its life cycle. So we use that on our strategic level to kind of generate a big program. Once that big program is generated we know we’ve X miles of this maintenance tactic, Y miles of that maintenance tactic, coupled with just your basic day-to-day, not maintenance but, what I would call repair activity. Because you’ve got to fix guardrails, you’ve got to fix potholes, you’ve got to fix road and curb and gutter, etc. Those things form the strategic starting point for the operational people then to begin their annual, their tactical plan, how they’re going to tackle that year’s mix of needs.”

Water and Wastewater (WW) was described as one department already exhibiting a thorough alignment of department, division, and employee goals and performance even before the current citywide initiative. Several people interviewed, from within and outside the department, described the department’s use of performance charts on their facilities’ walls to keep everyone aware of operational performance progress. The department started doing strategic planning in the late 1980s or early 1990s when the city government was emphasizing total quality management, using the City’s “Austin Quality Award” criteria as the basis for its strategic goals and objectives. A WW manager described part of the process used by the department, often called the “utility,” methods to achieve performance alignment:

“We have … utility objectives, and each division creates their own strategic plan of ‘how am I going to align with that?’ They will … either use the utility objective that’s a perfect match for them or they create another objective with specific measures in it that is in alignment with that. So if we pick the one, for example, related to the value for the customers … then someone at the plant is going to [choose], for example, … ‘the number of odor complaints.’ I reduce the number of odor complaints, then I am going to add more value because customers aren’t going to complain as much, and therefore I am in alignment with the utility.” A WW manager also described using measures of water pressure complaints in long-term capital improvement planning (CIP) and budgeting: “So now in our strategic plan we have all these pressure places where we have low pressure identified in the city. … [There’s] a CIP so there’s now money [through 2004] associated with these complaints to eliminate that system-wide because of hydraulic problems, or they need to be put in a different pressure zone, something like that, so we expect to see over time this to drop off. We tied resources, money and all of that to it.” About 3 or 4 years ahead of the rest of the City, Water and Wastewater had already aligned individual employee performance criteria with department and division performance objectives: “The business-planning processes [are] actually tied into the actual employee evaluations ….
Each person has a strategic plan section [in his evaluation] so that they have specific strategies that they do relate to it.”

EMS’s experience provides an example of how a department has revised its business-plan process to improve its performance focus: “We … have a new business plan in which we have revised our mission statement. The mission statements earlier were always kind of very lengthy and no one could remember them. Ours now is very simple. It’s simply to preserve life, improve health, promote safety. That’s it. We have four basic goals that cover everything from always taking care of the customer to promoting diversity within the workplace. We are very specific. And then we have a vision, and the vision is very clean and simple, and that is to simply become a benchmark for others, in terms of innovation, emergency medical-delivery system and training, etc. So with that, that folds nicely into the existing performance measures that we currently use and it helps highlight some of the ones that we need to reemphasize.” EMS has also had experience creating yearly performance measures for individual employees (e.g., time on the scene, time at the hospital, customer survey responses) that tie back to department performance goals.

Austin managers interviewed cited a variety of management uses for performance information, to analyze and improve program performance. Several managers (especially WW, EMS, and HHS) described benchmarking some of their indicators against industry standards, private utilities, or other communities. Several managers described using measures for operational planning. For example, a central manager described how one of the City’s lead purchasing managers tracks the productivity of each purchasing employee against each purchasing team’s workload, and shifts staff assignments to balance workload with resources. HHS management staff described monitoring the rates of tuberculosis in the community, comparing them with the number of people being served in their TB clinics and the extent of their outreach efforts, and adjusting operations accordingly.

One WW manager described how the department has shifted its performance focus: as staff achieve one performance challenge they move on to another, following the lead of top management. “The focus early on was on quality…. And so that was the initial focus for the first couple of years. Now we’re shifting to ‘okay we got that puppy whipped, now let’s focus on the cost side.’ But for me personally … I would see the executives use that as a management tool … to manage the utility to give them the information. … It was for them to use it, and then to model that behavior for the division managers and everything because if the executives were using it, then that would also kind of change the culture [for others] to use it also.” (DS15-4) Similarly, another WW manager noted: “I know from personal experience the other thing about these graphs is that they are looked at downtown. … I know that when things are out of order, when you exceed your little line, they do come and make you respond to it and stuff, so we’ve got the pressure of that on us.”

As Water and Wastewater provides services that can be readily compared with private utilities, it has recently started a “competitiveness assessment,” with one manager citing the specter of privatization, saying, “We need to learn how to run like a private business. … So a lot of our measures are changing.” They are attempting to establish statistical process-control methods in the wastewater treatment plants, to maintain their quality standards while reducing costs. A plant manager discussed the recent emphasis to control the “cost per million gallons of water treated.” She offered the example of how WW’s three plants recently compared their usage of lime (the largest part of their chemical cost) against other chemical indicators, to
determine that the quality of the lime they received had declined, causing them to use more than expected, and increasing, costs. “We knew that it was dropping but it was in acceptable range per the specifications. All this did was trigger that you need to re-bid the lime. We have opted to work with a vendor. There are not a whole lot of vendors that supply this product. We don't want to get so stringent that the price goes up exorbitantly. We have tried to work it out. That is one of the micro levels of management using the alignment of this.”

The plant manager saw her job as helping her staff understand how to analyze and improve performance: “The question is how do you cut the cost without impacting the quality of it? Electric consumption is one way. Chemical usage is another way and optimize the chemical usage and fluctuation. … It is not going to [help] me to explain all of this to the director. It is the operators underneath me. They are the ones who have to maintain the facilities. Working with them to understand. We are trying to bring some of this kind of information into the control stream. That is where we are going to try to implement statistical process control to increase the individual understanding of what they are doing. What it impacts.”

Most management uses of performance measurement cited in all departments were program-specific. WW attempts to share performance information across its divisions: “At our division managers’ meetings we talk about ‘these are the measures that we have, these are the measures that we need, this is how they should be interpreted, and this is how we use them,’ so that we start getting a feel for the other areas within the department.”

One cross-departmental use of measures was cited by Health and Human Services: “We do have initiatives where our performance measures tie to [other departments’]. [For example,] the crime rate. We have a weed and seed initiative, which is a partnership with the Police Department, Health and Human Services, District Attorney's Office, Parks and a number of others. Together they have some indicators that were developed for the overall initiative that cut across all of these departments. All of these departments are involved—the whole notion of weeding and seeding. You weed out the negative elements in a community that relate to crime and so forth, and you seed it by putting in place the supportive structures and systems and so forth. The point being you might not think that some of those youth-development programs as having much to do with crime, but they have a lot to do with it ultimately. So I think that it is an example where we do have the whole social fabric involved. There are a half-dozen or so initiatives in the city that were developed a few years ago that are specifically intended to bring various departments together, and there are some performance measures associated with those.

**Effects of Use**

The effects of using performance measurement cited by Austin managers included changes in staff behaviors, changes in organizational culture, and explicit cost-savings and service-performance improvements. As described by one manager: “The culture in our organization, both in the department and citywide, changed to become more attuned to tracking performance and to be able to measure what you do, how well you do it … and institutionalized that if you need additional resources, it has to be substantiated by demonstrated deeds through the performance information.”

Managers from the WW and Fire Departments offered examples of measurement leading to behavior changes in day-to-day operations that improved performance:
• “We worked out a way to measure the effectiveness on the fire scene. … I wanted an objective measure for the fire fighters to use. That was not competitive and would help them to understand whether they were covering all the bases. What I learned from that was that whether the measurement was accurate or not, and whether it caused people to feel competitive or not, the people were covering every single aspect that needed to be covered on the fire scene because they were memorizing the score sheet. In another words, in the effort to produce a good score, it forced them to remember every step that needed to be covered on the fire scene.”

• “As soon as we started to have measures…boy, did you see quality really improve as people were being tracked! … Here in customer-satisfaction measures, we’ve seen complaints, on some of them, a slow drop; others, a fairly dramatic drop in taste and odor complaints. It went from 124 all the way down; last year was 80 …. In our strategic plan we started focusing on taste and odor complaints. So what happened is operationally in the water treatment plants … when they got more than three complaints, boom, we started using powder-activated carbon. So they became more sensitized to customers and their concerns.”

In another performance-improvement example, Parks and Recreation managers described how their shift of staff coverage from morning to evening, and to some of their more isolated sites, in response to user-survey data on people’s feelings of security (described under “Resource Allocation and Policy Decisions” above), actually led to increases in users’ feelings of security and reductions in reported offenses.

Finally, the Water and Wastewater Department noted a cost-reduction example, and how their strategic planning and consideration of privatization caused them to pursue costs savings in a function—sludge handling—that they had thought of as a secondary function: “We realized through the strategic-business plan that one of our primary environmental concerns is privatization. When you look at the Yellow Pages, any job that you are doing could be outsourced. … Our vulnerability we felt was the sludge sites. … We believe that it is so important to our process that if we outsource them and had problems, they could shut down a plant. We don't want to lose it. At the same time we don't have the measures to defend it because the sludge costs roll into our regular budget. We are working at separating out those costs. Establishing work orders. We have asked the water and wastewater utility auditors to come out and audit that as a business practice and help tell us the measures that we should be using. … One of the first things that we did was to centralize [the sludge] function and put one supervisor over it. Now they can work with fleet services and work with scheduling better. We have already seen a big decrease in overtime and the decrease in the cost of fleet services. Because it was a secondary function to water treatment, it wasn't getting the focus that it needed. When you look at it, you realize that even all these small things are not secondary.”

Accountability and Communication

The City Auditor’s Office has been an important catalyst, for many years, in the development of performance measurement in Austin. So it is not surprising that accountability has been central to Austin’s intended and actual uses of measurement, to the extent of naming their current initiative “The Performance Accountability System.” Improving communication about performance goes hand-in-hand with improving performance accountability.
Intent and Expectations

Audit staff noted that in about 15 comprehensive department-performance audits from the mid-1980s to early 1990s, they found deficiencies in performance measurement and reporting in almost all cases. Citing a trend, the City Auditor recommended a citywide initiative in performance measurement and proposed a resolution to that effect, which was passed unanimously by the City Council in 1992.

In reference to department managers, the auditors thought, “Why do you need the auditor to tell you what your performance is? You ought to know what your performance is before we even start the audit.” The auditors reasoned that if management regularly reported useful, valid performance measures, overall accountability would improve beyond the audit office’s ability to improve accountability through individual audits. “There is no way we could audit everything. … Our whole mission has to do with accountability. … That initiative … tried to get proactive stuff going by management.”

The City Auditor’s Office, which reports to the City Council, also wanted to create new accountability tools for the council: “What I mostly wanted was for the City Council members to ask questions that would cause City management to have to be accountable for performance. So to me, the expectation was that we, as the Auditor’s Office reporting to council, were going to put the council members in a position to encourage performance improvement …. They need more specific information about outcome expectations …. Some of those council members have gotten to the point when they ask a question, the City management really has to come up with some really good information to answer the question.”

The City Council member interviewed, the City Manager, and several department managers also cited accountability as a principal intent of the performance-measurement system. For example:

- “The massive effort that we have going on right now is to actually tie that information system so that people can then be held accountable. Accountability is really to get department heads and their business managers focused on that outcome.”
- “I thought that the intent was to be clear about what our objectives were, and to be able to measure our effectiveness and to be able to meet our accountability expectations. Be accountable for what we are doing with our resources. Being accountable to our constituents who are policy people, the city council and city management and the community.”
- “I think what they wanted was to show accountability for the budgeting and utilization of public funds. That was the driving force, I think. Then also a way to show the officials that they were being effective in their decision making. … Part of our new vision is that we will be fully accountable to the community. We’re going to set up a way they can show the month-to-month progress on our results measures.”
- “I think that the original intent was to provide feedback to the city council and related interested parties, citizen groups how well the council was achieving their priorities. I think that what was expected, to put it briefly, was that the city would demonstrate progress or lack of progress. Achievement of the council priorities.”

One senior department manager cited the need for internal accountability within his department, so he could control costs for what was accomplished and pass his accountability tests to higher management and council. “What I wanted to get out of it was, first of all, self-
preservation. There’s a very strong ‘shoot the messenger’ mentality when you show up at the end of the year and indicate, ‘Hey your operation ran in the red, for $200,000-300,000, and you never even knew it was happening.’ … I had to call the previous division managers … back in the middle of the year, saying, ‘What’s going on? It looks like we’re going to hell.’ [They say]: ‘Oh no, we’re fine. We’ll be okay. Don’t worry about it.’ You get to the end of the year and, sure enough, you went to hell. That’s not a comforting feeling.”

Austin managers also intend to communicate more clearly about performance with City executives and elected officials, and with citizens, both to improve their accountability and to improve their working relationships with policy-makers. For example:

- “Another primary goal is to be able to organize the information that we offer the city council and the mayor and to the city manager's office and the citizens, to be able to organize that information in such a way that they understand what the actual results are, and they understand what is being accomplished and that they can see very directly what the cost of those are and what the efficiencies are. See very directly what is happening and what is not, rather than having a stack of information that is so cumbersome and so massive.”

- “[A] lot of your strength at being successful is your ability … to establish relationships, professional relationships that indicate what you are trying to achieve. … Every council member on the dais had a little bit different intent of what it is that they want to accomplish. So we are going to try to get there together. […] If you are the director or leader of the organization with good results and measurements, then I think [you are] going to be much more capable in establishing professional relationships at the top.”

Actual Uses

So far, the main document for communicating city government performance in Austin is the budget. There is also a “Community Scorecard” report that has not come out every year, which has “measurements that relate to the City as a whole, like per capita debt and that kind of thing.” Also, the City Auditor’s reports are public documents and communicate auditors’ findings on performance, often including recommendations for improving performance measures.

The City Manager indicated that the City also uses other communication vehicles to inform the public about performance but has not been particularly organized about doing so: “We do communicate a lot outside the government. We have newsletters, we have a ‘Neighborhood Watch’ that we publish, and there is a ‘Growth Watch’ that we publish. There are some performance measures in those things. If you ask me if there is a message that is consistent and that we are trying to promote some knowledge about, we haven't done much in a real organized fashion.”

Some departments are beginning to publish performance information on web pages (the Fire Department was cited), and other departments have begun discussing performance with Council-appointed citizen boards or commissions that oversee or advise them. In particular, WW and HHS managers described discussing performance measures with their commissions and boards. In addition, Council meetings—including budget meetings in which performance measures are discussed—and many board and commission meetings are carried on local public access television. Central management staff notes: “There is a lot of live programming. During budget
season, we do a lot of budget shows and get quite a lot of responses. We can't go anywhere that we are not recognized. So people really do watch that stuff.”

However, despite this range of public-communication activities, most people who commented on communicating with the public echoed the City Manager’s suggestion above that the city government could be more systematic in how it informs citizens about performance. One department manager noted: “Rather than us being in a position of carrying the message out, we tend to wait till we are asked to bring a message. For example, we have a rotary club or a men’s breakfast club or a women’s association, it doesn’t matter what, ask us to come talk, and at that point we talk about the system and how it’s grown, about what we do, how we do it, and what they can do to make it better—if they have an emergency, how they do it. …It’s probably not as productive as it should be because it doesn’t target and schedule in a type of regular process that you need to build to the type of constituency you need in any community or community resource.”

In addition to reporting to the City Council and the public, the City conducts an annual citizen survey to obtain information from citizens on their perceptions of services. Similarly, many departments (e.g., Parks and Recreation, Libraries, EMS) regularly conduct user surveys of people who use their services or facilities.

Besides efforts to communicate performance, another important accountability tool is performance contracting. HHS managers said: “Every single contract that goes to the city council must have specific performance measures included in it.” As HHS is a City of Austin and Travis County agency, it also reports on contracts to the County Court of Commissioners. At least once a year, HHS must report to the Commissioners’ Court on contract performance.

Finally, performance information is reported within departments and, in a few cases, across departments as part of the City’s internal communications and management. WW managers said they receive quarterly reports on all the divisions, with more detailed performance information than used in the budget or reported to Council, and monthly division manager meetings tend to focus in depth on the performance of a different division each month. Other departments similarly noted more frequent, and more in-depth, internal performance-reporting than the reporting to the City Manager or Council. And HHS reported regular status reports shared across departments for multi-department programs, such as “weed and seed.”

Effects of Use

While communicating performance information to the public was not seen as something done in a systematic way, some focused public-communication efforts have been fruitful. Public Works and Transportation reports success developing citizen support for including transportation in a bond election, resulting in $75 million included in the bond election for construction of streets, instead of the $30 million that had been recommended by a citizens’ committee.

Another effect of communicating performance from departments to the City Manager and Council, according to one department manager, is: “We increase the level of … respect for the information we provide. The city manager, about 5 or 6 years ago on a business retreat, was pounding his fist on the table about ‘my gosh how much does it cost to fix a pothole?’ Well, we could tell him how much it would cost to fix a pothole this year, how much it cost last year and the year before, and tell how big that average pothole was, whether they are growing or
shrinking. Whether there is more or less of them and whether or not changes in technology have an impact on us.”

Finally, the Council member interviewed noted an important effect of communicating performance for at least two departments: “Some departments I can connect with very well. I could talk to the guy who runs public works. I can talk with the guy who runs water and wastewater, and we understand each other.”

PERFORMANCE MEASUREMENT IMPLEMENTATION ISSUES

How is the quality of performance information perceived, and how have performance measurement quality issues been addressed?

Ideas Expressed to Describe “Useful” Performance Measures

In all the interviews, people were asked to describe characteristics of performance measures they felt were useful. Three ideas were most frequently included in people’s answers: measures should be accurate, meaningful, and understandable.

No one elaborated on the idea of “accuracy,” though some people expressed related ideas of “dependable,” “reliable,” and “verifiable.” Some of the ways people described the idea of “understandable” included measures that are “simple and easy to understand,” “clean,” and “they don’t create a lot of static or misinterpretation.” A related idea expressed was “easy to communicate” or “explainable.” Another related idea raised that seemed particularly striking is that useful measures “are visual because you finally get it into a picture. People can relate to them more and to the data more. It is visual. It is concise. It brings a focus.”

Some ways interviewees described “meaningful” included that it represents “an outcome” or “results,” that it “has meaningful value for the vision of the organization,” and, for individual employees, that the measures “describe what is important about the work.” A closely related idea expressed is “relevance,” both to decision-makers to whom the data are reported, and to “people you want to pay attention to it. [To improve performance], it has to be relevant to them as well.” Other ideas expressed concerning “meaningfulness” of measures were that staff can use the measures “to manage by,” “to know you have been successful in your business goals,” and to “contribute” in some way for better decisions.” In addition, the measures are “linked to something,” or they are “tied back to something … there is a direct relationship between the measure and what is … to be accomplished.” Besides “outcomes” and “results,” “efficiency” and “quality” were also mentioned as important or meaningful attributes of performance to be measured.

Other ideas mentioned by one or two interviewees were that the measures are “easily collected,” “easily calculated,” “achievable,” and that they be “comparable” either to a benchmark from other jurisdictions or to organizations, or comparable over time to provide trend data. One manager cautioned about measures that could negatively affect employee morale: “There’s always a fine line too because you have to remember that for us, these measures do play into the moral of our workforce. So there are some that you can nickel-and-dime employees, and the result of that is not going to be favorable.”
Frequency of Measures that Meet People’s Criteria for Usefulness

Interviewees were also asked to comment on how often they see performance measures that have the characteristics they described for “useful” measures. Their answers varied from “very rarely” or “not real often,” to “I think I’m much more comfortable with what we have right now.” One person answered that some departments provide more useful measures than others, and a few people commented that they have been seeing more useful measures over time, as departments have gained more experience with performance measures and, most recently, as the current improvement initiative has begun to take hold. The specific weakness most often cited was a lack of meaningful measures of “results.” Also, one person commented that individual performance measures are not yet typically “meaningful” or descriptive of “what is important.” There was some inconsistency in answers about efficiency measurement, with one person (who may have been commenting only on her department) noting that they are “good at that,” and an Audit staff member with a citywide perspective commenting that the Auditor’s 1994 report noted a dearth of efficiency measures, which the budget office is trying to address through accounting changes to relate all “activities” to “inputs [that] have to come out of the financial accounting system.”

Keeping Measures Consistent for Comparability vs. Changing Them for Usefulness

One performance-measurement quality issue that stood out in many of the interviews was the tension between the need for consistency of performance indicators over time for valid comparisons, and the need to change indicators to ensure they are useful and relevant. The City Council member and some central management staff interviewed expressed frustration with the past practice of some departments to change indicators before enough time-series data were available, so performance progress could not be evaluated. At least one person suggested departments sometimes changed measures when their earlier measures would have shown unfavorable results. To end this problem, some years ago the budget office instituted a policy that once a department reported an indicator forward, it had to keep reporting the indicator for at least three years, and it could not drop or replace indicators without explicit justification.

Some department staff interviewed expressed frustration with the policy that has made it difficult to change indicators. They felt that due to department learning curves in performance measurement, some of their indicators were not meaningful or were not practical to collect with enough accuracy and reliability, so they needed to be changed. Also, changing circumstances would cause some indicators to lose their relevance and importance. Departments felt, as a result of the budget office’s policy on keeping performance indicators, that too many indicators were reported and not enough of them had meaning. Conceivably, the policy could also discourage departments from reporting forward better performance measures, as it would add to their data collection and reporting burden. Several department staff said they expected that during the current improvement initiative, there would be more leeway for departments to change performance indicators, especially as they revise their business plans and need to define performance indicators that are relevant to their plans and align goals and objectives throughout the department. Indeed, two of the four main aims of the current initiative to improve performance measurement, as expressed by the City Manager, are to “clarify the information that we provide” and “develop measures that are more meaningful to our employees.” (Garza, 1998)
Other Measurement Quality Concerns and Efforts to Address Them

In all interviews, at least one person noted that people have questioned the quality of the performance measures or the data reported. In most cases, department staff noted that they often question the quality of their own performance information. Staff in one department also noted that their Chief Financial Officers sometimes questioned the quality of the data. People most often mentioned who raised data-quality concerns from outside the operating departments were staff from the City Budget Office and the City Auditor’s Office. Some departments interviewed, such as Health and Human Services and Water and Wastewater, are also subject to audit by others because they receive substantial state or federal funds, or they are highly regulated. For example, HHS mentioned Medicare auditors and WW mentioned the water and wastewater utility auditors.

Some of the measurement-quality questions raised concern about issues noted above, for example, that performance measures are not relevant (“they are not really telling our story”), they are no longer relevant as the department changes its performance emphasis (“are we measuring the right things?”), or that they are not doing a good job of defining and reporting “results.” One department staff noted that they had a hard time crafting survey questions that yielded answers that reflected “empirical results” (“we tend to make the data too fuzzy—too warm and touchy-feely”). Efforts to address these concerns, as expressed by some department managers, primarily involve departments’ constant attention to reviewing their measures for continuing relevance and trying to improve them. While these kinds of improvement tend to be gradual, the current citywide performance-management improvement initiative can result in faster, larger-scale improvements in the relevance and usefulness of performance measures.

Other questions raised about the quality of performance measurement concern the quality or integrity of the data reported. In some cases, the data are difficult to capture accurately, such as determining the usage—and user demographics—of free, high-volume services in which no “tickets” are issued or specific records kept on who is using the service. Other concerns have been raised about field staff or line managers who may have manipulated the data or not paid careful attention to controlling their accuracy. In some cases, questions have been raised about procedures for data collection, data processing, or record keeping; or methodologies for defining and calculating indicators (especially for capturing and properly coding appropriate costs for efficiency measures). Some managers have raised questions about comparability across jurisdictions (e.g., Austin participates in ICMA’s multi-city performance-benchmarking project), when there is no standardization of cost accounting across jurisdictions.

Efforts to address data-quality issues have involved external reviews of departments’ data, procedures, or methodologies by the City Budget Office, the City Auditor’s Office, and sometimes by auditors external to the City. Some departments also reported doing their own internal reviews of their data collection and record keeping to identify data-quality issues. Some departments described efforts to revise methodologies and procedures and improve controls, in response to data-quality problems found in internal or external reviews. One department manager described doing his own checks on the reasonableness of data reported from the field, determining that the results were unrealistic, and then setting up internal processes of double-checking data reported. Central management reported giving more prescriptive and detailed guidance to departments (as part of the current improvement initiative) in coding costs, so they will be properly recorded for calculating efficiency. Staff are also improving the payroll and
financial accounting systems to make it easier to disaggregate “inputs” of staff costs, to make more accurate cost accounting—and thus efficiency measurement—possible.

EMS noted technological improvements they have made to automate reporting from the field, including computers in ambulances linked by radio to the host computer at their communications center, so medics only press a button to record the time of events in each case. While this system improves on old approaches for reporting key times from the field, it does not fully eliminate the possibility of human error or manipulations. EMS envisions eventually upgrading its system so ambulances are tracked by satellite, with times activated by ambulance movement, which will “take out some of the fudge factor.”

Managers of two departments (Water and Wastewater and the Library) noted specific professional organizations they consulted to obtain “industry standard” performance measures, methodologies behind some of the measures, and comparative information from other jurisdictions (and in the case of WW, private service providers). These efforts at least partly address questions of relevance, external comparisons, and of data quality.

What kinds of organizational supports are provided, and how have organizations been changing to accommodate performance measurement?

Written Guidance

For the current improvement initiative, the City of Austin has prepared several guideline documents to support managers in implementing key parts of the evolving performance management system, including:

- “Resource Guide for Strategic Business Planning” with guidance on strategic planning, including the use of performance information and linkage to the budget and performance-reporting processes;
- “Success Strategy Performance Review” (SSPR) guidelines for relating individual performance appraisal to performance measures.

A department manager indicated that the City Budget Office generally issues guidance each year on submitting performance measures for the budget. The new business-planning guidelines for the current initiative represent bigger changes than in the past, and, coupled with training provided, are considered helpful by department managers. The new business-planning manual was prepared by a consultant, who was overseen by an “editorial board” assembled for the purpose. A training workbook was also prepared, as well as the formal guidelines.

Some of the new guidance provided by central management, particularly for technical details, such as how to code types of personnel and expenses for accounting for inputs, was characterized by a central manager as being “a little more prescriptive,” in order to make more valid comparisons across functions and departments.

Training and Facilitation

Several people interviewed noted that the City provided training over the years with each new performance-management initiative. Managers from two departments even cited the TQM training that was provided extensively within their departments about eight to ten years ago as relevant to their departments’ current performance-measurement efforts. One of these managers, from Water and Wastewater, also described the department’s own extensive efforts some years ago in training people for strategic business planning, pulling many departmental layers into the
planning process and using “a lot of facilitators [including a consultant] to help us through those processes and help us focus on how to measure what we want.” However, one manager from another department noted that past citywide performance-measurement training was inadequate, especially in not informing people why they were supposed to do what was being asked of them. He noted that the City was doing much better in that regard for the current initiative. Another department manager noted that she “had no training for performance measures. … The closest [thing] is training … on the new business plan.”

Austin managers described extensive recent rounds of training provided to support the current citywide improvement initiative. The consultant who drafted the business-planning manual and central manager were the primary trainers on developing department business plans. As described by that central manager, departments were instructed to send key staff to 2½-day sessions on how to organize and facilitate their business-planning processes. The process in a department was designed to start with about eight hours (over 1½ days) for a “departmental directive” primarily with the department director, followed by three days of a facilitated planning process for department teams. Enough time was left between the second and third days for the team members to talk with other department staff and develop individual measures. The process also involved interaction with budget people. Some departments that wanted to go deeper into their organizations and involve more people in business planning supplemented the centrally provided training and added more facilitated sessions on their own. Department directors were expected to be engaged and lead the process within their departments.

Technology

As noted above, under Question 4 on quality-of-performance information, EMS has automated its system of recording times for key events to aid in tracking emergency response times and other key times in the field, and EMS envisions future automation to include satellite tracking of ambulances. A Water and Wastewater manager mentioned a more modest, but useful, technological improvement. She noted that staff originally produced the charts and graphs of their performance indicators manually, and they are now automated, using Excel spreadsheets. Another central manager described improvements to the City’s payroll system and financial accounting system to accommodate more desegregated data entry, making these systems more useful for supporting departments’ performance-indicator calculations, particularly those involving costs and efficiency. The City is now using these systems to provide departments with a “monthly data warehouse” containing all department transactions (e.g., payroll, vendors). The data warehouse is in the form of an Access database that departments can sort from many different perspectives.

Staff Support and Organizational Changes

None of the operating departments interviewed specified that they added staff, or assigned dedicated staff, to measure and report performance, though some may have done so at some time in the past, as a few appeared to have staff analysts who dedicated considerable time to performance measurement and analysis. One Water and Wastewater manager specifically noted that they did not add any staff to support these efforts, though clearly, many existing managers and staff spend a lot of their time focusing on performance measurement and improvement. No departmental reorganizations were cited to support performance measurement, but one operational reorganization (of sludge handling, as described above) was cited in response to a strategic issue identified in Water and Wastewater’s strategic planning.
Since 1985, the City Auditor’s Office has contributed staff time to improving performance measurement in Austin through its performance audits, and especially through its 1994, 1996, and 1998 citywide audits of performance measurement. Furthermore, the City Auditor has employed several individuals with performance measurement experience who provide training to selected city departments. The City Auditor’s Office is developing a consulting role to help departments improve performance measurement, not just when it does a performance audit. Toward that end, the office recently hired a new staff member with experience in performance measurement, performance auditing, and management consulting.

Under the City Manager, the City Budget Office—in the Finance Department—has recently added four positions to help with cost analysis, and several people in the Controller’s Office have been reassigned to do program and performance reviews, all in support of the new citywide initiative to improve performance management.

**EVOLUTION OF PERFORMANCE MEASUREMENT**

What barriers have been identified to making effective use of performance measurement, and how are these barriers being addressed?

Austin officials identified three basic kinds of barriers or special challenges to using performance measurement effectively: human barriers, technical and conceptual difficulties, and system and resource constraints. As one related set of human barriers, fear and lack of trust were the most dominant barriers described in the interviews; these are presented first below.

**Lack of Trust, Fear of Repercussions, Anxiety of Accountability, and Related Concerns**

When discussing problems or barriers in the interviews, people frequently mentioned the words “trust” and “fear.” They said that it was hard to build people’s trust that performance information will be used for decisions and improvement, rather than to punish them. Managers mentioned “the fear of repercussions” and “people being fearful of what it means to be accountable.” Another manager referred to his staff having “anxiety” of being held accountable for results. Building trust is especially important when, like the City of Austin, a government wants to measure and report results, including community outcomes, such as crime rates and incidences of disease, which are not entirely under the control of the government. People interviewed referred to managers and staff who have complained about reporting measures of results that are influenced by external factors beyond their control. Interviewees attributed these complaints to managers’ fears or anxieties of the measures being used against them, especially as some department managers started out believing measurement “was a gotcha process.” But, as one central manager lamented after mentioning the “lack-of-control” complaint by a former police chief: “Why would we spend $95 million on a police force to prevent crime if we can’t use that as a statistic of success?” One department manager particularly mentioned difficulties with mid-management, referring to mid managers as “the big usual cynics.” Lack of trust also keeps people from being frank about measurement problems and contributing to improving the measures. As one department manager put it, “When we first started … from a lot of them you get, ‘Oh that’s fine,’ [but] in the bathroom conversation you get, ‘This is the most ridiculous thing we’re measuring.’ So there wasn’t this honesty and openness about communicating.”

Trust in something new is not built overnight. Some managers noted that over time, staff openness and involvement improved when their fears of repercussions did not prove true. As
one department manager put it, “none of those [fears] have panned out.” One department manager said he overcame staff fears of accountability for results they cannot control by “instill[ing] in them the concept that they are not being held accountable for those results directly. They are being held accountable for initiatives to impact those results. That’s … what caused them to have a better comfort level with these performance measures.”

**Other Human Barriers**

Several Austin managers cited the barrier of *getting people to take performance measurement seriously enough to do it accurately*. The “people” referred to by interviewees ranged from department directors who don’t ensure their department’s costs are coded properly for tracking, to front-line staff who are not careful about collecting or reporting accurate data because they don’t understand its importance. As one manager put it: “The only real barrier that we had was when people don’t see the benefit, when it is perceived as a make-work function. … We didn’t have a great way to explain it. When we first started, it was literally 45 minutes to explain that we have to have performance measures in these areas and this is the mandate. Shut up and do it. It was almost that bad. People collect the data and they still turn it in, but to sit down and really understand why, the guy in the field probably doesn’t really do that at all.” Another manager said: “People need to be able to understand that it is important enough to be done right, and it’s not just busy work.” That manager thought the new emphasis on results helps: “I can already see section managers realizing that this could be helpful to them, instead of just something they have to do.” The more thorough guidance and training provided as part of the current initiative should also help address this problem, at least on a management level. It is up to departments to carry the message through their ranks.

*Complaint-driven operations can find it difficult to think strategically about business plans and measures.* One manager described the “crisis-management” mentality of a field operation—“Mrs. Jones’ toilet’s overflowing, and I’m going to get out there”—as not conducive to “taking a step back” to look at the bigger picture.

One manager cited the problem of *unrealistic expectations from people’s private experiences that government can quickly master performance measurement*. As the manager noted, “That is an expectation that starts at the top with the politicians and the citizens because there are industries where performance measurement has been in place for a long time. … There is a lot more data for them to rely on. There are a lot of industries where that is true. Government is just not one of them, however. The expectation is that once we have set our mind to do this we should be able to do it relatively quickly. I don't think that [we] will until we all get a lot more experience with this, and we all come from some common definitions.”

The *political environment* is also a barrier, as it *makes it difficult for elected officials to make measurement-based decisions, especially with only limited discretionary funding available*. As one manager put it, when an ineffective program is “very, very costly” but has “all kinds of political connections … it makes it very difficult to make a business-based decision.” Another manager described the effect of limited budgetary discretion: “Ninety-eight to ninety-nine percent of it is set either from prior years, or from many years of practice, or state, or federal or local mandates. There is just very little discretionary money. So as we noticed that no matter what kind of actual performance-measure stuff we gave them on the discretionary side, they still tended to make a political decision on that one or two percent. It has been consistent year after year, no matter how good the information that we give you.”

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Technical and Conceptual Difficulties

Austin managers cited some conceptual and technical measurement difficulties that are common to many public performance-measurement efforts, including:

- The difficulty of attributing benefits or knowing the results of prevention activities.
- The difficulty of tracking or controlling results of activities whose benefits accrue over many years, such as interventions to help children’s development.
- The difficulty of ensuring comparability of measurement with other jurisdictions, especially when the jurisdictions do not account for their costs in the same way.

Several managers raised difficulties understanding and measuring efficiency and the true costs of operations. One manager noted that determining an operation’s efficiency “is a daunting task in the government because so many of the functions are administrative.” Another noted that in some operations—he particularly cited vehicle costs for infrastructure management—the City does not fully account for its costs.

More generally, several managers expressed difficulties determining what should be measured, and “making sure data is consistently collected and is actually reflective of what you are trying to measure.” Problems in finding the right things to measure occur at both the organizational and individual level. As individual performance measures were added to employee evaluations, in some cases “measures were not well developed and not accurately reflecting what they needed to focus on. … In that sense, the measures were influential, but not always in a positive way.”

One manager noted the difficulty of developing useful data-reporting formats, especially a useful summarized format to give top management and council a “global perspective,” while still being able to provide them with the details they want. The manager commented: “It is really hard with elected officials. They want all the detail, and then when you give them all of the detail, it is just too much.”

One problem that is not unique to Austin, but that especially affects Austin now, is the difficulty government officials have understanding and keeping up with such a rapidly growing and changing external environment. It is difficult to project needs and demands, plan appropriate service responses, and target results. This problem was cited by a Health and Human Services manager, who felt that “a community that is changing as rapidly as Austin—to really understand fully all of the dynamics that are affecting our business almost goes beyond being able to be measured. … Can you really determine what your capacity should be, what your performance goals should be, without a broader sort of market assessment and knowing what is going on in that larger community in a very dynamic situation? What we are experiencing is: that is really difficult to get to. That requires significant resources itself. … And once you do it, it is outdated.”

System and Resource Constraints

Several managers cited the burden of collecting and reporting data—it was hard to keep up with the demands of the measurement systems, including finding the time to keep tracking data and compiling monthly or quarterly reports. As one manager put it: “I have been a little bit concerned that we don't want to let performance measures drive our day-to-day business from the standpoint of capturing information. In other words, I don't want my staff spending 10 or 12 % of every day capturing information for me to make bad business decisions.”
**Information system constraints** can contribute to the staff burden problem. As audit staff framed the issue: “One of the biggest problems is information management. … It is so laborious to just crank out the output. If you can get it more systematized and automated, you can see the information easier.”

A Parks and Recreation manager raised a different potential limitation: **burdening the customer.** Staff are committed to customer surveys, but they are concerned about offending customers who might say, for example, “I want to play golf. I don’t want to take a survey.”

*What lessons have been learned from the performance measurement experience to date, and what are future expectations for the use of performance measurement.*

Many of the lessons learned described by Austin officials relate to the long time it takes to build effective measurement systems:

- Several managers referred to the need for commitment, leadership, dedication, and patience, as well as the need to stay focused for the long term, and reinforce the learning process. As one manager said: “It takes a lot of commitment … a lot of leadership, and a lot of follow-through.”

- Several managers described how people have a hard time, early on, determining what a good measure is, so don’t expect perfection early. One manager related: “Instead of asking my people to be perfect the first time, I said just please do it, and we’ll perfect it over time. That I’ll accept incremental improvements.”

- Carrying that thought further, two managers reflected that measurement will never be perfect, so improvement of performance measures never ends. One said: “It’s an ongoing story, we’ll never be there. … That’s a good point because you refine it every year.” Another said: “It is an evolving process. It is not that simple to just jump in and do it. You have to start doing it, but you have to keep analyzing it as it evolves. … We will continue to change it. We will improve it and redirect your focus as you improve one area to another area. It is never going to end.”

- Another manager said: “It takes an awful lot of time to develop good measures and to get the buy-in from the groups. Those folks that have been willing to spend that time and try to come up with something that they use have been the ones that have been successful.”

- Another manager referred to building on success over time: “Once you had a few successes you know it starts to build momentum. I think that’s what’s happening to us. We’re seeing how it can help. Once you show how it can help, then you start getting some buy-in and some acceptance.”

Several managers referred to the need for culture change or to change mindsets. While they often emphasized the need for executives to set the example with their own behavior, they said that all levels of the organization should be involved in the change process. As one manager said: “The obvious lesson is that you have to have the authorship of the whole organization. You have to have the whole organization embrace it. Not just a few select key staff. The organization has to embrace it, and they have to understand what it is that you are trying to accomplish and with that, buy-in will be much more successful.” While several managers emphasized the importance of training and involving front-line employees, one manager noted the practical limitations of doing so in operations that use non-career, seasonal employees (e.g., for recreation services): “You can't invest a ton of time in them. Their focus isn't to do this. I have this core
Another common “lessons learned” theme raised by managers is the need for extensive training and reinforcement both to build understanding and acceptance and to build the capacity of employees to measure performance:

- One manager said: “What we’ve learned is that it wasn’t like … we said, ‘Okay go do it, bye-bye, see you later.’ During the process we had multiple trainings. … What has surprised me is the amount of retraining and talking that needs to be done with people for the light to go on, and they go, ‘Oh now I see why this is important.’ I think because at first there was so much fear, everyone was going, ‘Uh huh, uh huh,’ when they were really going, ‘Huh?’”
- Another manager similarly remarked: “Don’t forget the value of the training for your supervisory staff and for lots of time with front-line staff, so that they’re fully … educated on why it is a benefit to them and how you are going to … measure.”
- Another manager noted that capturing performance data requires very basic skills not always present in his field forces: “For example, if you are not literate and can’t read and write and you are being asked to capture information, … [management is] going to have to put mechanisms in place to accomplish that, whether it is to teach the employee to read and write or to have somebody there to talk to him daily to capture the data. That to me was a big change in how we do business.”

Managers related several lessons learned about data collection and data reporting. Managers discussed being careful not to be too ambitious about what is measured:

- Don’t exceed your information-management capabilities until you can improve your systems.
- Be practical about measuring data that is not too difficult or time-consuming to collect and compile, and don’t measure too many things. As one manager reflected: “We sometimes try to measure too much. You can get sort of bogged down and overwhelmed with it. It loses some of its value.”
- Similarly, don’t report too much information forward. One manager remarked: “My experience providing information to citizens is that we tend, I think government sometimes tends, to give them too much information. … We are putting out so much information that it is kind of overwhelming.”
- Another data-reporting lesson mentioned is that different people need different levels of detail to meet their information and decision-making needs. One manager noted recent difficulties matching different information needs: “To make it useful to the managers, you need a fair amount of detail. To make it useful to the elected bodies, that was probably too much detail.”
- Concerning data reporting for line staff, two departments reported the success of posting charts with comparative operational performance data on the walls of facilities and offices as a device for motivating improved performance.

Managers also referred to several additional lessons learned:

- Design a complete, structured process that takes a high-level look at the whole organization, and then work out more detailed measures. Managers made several
comments concerning how earlier performance-measurement initiatives in Austin were “piecemeal” or did not use a “structured process.” They noted how the current business plan approach has been better.

- **Manage expectations carefully.** One manager referred to how a past City Manager pressed for large-scale gains every year, which “corrupts the whole process.” He noted that for any number of reasons, the level of improvement will be better in some years than others. So it is important not to generate expectations for huge improvements every year. And when results are not as good one year, it is important to ask why, rather than assume poor management.

- **Be careful about attaching rewards and punishments to performance measures:** One manager wanted to stay away from rewards and punishments completely. Audit staff suggested that a reward-punishment system could work if balanced heavily toward rewards: “I would like to see an 80/20 split—80% positive rewards … for everybody and only 20% punishment. If we go the punishment route, this baby is not going to make it regardless of what anybody does.” As an example, he suggested the organizational reward of “shared savings” for improving efficiency, rather than cutting their budget.

- **Focusing on relevant measures that people understand can quickly motivate performance improvement:** Examples were cited in two departments.

Finally, one manager’s comment reflected both the manager’s honesty and the different levels of performance-measurement experience of departments and managers in the City of Austin. When asked for “lessons learned,” she answered: “Gosh, I’m not sure I’ve learned any lessons yet. I think I’m still confused.”

*What are future expectations for the use of performance measurement?*

A great many hopes and expectations for the future related by Austin officials interviewed had to do with related themes of communication with the public, communication with the City Council, and greater use of performance measures in Council decisions. Issues of public and Council uses of performance measures were seen by several interviewees—elected and appointed—as related. One person felt that the way to minimize the political “pull” on Council decisions and make them more performance-based, is “through education of the public, so that when they come and ask you for programs, or … increases to programs that are very expensive … the public understands what the consequences are.” Another person referred to educating the different “publics” interested in City affairs (e.g., people interested in the environment, in development, in the police department) and to “improving the quality of conversations” between the public and Council, and between the Council and department heads. Others also referred to improving “dialog” with citizens, referring to citizens generally, and specifically to departments’ council-appointed citizen boards and commissions. One person saw the boards and commissions getting involved in the development of future department business plans. And several people made reference to making performance information more accessible to citizens, through web pages and performance reports that are separate from the budget document. EMS saw their community dialog taking the form of outreach to neighborhood associations to discuss particular needs in their neighborhoods—based on call volume for different kinds of emergencies—and providing appropriate educational services, such as heart-attack prevention, early recognition of strokes, or safety measures to prevent drowning.
An interesting expectation of audit staff involved another way to strengthen connections among department performance, the City Council, and citizens. Audit staff referred to a recommendation from their 1998 report on City performance measurement that has not yet been adopted: linking department performance indicators to higher-level City Livability Indicators and Council priority indicators. They see this as a future improvement to the system that would arm citizens with better information.

There were mixed opinions on the future possibilities of benchmarking performance across local governments. One manager hopes the ICMA comparative performance-measurement project will eventually enable valid comparisons to be made, helping Austin compare its performance with other cities. But another manager warned that people from other jurisdictions were already “on the defensive” about how their performance looks compared with other jurisdictions that don’t follow the same measurement methodologies. He said: “I don’t think the methodology will ever be refined to the point that jurisdictions can accurately compare performances amongst each other, and I think the anxiety that produces will stop the performance-measurement movement nationwide.”

Several people voiced expectations that performance measurement would keep improving and be used more to manage operations, leading to improved departmental performance and “more effective and efficient government.” For Water and Wastewater managers, this meant reducing costs while maintaining quality, so they can keep water rates from rising. A number of managers expect that employee performance measures will improve and become more strongly linked with department goals and program outcomes and activities, and that performance measurement will become more meaningful to front-line employees and middle managers. The audit staff expected that the improved performance-budgeting focus would lead to more departments doing adequate performance measurement, without the Auditor’s Office having to identify measurement deficiencies through audits.

To ensure that most of the expectations above are met, Austin needs to follow through on this expectation of the City Manager: “We are in it for the long haul.”
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“Managing-for-Results: Partnership for Performance Accountability System Development.” Presentation materials on the current initiative to improve performance measurement and its use in management in the City of Austin.
