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The Rush to Measure Performance

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This article examines the concept of performance measurement and identifies several major performance measurement initiatives that have implications for the human services. Each of these initiatives is briefly discussed and their similarities and differences noted. The article points out that little coordination appears to be taking place between these initiatives which raises the specter of human service agencies having to contend with multiple potentially incompatible performance measurement systems. The implications of performance measurement for human services agencies is then discussed. The article closes by suggesting that agency administrators, advocacy groups, clients and others concerned about the human services need to become informed and knowledgeable about performance measurement.

Introduction

Performance measurement is arguably one of the hottest topics in government and the human services today (Kravchuk and Schack, 1996; Martin and Kettner, 1996). Any attempt to promote performance accountability in the human services is to be applauded. In an era of increasing societal competition for scarce resources, it is imperative that the human services be able to demonstrate and document their performance. Nevertheless, one gets the nagging sense that the human services are being pushed and pulled in different directions by competing performance measurement initiatives.

Over the last few years, the federal government, numerous state and local governments, and a few private sector organizations have all launched their own performance measurement

initiatives. Coordination between these various initiatives appears marginal and ad hoc at best. Thus, the specter is raised of human service agencies having to cope with, and respond to, multiple performance measurement systems with potentially incompatible features. While it may be premature to declare a state of emergency, it is not too early to sound the alarm.

What Is Performance Measurement?

Performance measurement is defined as the regular collection and reporting of information about the efficiency, quality, and effectiveness of government programs (The Urban Institute, 1980). As originally conceptualized, performance measurement was to be a structured method by which government programs would communicate with their stakeholders (e.g., elected officials, citizens, advocacy groups, clients and others). Government programs would routinely report to their stakeholders on: the amount of service they provided (efficiency), the extent to which they satisfied client or participant expectations (quality), and their accomplishments, results, impacts, or outcomes (effectiveness).

Three aspects of performance measurement, as originally conceptualized, are worth noting because of their implications for the human services:

First, performance measurement was intended to be a generic approach to government program performance accountability. Performance measurement was not designed with the human services specifically in mind. Consequently, much of the language and methodology of performance measurement is foreign to the human services.

Second, performance measurement did not presuppose any *a priori* hierarchy between the dimensions of efficiency, quality, and effectiveness. Rather performance measurement assumed that all three dimensions were important to at least some stakeholders, although individual stakeholders might prefer one dimension over the others.

Third, performance measurement did not anticipate the extent to which government human service agencies would come to rely on community based organizations for actual service delivery. Because purchase of service contracting is now institutionalized

as a major mode of government human services delivery (Kramer, 1993; Kettner and Martin, 1994), anything—such as performance measurement—that directly affects government human service agencies also indirectly affects community based organizations.

Major Performance Measurement Initiatives

Several major performance measurement initiatives launched in the last few years have implications for the human services. These initiatives can be classified into three broad categories: federal government initiatives, state and local government initiatives, and private sector initiatives.

Federal Government Initiatives

The Government Performance & Results Act (GPRA) (Public Law 103–62) mandates that beginning with fiscal year 1999, all federal departments and agencies must begin reporting performance measurement data on their various programs. GPRA may be the most important of the major performance measurement initiatives because it is a federal law with widespread direct and indirect implications. While GPRA directly affects only federal departments and agencies, state and local governments as well as community based organizations are indirectly affected. For example, many of programs operated under the auspices of the Department of Health & Human Services (HHS), the Department of Labor (DOL), and the Department of Housing & Urban Development (HUD) are actually implemented by state and local governments and community based organizations. The only way federal departments like HHS, DOL and HUD can comply with the provisions of GPRA is to require state and local governments and community based organizations to also collect and report performance measurement data.

A second major federal performance measurement initiative is The National Performance Review (NPR). The NPR is the federal incarnation of the “reinventing government” movement as espoused by David Osborne and Ted Gaebler in their influential book *Reinventing Government* (Osborne & Gaebler, 1992). One of the major tenets of *Reinventing Government* is: what gets measured, gets done. The reinventing government activities of the NPR have

given added impetus to the implementation of GPRA and to performance measurement.

A third major federal performance measurement initiative is the efforts of the federal Department of Health & Human Services (HHS). In order to comply with the provisions of both GPRA and NPR, HHS has launched its own performance measurement initiative called "performance partnership grants." The intent of HHS is to develop sets of standardized performance measures for all programs over which it has operating authority. To accomplish this objective, HHS plans to enter into a series of national dialogues with state and local governments and community based organizations to arrive at consensus performance measures. The first products produced by HHS are a set of proposed standardized performance measures for public health programs (HHS, 1996) and an overall strategic plan (HHS, 1997).

State & Local Government Initiatives

The Governmental Accounting Standards Board (GASB) is the organization that establishes what are known as generally accepted accounting principles for state and local governments. For the past several years, GASB has been experimenting with what it calls service efforts and accomplishments (SEA) reporting. The idea behind SEA reporting is to have state and local governments routinely collect and report performance measurement data about their programs in addition to the financial information that GASB already requires (GASB, 1994).

SEA reporting is the most fully developed of all the major performance measurement initiatives in that it represents a complete system with its own specific methodology. Currently, SEA reporting is still in the experimental stage, but it could well become mandatory by the year 2000. When SEA reporting becomes mandatory, state and local governments will be directly affected and community based organizations will be indirectly affected. The only way that state and local governments will be able to satisfy the requirements of SEA reporting will be to require their contractors, including community based organizations, to also collect and report performance measurement data.

Numerous state and local governments have launched their own performance measurement initiatives. Some initiatives, such as those of Florida (Florida OPPAGA, 1997a; 1997b) and Maine

(Harris and Nicholas, 1996) are attempts to replicate *The Government Performance & Results Act* (GPRA) at the state level. Other initiatives, such as those of Arizona (State of Arizona 1996) and Texas (Texas State Auditor's Office, 1995) combine elements of both GPRA and SEA reporting. Still other initiatives take the form of state and community level benchmarking programs.

State and community benchmarking programs consist of sets of social indicators for which states and communities have established goals or benchmarks. A social indicator can be described as a measure of some social, economic, health, or other condition of a state or community that is monitored over time. For example, a social indicator used in several benchmarking programs is: the proportion of children under the age of two that are fully immunized. Each state and community has an immunization benchmark (e.g., 90%) that it hopes to achieve over time. Three of the better known state benchmarking programs are: "Minnesota Milestones," (Minnesota Planning, 1996), "Oregon Benchmarks," (Oregon Progress Board, 1996a, 1996b), and "Florida Benchmarks" (Florida CGAP, 1996). The State of Florida has the dubious distinction of having two state performance measurement initiatives. All of the state performance initiatives noted above will directly affect state agencies, including human service agencies, and have the potential to indirectly affect community based organizations operating under state funded purchase of service contracts.

Private Sector Initiatives

While originally conceptualized as an approach to performance accountability in government programs, performance measurement has also caught on in the private sector. Two major performance measurement initiatives coming out of the private sector are managed care and the recent efforts of the United Way of American. While it is difficult to classify the various managed care programs, one characteristic they all share is a concern for performance measurement and performance accountability. These twin notions appeared first in health care and are now finding their way into the human services.

The United Way of America has recently launched yet another private sector performance measurement initiative with release of its publication, *Measuring Program Outcomes: A Practical Approach*

(United Way of America, 1996). Any community based organization that receives funding from a managed care provider or the United Way of America can anticipate eventually being required to collect and report performance measurement data.

What Gets Measured?

What gets measured refers to the dimensions of performance that are assessed and to their relative importance. As mentioned previously, performance measurement was originally conceptualized as consisting of three relatively equal dimensions: efficiency (output), quality, and effectiveness (outcome). The original intent has been altered somewhat. When it comes to dimensions, the major performance measurement initiatives vary in some interesting and important ways (See Figure 1).

The Government Performance & Results Act (GPRA) is concerned with all three traditional dimensions (efficiency, quality, and effectiveness) of performance, but places more emphasis on effectiveness (outcome). The National Performance Review (NPR) is likewise concerned with all three traditional dimensions of performance, but tends to place more emphasis on quality. The federal Department of Health & Human Services's (HHS) performance partnership grants initiative includes the three traditional dimensions of performance, but adds two others: "process" (e.g., number of clients served) and "capacity" (i.e., state actions to move toward output and outcome performance measurement). The stated reason for adding these additional dimensions is the current inability, according to HHS, of many state and local governments and community based organizations to collect and report data on efficiency, quality, and effectiveness (HHS, 1996).

The Governmental Accounting Standards Board's SEA reporting initiative uses all three traditional dimensions of performance, but includes two others: efficiency ratios (cost per unit of service) and effectiveness ratios (cost per outcome). The various state performance measurement initiatives, both benchmarking and non-benchmarking approaches, include such dimensions as: input (i.e., measures of resources, e.g.: budget and full time equivalent positions), process, capacity, efficiency, quality, effectiveness, efficiency ratios and effectiveness ratios.

Figure 1

The Focus of Major Performance Measurement Initiatives

<i>Initiative</i>	<i>Efficiency (Output)</i>	<i>Quality</i>	<i>Effectiveness (Outcome)</i>	<i>Other</i>
Government Performance & Results Act	O	O	X	
National Performance Review	O	X	O	
Department of Health & Human Services	O	O	X	- Process - Capacity
State Benchmarking Programs	O	O	X	- Process - Capacity
Other State Performance Measurement Initiatives	X	X	X	- Inputs - Process - Capacity - Efficiency Ratios - Effectiveness Ratios
Governmental Accounting Standards Board	X	X	X	- Efficiency Ratios - Effectiveness Ratios
Managed Care	X	X	X	
United Way of America		X	X	

X = Major Focus O = Secondary Focus

In terms of the private sector performance measurement initiatives, the various managed care programs tend to focus on all three traditional dimensions of performance, but place more emphasis on efficiency (output). Conversely, the United Way of

America initiative focuses only on the dimensions of quality and effectiveness (outcome) to the exclusion of efficiency (output). Additionally, the United Way of America initiative does not treat quality and effectiveness (outcome) as distinct dimensions, but rather refers to both as "outcome indicators."

Performance measurement has clearly strayed from its original conceptualization: a structured method by which government programs communicate with their stakeholders. The original conceptualization of performance measurement is decidedly at odds with current practices. Performance measurement has become a sort of catch all term used to describe a number of differing public and private sector approaches to performance accountability.

Deja Vu All Over Again

The human services have long suffered from the failure of management improvement efforts—like management by objectives (MBO), zero-base budgeting (ZBB), total quality management (TQM), and others—to be implemented in a comprehensive and coordinated fashion. This failure has less to do with the human services and more to do with the tendency of government and private sector funding organizations to view management improvement efforts from their own narrow agency and program perspectives. For the human services, the result has been a dismal history of: incompatible computer systems, differing financial and program reporting requirements, contradictory contracting and grant obligations, duplicative financial accounting and auditing standards, conflicting monitoring and evaluation procedures, and the list goes on and on. When it comes to the current rush to measure performance, one gets the impression that history is repeating itself.

Implications For Human Service Agencies

The various performance measurement initiatives detailed above have numerous implications for human service agencies. Some implications are immediate; others are more long term.

The major immediate implication is that performance measurement *is real and is not going away*. Human service agencies that ignore performance measurement do so at their own risk.

Another immediate implication of performance measurement is the need for better programmatic and financial information. Human service agencies will necessarily have to track and report—at a minimum—a variety of data on program efficiency, (outputs), quality, and effectiveness (outcomes). To deal with these data requirements, human service agencies will need to have in place automated program reporting systems. Performance measurement data will also have to be linked with financial data in order to derive the efficiency and effectiveness ratios required by SEA reporting. Consequently, human service agencies will have to adopt performance budgeting practices and to automate their financial systems in order to track and report costs by program.

In terms of long term implications, performance measurement has the potential to significantly affect resource allocation decisions not only between human service programs and agencies but also between the human services and other competing societal needs (e.g., health care, transportation, the environment, etc.). It seems likely that at some point in the not too distant future performance measurement data will be used to make funding decisions. Those human service agencies that perform will be rewarded; those that do not will suffer the consequences.

Summary and Conclusion

What will be the future of performance measurement? Will additional performance measurement initiatives appear on the scene? Will new dimensions of performance be identified and added to the current inventory? The answer to these questions is far from clear. What is clear, however, is that performance measurement has major implications for the human services.

Given the importance of performance measurement, agency administrators, advocacy groups, clients and others concerned about the human services need to become informed and knowledgeable about this rapidly developing policy area. Toward this end, Figure 2 identifies several INTERNET World Wide Web sites that can be accessed in order to learn more about the performance measurement initiatives discussed in this article and to stay abreast of the latest breaking developments.

Figure 2

Performance Measurement Related World Wide Web (WWW) Sites

Arizona Governor's Office of Management & Budget

<<http://www.state.az.us/ospb/>> (for Arizona's approach to performance measurement select: master list of state programs)

Department of Health & Human Services

<<http://www.os.dhhs.gov:80/progorg/io>> (for public health performance measures) <<http://www.os.dhhs.gov>> (for strategic plan with performance measures)

Financial Accounting Foundation

<<http://www.nan.shh.fi/raw/fasb/faf.htm>> (for GASB SEA reporting documents)

Financial Network <<http://www.financenet.gov/>> (for case studies on performance measurement, state benchmarking programs and links to other performance measurement related www sites)

Florida Commission on Government Accountability to the People

<<http://mailer.fsu.edu/~spap/research/gapp/gapp.html>> (for Florida Benchmarks select: tables of recommended indicators for proposed topics)

Florida Office of Program Policy Analysis & Government Accountability

<<http://www.state.fl.us/oppaga/>> (for Florida's other approach to performance measurement select: performance-based program budgeting)

General Accounting Office <<http://www.goa.gov/>> (for reports on GPRA)

State of Maine's Strategic Planning Office

<<http://www.state.me.us/spo/stratpla/>> (for Maine's approach to performance measurement)

Minnesota Planning Office <<http://156.98.2.36/>> (for Minnesota Milestones)

Texas Legislative Budget Board <<http://lbb.state.tx.us/>> (for Texas's

approach to performance measurement, look under: reporting and user documents for strategic planning)

The National Academy of Public Administration

<<http://www.relm.lmi.org/napa/>> (for federal, state and local government activities and publications dealing with performance measurement)

continued

The National Performance Review <<http://www.npr.gov/>> (for GPRA, the National Performance Review (NPR), and links to other performance measurement sites).

United Way of America <<http://www.unitedway.org>> (select: resource network on outcome measurement)

Note: www URL addresses and the accompanying notations were correct as of 12/03/97.

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