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Background Brief on ...

Measuring Results

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Return on Investment

Oregon state government spends over 48 billion dollars biennially. What actual results are Oregonians getting for their money? Are they the right results? Assuming they are, are they being produced in the most efficient manner possible? Oregon's performance measures system is getting better at answering these questions.

Oregon's system measures results at several levels or "altitudes" and embraces an internationally accepted Governmental Accounting Standards Board (GASB) language. The most basic GASB measures terms are:

- *Inputs* = resources used, such as time and money
Example: dollars spent per student
- *Outputs* = products or services produced with those resources
Example: percent of 3rd graders with individual education plans
- *Outcomes* = the results of those products or services
Example: 3rd grade reading and math skills

30,000 Feet: Oregon Benchmarks

Oregon Benchmarks are societal, high-level outcome indicators. They are about results, not efforts. Alongside business, not-for-profits and local governments, state agencies are a major partner in achieving the broad goals of *Oregon Shines*. Every two years, the Oregon Progress Board uses the benchmarks as yardsticks to report Oregon's progress toward the three goals of Oregon's statewide plan, *Oregon Shines*:

1. Quality Jobs for all Oregonians
Benchmark examples: Net Job Gain/Loss, College Degrees
2. Engaged, Caring and Safe Communities
Benchmark examples: Infant Mortality, Child Abuse, Poverty Rates
3. Healthy, Sustainable Surroundings
Benchmark examples: Housing Affordability, Air Quality

20,000 Feet: Key Performance Measures

All state agencies have identified Key Performance Measures (KPMs) to quantify program outcomes. KPMs should align with the agency's strategic plan and, where pertinent, with one or more Oregon Benchmarks. KPMs are the most results-oriented measures an agency can come up with and should reflect the full scope of the agency's mission-driven work. Output measures are acceptable as

KPMs when reliable outcome data, usually more difficult to gather, are unavailable.

10,000 Feet: Internal Agency Performance Measures

Some state agencies have developed internal measures that inform management decisions and help them evaluate their performance. Internal measures may include input, output, or outcome measures and should align or “roll up” to higher-altitude outcome measures or KPMs.

Ground Level: Line of Sight

Staff implementing programs benefit from understanding how the work they do on a daily basis contributes to achieving results. When individual workload indicators or program performance measures are linked to KPMs or higher-level internal measures, employees gain “line of sight” as to how their work impacts agency performance.

Using the Data

Having a developed performance measures hierarchy contributes to measuring results; however, performance data needs to link to the processes they support. Oregon’s performance measures system supports:

Agency management and oversight – Is the state producing the desired results as efficiently and effectively as possible? Agency leaders review KPMs and other measures to determine that appropriate progress is being made toward defined targets. The Department of Administrative Services (**DAS**) Budget and Management (**BAM**) Division and Legislative Fiscal Office (**LFO**) analysts work with agencies to juxtapose reported performance results against agency budgets and resources used.

Policy development – Are we focusing on the right results? Most policy areas such as education or public safety involve numerous agencies. By sharing Benchmark, KPM, and other performance data, agency partners can begin to see a more holistic picture. For example, all agency KPMs linked to education benchmarks can be arrayed in one view. When all the pieces

are placed together, it becomes easier to identify further partnering opportunities and policy gaps.

Budgeting – What are we getting for our investment? Legislative Ways and Means subcommittees consider agency KPM data from the previous fiscal year as part of the budget process. If, for example, an agency misses a target, legislators can probe for the reason and, depending on the answers received, respond accordingly. The legislature also approves the agency’s proposed KPMs and targets for the upcoming biennium.

Continuous improvement – Are we improving? Ideally, agency leaders and staff use performance data from all altitudes for continuous learning and improvement. Learning organizations keep performance data on the radar screen and regularly encourage management and staff conversations about real time successes, challenges, and solutions.

Communicating results – Do others know how we are doing? *Agency Annual Performance Progress Reports* are posted online on each agency’s “About Us” web page and on the Progress Board’s website. In addition, the Progress Board’s biennial *Benchmark Performance Report* lists KPMs aligned to each benchmark and links readers to agency data.

Statutory Reference

ORS 291.110(2)(d) specifies that each agency will “use performance measures to work toward achievement of identified missions, goals, objectives and any applicable benchmarks.” House Bill 3358 (2001) required the Progress Board to establish, with the LFO, Secretary of State Audits Division and the DAS, guidelines for state agencies to link performance measures to Oregon Benchmarks. The law also directed the DAS to use the guidelines to ensure “the development of a statewide system of performance measures designed to improve the efficiency and effectiveness of state programs and services.” On July 1, 2007, administrative support for the KPM system transferred from the Oregon Progress Board to BAM. The LFO works

closely with BAM to ensure that continuous improvements are made to the KPM system to make it a more meaningful tool for the Governor, state agencies, legislators, and the general public.

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Oregon Shines, Oregon Benchmarks, agency KPMs and agency Annual Performance Progress Reports are available at the [Oregon Progress Board](#) website.

Rita Conrad, Oregon Progress Board, assisted with the development of this document.