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**At the Public Hearing on the
Fiscal Year 2008-2009 Performance Oversight Hearing
for the City Administrator's Office**

**District of Columbia Committee on Government Operations and the Environment
March 2, 2009**

Chairwoman Cheh and members of the Committee, thank you for the opportunity to speak today. My name is Jenny Reed, and I am a Policy Analyst with the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents.

I am here today to testify on the performance measurement of District agencies, a function that the Office of the City Administrator (OCA) oversees.

Performance measures play an important role in the budget process by informing decision-makers and the public as to how effectively and efficiently the District government is delivering services to residents.

OCA has undertaken an effort to improve the performance measurement process over the past two years, and it has made laudable progresses. For example, the decision to place all of an agency's key performance indicators in one table in its budget chapter in the FY 2009 budget — rather than scattering the measures throughout the budget — was useful. Over the past few months we have been working with OCA's staff on performance measurement and look forward to continuing to work with them on this issue.

These efforts to improve the performance measurement are commendable, but a review of these measures, based on the FY 2009 budget and financial plan, shows that many of the measures remain inadequate. The four major shortcomings of the indicators are:

- **Performance measures are unclear or irrelevant.** Measures often fail to cover the most important aspects of an agency's performance. For example, the Deputy Mayor for Planning and Economic Development's office plans and supervises all of the economic development in the city. Yet one of the agency's only four performance measures is the number of electronic community newsletters published. With only four measures, this does not seem representative of its most important functions. In addition, the measures often use overly technical jargon.¹ This is complicated by the fact that performances measures do not include a narrative to explain further what programs they measure or why they were chosen.
- **Agencies use too few measures to adequately assess their performance.** For FY 2009,

¹ Deborah K. Nichols, Director of Columbia Auditor, "Performance Measurement System Needs Long-Term Stability and Commitment to Maximize Effectiveness," Office of the District of Columbia Auditor, March 26, 2008.

OCA requested that agencies pare down their number of performance measures to just 10-12. For many agencies — such as the Department of Health which provides a number of important programs and services — this may not be an enough to sufficiently measure their performance. For FY 2010, the City Administrator's office will ask agencies to provide three performance measures for each objective, but it is not clear if this will be adequate to sufficiently cover the performance of some agencies.

- **It is often not clear why a particular numerical goal has been set for a given program.** For many performance measures, the budget highlights a goal, but we often do not know why that goal has been selected. For example, the Metropolitan Police Department has set a target of reducing violent crime and property crime rates by 5 percent. It would be helpful to know why specific targets were chosen; did they represent an industry standard? Or useful benchmarks for comparing performance to other jurisdictions?
- **Most measures fail to provide the key information on the level of services provided.** Most performance measures are listed as percents, and while this information is useful, the budget does not include data on the numbers covered by the particular service or the numbers that may be eligible. For example, the Office of the State Superintendent of Education lists a goal of having 70 percent of eligible children in DC receive subsidized childcare. But we don't know how many are eligible or currently receiving subsidized care. This information is useful for determining the effectiveness of funding.

In order to achieve more meaningful measures, DCFPI has the following recommendations to improve measures. The recommendations are also more fully detailed in a DCFPI report titled, *Ten Ways to Improve the Transparency of the DC Budget*, which was released last week.

- **Develop performance measures with public input.** In order to help ensure that an agency has the most relevant and useful measures, OCA should solicit public input when developing and selecting measures. As recipients of the services delivered by the agencies, the public are a valuable resource to help agencies evaluate their programs and services. OCA has offered to use public input on measures and we hope that they will work to do this in the upcoming year.
- **Help agencies develop better measures by reviving the inter-agency Performance Management Council.** This council was established under the former administration to provide ongoing guidance and technical assistance to agencies on performance measurement. Many agencies found resource this valuable.² For agency personnel not trained or familiar with performance measurement it will important that agencies can receive technical assistance.
- **Report the underlying data for performance measures, as well as percentages, in the budget tables.** Performance measures should include absolute numbers — as well as percentages — as other states do. Absolute numbers can help place the measures in context and help assess the effectiveness of the funding an agency receives.
- **Tie performance measures to specific programs and activities.** Currently, performance measures are tied to the objectives (what steps an agency will take to meet its goals or mission) and initiatives (a specific plan to carry out the objective in the near-term) of an agency. However, funding in the budget is broken out by programs and activities. This makes it difficult to tell which performance measures may be tied to which programs and activities, and ultimately, to what budget dollars. It would be helpful if the performance measures were tied back to programs and activities to help link an agency's budget and performance plan together.

² Nichols, 2008.

OCA has indicated that that they plan to have performance plans done at the program level for FY 2010.

- **Publish a supplemental report on performance measures that is user-friendly and available online.** Just as New York City and other jurisdictions do, the District should publish and make available online supplemental reports on agency performance. There is not enough space in the budget for all of the information — such as performance trends, goals and accomplishments, and key performance data such as the number of people served by a program — that should be provided to make measures transparent. OCA has begun to put some of this information in its new performance reports this year. It should continue to expand on the supplemental information for performance measures in the upcoming year.

Performance measures can help inform both the public and decision makers how effectively and efficiently the District government is delivering services. Improving these measures can not only help make this information clearer, but it can help provide critical context for important budget decisions.

Thank you for the opportunity to offer testimony. I am happy to answer any questions.