

Chapter 10

Performance Measures

10.1 ACTIVITY PERFORMANCE MEASURE TARGETS

Why is performance measurement important?

Performance measurement makes accountability possible. It attempts to answer a simple question: “Are we making progress toward achieving our targeted results?” A credible answer to this question is backed by evidence, which comes from performance measures.

Information about the effectiveness of an activity purchased in the budget is important to gauge whether the investment has proven worth the cost. Analyzing performance can help agencies and analysts recognize how to improve performance and whether other strategies can contribute more toward achieving activity and statewide results.

Statewide result goal indicators are available in activity reports.

Through the Results Washington process, the Governor has identified key indicators of success for the five statewide goal areas. Each agency’s activities are associated with one of these areas. For more details, see <http://www.results.wa.gov/>.

Submit performance measure target information for each activity.

Agencies are required to propose at least one performance measure for every major activity (RCW [43.88.090](#)). The measures should be able to determine if the agency is achieving or making progress toward the purpose of that activity and statewide priorities. For the most part, measures telling the story about whether an activity is achieving its purpose will be found in the middle range of the logic model. The OFM [Performance Measure Guide](#) provides examples of logic models. For the budget submittal, agencies must specify targets for these activity measures.

Required totals for each performance measure.

For each performance measure linked to an activity in the Budget Development System (BDS), use the Results through Performance Management (RPM) system to:

- Report actual performance levels attained for FY 2013 and 2014, and the target for FY 2015.
- Provide performance level targets for FY 2015, 2016 and 2017, assuming all the agency’s proposed decision packages are enacted. Each decision package that affects the measure should also note the incremental effect on the performance level.

Each activity must have at least one performance measure or statement of expected result.

RCW [43.88.090](#) now requires each major activity in the agency’s Activity Inventory to have at least one performance measure. If the agency and OFM agree that it is not possible to identify an appropriate quantitative performance measure for an activity, the agency must at least provide a narrative description of the intended outcome for the activity in the “expected results” text box provided in the system. **The agency will not be able to submit its budget to OFM unless each activity is linked to at least one performance measure or has an expected results statement.** The performance measure and

expected results information will be printed on the Activity Inventory report that the agency must include in its budget submittal.

Agencies should incorporate suggestions from OFM performance assessments.

OFM conducts regular formal reviews of the performance measures it receives from agencies to determine if they demonstrate progress toward the purpose of the designated activity and toward statewide priorities. These reviews include recommendations to agencies about how to improve the quality of current performance measures, including additional or alternative measures. OFM expects the agency to incorporate these recommendations wherever feasible.

FAQs about performance measures.

Q. Is each activity required to have a unique measure?

No. An agency may have several activities that are all targeted toward achieving the same outcome. The system allows you to link one measure to multiple activities. However, make sure that measures linked to an activity indicate whether the agency is achieving or making progress toward the purpose of that activity and toward statewide priorities.

Q. Is it acceptable for an activity to have both performance measures and an expected result statement?

Yes. The combination of outcome description and quantitative measures will more clearly express the contribution the activity makes in achieving agency goals and statewide results.

Q. Are we required to create a performance measure for each decision package?

No. You are required to describe the expected outcome of funding the investment in the narrative justification portion of the decision package under the heading “What specific performance outcomes does the agency expect?” However, that doesn’t mean a unique performance measure should be created for each package in the Results through Performance Management system. For each decision package, ask:

- Will this investment affect one or more of the activity performance measures reported by the agency in the Results through Performance Management (RPM) system? If yes, identify the expected incremental change in annual performance targets for each measure and for each applicable fiscal year if the decision package is enacted. BDS provides the tools to identify the incremental impacts for these measures.
- If the answer to the first question is no, but the decision package will contribute to another significant ongoing activity outcome, we suggest that the agency establish a new measure in the system for that activity.
- If the decision package is expected to generate some other performance change that would not be relevant as an ongoing measure of activity results, do not create a new measure in RPM.

Q. Why do we have to develop activity-related measures?

OFM asks for activity-related performance measures to help assess the results achieved for budget investments. The Legislature also finds this perspective helpful, and it amended RCW 43.88.090 to require agencies to report at least one performance measure for every major activity in the agency’s activity inventory. Each measure should be able to be used to determine if the agency is achieving or making progress toward the purpose of that activity and toward statewide priorities.

Q. May we modify the activity-related measures we are reporting now?

If you want to propose alternative measures, you must submit the new or modified measures to OFM via the Results through Performance Management (RPM) system. OFM can then review and either approve them or follow up with the agency on a suggested alternative. You will need to submit new measures to OFM prior to releasing your agency budget so they can be approved and available in BDS for the Performance Measure Incremental Estimate Report.

If your agency has received recommendations for improving activity-related performance measures in an OFM performance measure assessment, implement those improvements wherever feasible.

Performance measure resources.

Refer to the OFM Performance Measure Guide at

<http://www.ofm.wa.gov/budget/instructions/other/performancemeasureguide.pdf>

Contact your [OFM assigned budget analyst](#) with any questions about performance measures, to review proposed agency measures, or to obtain information about performance measure training.

10.2 PERFORMANCE MEASURE INCREMENTAL ESTIMATES REPORT

Indicate the effect of decision packages on activity performance.

As discussed in Chapter 4.2, a decision package should describe the change in performance that can be expected from the investment. If this change in performance is a change in one of the activity performance measures reported in the system, agencies should indicate the incremental change in the performance measure related to that decision package. If the decision package will contribute to another ongoing activity result, the agency should establish a new measure in the system for that activity. Any activity performance measure descriptions established in BDS will be available on the selection list in the decision package screen.

If the decision package is expected to bring about another kind of performance change that would not be relevant as an ongoing measure of activity results, do not create a performance measure for the sole purpose of describing the effect of a decision package. This information should be described, and if possible quantified, in the decision package narrative. Consider including a logic model illustrating the linkage between the decision package and relevant Results Washington or RPM performance measures. (See example of a decision package in Appendix A-2.)

These incremental changes recorded in the BDS decision package console will be listed in the Performance Measure Incremental Estimates report required as part of the budget submittal.