State of California

PERFORMANCE MANAGEMENT COUNCIL

Meeting Summary
Performance Management Council
Meeting 27
Wednesday, May 23, 2013, 9 – 10:30 a.m.
University of Southern California State Capital Center
1800 I Street, Sacramento, CA

Welcome, Introduction, Updates

- **PMC Awarded Intergovernmental Collaboration Award**
  The Sacramento Chapter of the American Society of Public Administration (ASPA) awarded PMC Co-Chairs Grace Koch and Louise Amegin with the Intergovernmental Collaboration Award for their leadership and further development of the PMC. The Award was presented to the co-chairs at ASPA's annual awards dinner on Wednesday, May 8th.

Performance Management – Challenges & Lessons Learned

John Kamensky, Senior Fellow, IBM Center for the Business of Government
Mr. Kamensky addressed the PMC four years ago as the group was in the early stages of its development and stated that the continuation of the group is one of the greatest metrics of its success because participants continue to see value in sharing insights with each other. Mr. Kamensky's presentation video will be posted on the PMC wiki.

- Performance Leadership – Mr. Kamensky cited Harvard Professor Bob Behn's observation that performance management is not an administrative system; rather it is a systematic search for strategic evidence.
  - It's the leadership, not the system that matters. Leaders provide authority and attention that makes the difference. This is an important distinction because the emphasis has been on the system requirements, but a shift will come in people's interest in how to use the information.
- Federal level performance management efforts have evolved over the past 30 years with executive support varying among administrations. Mr. Kamensky shared that his work at the Office of Management and Budget (OMB) included a similar experience to what the PMC is working toward.
- There are two camps of thought for the uses of performance information, depending on the stakeholder.
  - Congress, the public, etc. are looking for accountability and consequences. Career civil servants are uncomfortable with this. American Recovery and Reinvestment Act (ARRA) created new expectations of data availability and collection. The data was mapped and Congress liked this. Recently, the Digital Accountability and Transparency Act (DATA) was introduced in the House and the Senate with bipartisan support. Consequences are focused on performance budgeting and performance pay. The effectiveness of performance pay is up in the air, as is performance-based budgeting, but it has been applied in some states.
  - Executive Branch focuses on learning from data driven performance assessments and evaluation of programs. The information is used to create a conversation for problem solving with stakeholders around a common goal. Looking at surrogate measures to identify performance issues is an approach that is growing.
    - An example of a surrogate measure is measuring the effectiveness of nursing homes based on the number of bed sores in patients.
- Does performance management make a difference?
  - Mr. Kamensky described how federal agencies have identified about 100 priority goals and how they conduct regular reviews of progress towards those goals, based on data and evidence, which are used to adjust strategies to improve performance. He provided four examples of

federal agency priority goals to demonstrate what agencies are doing and how they are using quarterly reviews of progress to learn which strategies work best to pursue goals such as reducing the number of homeless veterans and reducing hospital-acquired infections.

- OMB recently published 7 lessons as a supplement to the President's fiscal year 2014 budget, based on three years of agency efforts to develop and implement priority goals:
    1. Goal ownership improves results.
    2. Improvement is the objective, not target attainment.
    3. Diagnostic analyses, experiments, and other studies make measurement actionable.
    4. Transparency motivates, educates, and facilitates cooperation. (Born from ARRA.)
    5. Attention to audience enables delivery partners and others to make better choices. The interest inside is focused on outputs, but legislators are more focused on outcomes, so you must reframe.
    6. Leveraging networks boosts returns. Build collaborative networks.
    7. Emphasizing outcomes improves results.

- Help for California
    - Is the StateSTAT model adaptable? Beth Blauer is one of Mr. Kamenky's heroes. The efforts she was involved in for the state of Maryland with Governor O'Malley are exemplary. This model could be attempted with new incoming agency leaders.
    - Connect with the Federal Performance Improvement Council.
    - Look for ways to extend your learning and development of informal networks. Are there goals of the Governor's Office that could leverage existing networks for greater implementation?
    - Garner political support.
- What impact has memorializing successful efforts had? It builds on successes and allows the evolution to continue.
    - The law is useful in creating a foundation, but the leader has to be willing to use it. If possible, tie it to something political leaders see as valuable to their personal legacy. Bush tried to tie it to the budget process to make it more relevant to achieving targets, but agencies were reluctant to set stretch goals because there was a fear of not meeting the target. Obama focused on achieving a small handful of priority goals and on their progress, not only achieving a pre-defined target.
    - Baltimore is on its 3rd mayor since Martin O'Malley and its CitiStat review process continues. The system shut down for a few months when the deputy mayor leading the performance reviews left government, but the news media complained and criticized the mayor at the time. As a result, the mayor quickly reinstituted the review meetings. The public had seen the benefit and drove the political leaders to focus on performance.
- There are a series of IBM Center reports that are helpful in research efforts to better understand the evolution of PerformanceSTAT. The IBM Center also sponsored a series of studies on the implementation of ARRA, which described the different strategies used by states to ensure accountability in the use of funds. The reporting requirements under ARRA have been seen as useful in ensuring accountability in the use of federal funds and legislation is pending to expand this reporting mechanism to all federal spending.

Questions/Comments

- What type of analytic workers do managers need to be looking for to help continue this evolution? The people you need are likely in the "millennial" generation due to their familiarity with "keeping score" via gaming and the relevance this has to work and rewards. Also, find the people in your organization who are both curious and performance-oriented and tap into them. Challenge the role of the organization and leadership may inspire and engage/empower existing resources.
- Are the ARRA reports helpful in the IBM Center for the Business of Government's efforts to understand this evolution? IBM sponsored a series of studies on what happened in ARRA. Also, the Recovery and Transparency Board continued.

GRP 2 Update

Dave Rechs & Julie Lee, Governor's Office

Mr. Rechs and Ms. Lee were part of the implementation team for GRP 1, which established CalHR and have moved from that project to assisting the Governor's Office in the implementation of GRP 2.

- They tried to bring to the table the idea that there is an opportunity to create something new and provided a presentation on change management to highlight what the department leaders needed be concerned about and focused on.
- Department leadership was asked to focus on where they want to be in three years.
- The administration heard from Assemblyman Buchanan on the issue of government accountability.
- GRP 2 is solely focused on government improvement and accountability within the state, including the development of performance metrics.
- They are working with Brian Sala of the California Research Bureau on developing a performance framework. They've been talking with Beth Blauer and are working on data.ca.gov to get something going similar to how Beth Blauer explained that StateSTAT began - worts and all.
    - Brian Sala is also working on incorporating the "millennial" perspective into the efforts to develop this framework by using interns and providing "badges" as rewards for completing work.
- The goals set for GRP 2 are wrapping up, but the transition into the new departments is the beginning of a lot of work in developing new missions, goals, etc. Business focused departments in particular will see a lot of change.
- There are pockets of people in departments included in GRP 2 that are interested in performance management and they are working to keep that synergy going as the Government Operations Agency is established.

Questions/Comments

- A partnership between the Legislature and the Governor's Office could bring a greater understanding of the performance management evolution and promote focus on curiosity, not targets, rather than just using a hammer.
    - Dr. Newland noted the collaborative enterprise that was developed in response to the Alaskan Earthquake of 1964.
- A discussion on goals needs to be built into the process so that legislators will have a greater awareness.
- The notion of reorganizing around something that has a compelling benefit is what will garner the public's attention.
- Structural reorganization explains little about performance. Have you been able to address other ways that drive performance than structure?
    - Planning documents ("PIDS") were written that were part of the BCP review process. The PIDS provided some detail and goals, but it's up to the directors to develop the goals further. Synergy will be created by having departments with similar missions aligned.
- The regular convening of the PMC is encouraging and it stokes the information relationships and trust that can are important to the continued evolution of the practice of performance management in government.
- The Little Hoover Commission's role is to review the GRP 2 process.
- The PMC has an opportunity to focus an issue paper on GRP 2 to help move the conversation forward.

Next Meeting: TBD for August, 9:00 -10:30 @ USC-Capitol Center 1800 I Street

Thank you for participating.