

**MEETING SUMMARY**  
**Performance Management Council**  
**Tuesday, April 24, 2012, 9 – 10:30 a.m.**  
**University of Southern California State Capital Center**  
**1800 I Street, Sacramento, CA**

**Performance Management Vision – Executive Order Update**  
**Department of Finance and Assembly & Senate Committee Members**

*Michael Cohen, Department of Finance*

Michael discussed the intent of Executive Order B-13-11 regarding the Governor's intent in the Executive Order (EO) and DOF's intent on their expectations for State Agencies. Although the formal guidance required in the EO is not finalized, key points discussed in DOF's response to the Governor include:

- The Governor vetoed SB 15 (Wolk) in favor of the EO approach. The EO is broad and allows for the application of a variety of performance based budgeting tools for departments/agencies (not a one tool fits all solution).
- DOF researched other states and local government best practices and discussed the uniform nature of similar efforts. Some spent a significant amount of money on their "infrastructure" and less time and money on processes of how agencies can use performance data to solve problems, manage programs, and fulfill their mission/goals.
- DOF has forwarded its draft to the Governor's Office, but it is up to the Governor's Office to determine how best and when to release to the final report.
- DOF and Governor's Office recognize the broad scope of California departments and DOF would like a more collaborative approach with departments to assess the best way to identify performance measures and how they relate to budgets. They do not want to force leadership to attempt major changes if the management structure is not in place. Initial approach should be incremental based upon a department's capability in order to ensure a full understanding of performance data uses and develop a sustainable process.
- Recent CDCR was a good example of a comprehensive plan to address budgetary shortfalls.
- DOF chose Caltrans and DMV as the "pilots" because they have existing data that was used (DOF did not want to overburden departments that may not have had comprehensive performance data).
- Questions from the attendees focused on the following:
  - Control Agency versus "Facilitation Agency" – Although DOF cannot give up its oversight role, it does want to take a more collaborative approach to using performance data since departments are in a variety of stages. DOF would like to work with Departments to develop strategies that best fit their situation, their capacity.
  - The difference between "zero based" budgeting and "performance based" budgeting – two different methods, and they are examples of two approaches departments can utilize, but not the only ones.
  - Unions have voiced some concerns over performance data and how it is used, and it will be helpful to coordination with them as part of any process.
  - The PMC can help DOF by recommending best practices; vetting forms and approaches; providing dialog on successful collaborative efforts; and assisting in identifying key metrics that are good indicators of performance and that are of interest to the public, legislature, and DOF.

*Christian Griffith, Assembly Budget Committee*

Christian addressed how the Assembly would like to utilize departmental performance measures to evaluate policy and program effectiveness.

- Assembly formed a new Budget Subcommittee 6: Budget Process Oversight & Program Evaluation (Sub-6). Legislators have varying level of experience working with performance management, keep that in mind if you are working with committee staff or attending hearings.
- Also looked at best practices, such as Contra Costa County, San Mateo, and Sunnyvale. They hired a graduate student from Berkeley to conduct the research and analysis.
- Found that performance based budgeting works best when it is led by the Administration rather than the legislature.
- Commended DMV and Caltrans for their pilot. There was a lot of interest in Sub-6 on the data and measures, but not as much in Sub-3
- Observed that retaining institutional knowledge in the Legislature is difficult due to term limits.
- Assembly is looking for ways that the DOF process can add value to the process and use the data to support policy decisions.
- California is criticized for all that goes wrong, but not as much focus on what California is doing right. Despite California's size and complexity, we are making progress.
- Questions from the attendees focused on the following:
  - Federal models – a lot of time and effort has been spent at the federal level and perhaps best practice might compare with California
  - Pew Research Institute rated California 49<sup>th</sup>; Texas is not a good model;
  - Have to be realistic on how California approaches performance based budgeting; issues include economy, staffing, etc.
  - Need to take realistic steps, and California is making progress.

*Toby Ewing, Senate Governance and Finance Committee*

Toby addressed how the Senate would like to utilize departmental performance measures to evaluate policy and program effectiveness.

- Too hard to find the good; too easy to talk about the bad.
- Agrees California is doing good things in regard to performance management.
- California's process must be an iterative process.
- Lessons learned from the 90's effort, and Governor's Office has made a lot of progress.
- California Government needs a variety of tools to help them meet their goals; not just 2 solutions (performance based budgeting and zero based budgeting).
- Senate is looking for ways to help the Governor's Office and DOF in performance area.
- How we equip departments to succeed is important; it is not just cuts and "PYs" in the budget. Need to communicate impacts to programs.
- Need to develop a culture of performance that uses data in policy development and program evaluation. We may not be there yet, but we are making strides in that direction.
- External and internal pressures can help to create catalyst for change
- Need to be honest and develop trust and be willing to have conversations on policy matters with the goal of mutual understanding and finding common ground.

**Caltrans Discussion – Report on Legislative Hearings**

*Peter Spaulding, Caltrans Discussion*

Peter discussed Caltrans experience during their budget hearings.

- Had three hearings; 2 with Sub-6 and 1 with Sub-3.
- Started with a lot of information and sent to the subcommittee members.
- Shared Strategic Plan and Quarterly Performance reports.
- Subcommittee refined quarterly performance reports into 4 areas with 8 supporting data displays (graphs).
- Assembly subcommittee used a concise template to display key components: goal, why this measure is important, and data displays over time, including a desired trend line.
- Caltrans tracks more measures at the program level.
- The timing is very good for Caltrans since they will be updating their strategic plan.
- It is not just about the plan, it is about the process.
- Need to partner more with their stakeholders, need more collaboration. This is a marathon not a sprint – deliver services efficiently and be a good collaborative partner (City, County, Fed, State).
- When asked about the appropriateness of the measures, it was noted that Caltrans is interested in how the measures will translate over to the public.
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### **Announcement**

USC is going to be teaching two courses in Summer & Fall regarding Performance Management - Performance Evaluation. If departments are looking for assistance with projects, e.g. research, or for assistance in program evaluations, contact Chris Weare at USC. [CWeare@usc.edu](mailto:CWeare@usc.edu)

### **PMC Charter**

Charter will be issued to all PMC members to finalize.

### **Next Meetings – Save The Date**

PMC may want to meet in May or early June – depending on next steps for Executive Order. We will keep you posted.

If you have anything to add to this summary, please contact PMC Co-Chairs - Louise Amegin at (916) 327-8222 and/or Grace Koch at (916) 376-5031.