



State of California

PERFORMANCE MANAGEMENT COUNCIL

Meeting Summary

Performance Management Council

Meeting 24

Tuesday, October 23, 2012, 9 – 10:30 a.m.

University of Southern California State Capital Center

1800 I Street, Sacramento, CA

Performance Based Budget Presentation

C.J. Howard, Victor Lamond, Alexei Painter, Orville Thomas - Goldman School of Public Policy, UC Berkeley - *Performance Based Budgeting: Lessons for California*

- The Report was prepared for the California Assembly Budget Committee. Reception of the report has been positive and the Assembly Budget Committee appreciated the information.
- Report Highlights include:
 - States that have experienced the greatest success have had cooperation with the Governor.
 - New Mexico has had a strong performance management system since the 1970's.
 - Inconsistency in leadership was observed as one of the key hurdles to success.
 - Statutes to support a performance management system are key to a successful implementation and use.
 - Some other states' departments have been able to consistently administer performance management systems despite overall initiatives falling apart, including: higher education agencies, DMVs, transportation agencies, correctional agencies. Food and health services show less consistent success due to the difficulty in measuring.
 - There are a wide range of costs among states with performance systems. Cost depends largely on whether an existing agency is used to administer the performance management, or if a new agency is created. Many are in the millions. Some are front loaded in costs; some are year-over-year expenditures.
 - Websites are most commonly used when there is a big desire to be transparent to the public.
 - The presentation can be found on the California Best Practices Wiki [link].
- Questions/Comments:
 - Christian Griffin noted that the Governor may be more interested in developing performance management in California with a less aggressive timeline and a plan that does not require major spending. He also noted that new members of the legislature and longer terms will change the ability to education the legislature.
 - Dr. Newland noted the long history of performance based budgeting at the federal level and that lessons have been learned to show that one size does not fit all, but that flexibility with the requirement to link to the budget has been more successful. He recommended Beryl Radin's books on performance management and her point that a lack of effectively implemented best practices is at the root of performance management failures.

Performance Management Presentation

Sean Tracy – California Public Employees Retirement System (CalPERS) – Strategic Direction

- Sean and his team talked to people throughout the organization to get a broad perspective of what employees felt was needed.
- Constituent and stakeholder groups were also engaged.
- Responses showed that people wanted greater organizational focus and time to work with the Strategic Plan to align business activities with the goals of the Strategic Plan.
- Sean and his team will be presenting the strategic target performance measures to the CalPERS Board of Directors in November and would be interested to hear any advice on how to make this effort the most successful CalPERS has conducted.
- They have avoided one-size fits all measurements, and have been open to ranges of data to avoid measures feeling like they are implemented as “gotcha” tactics.
- The presentation can be found on the California Best Practices Wiki [link].
- Questions/Comments:
 - Previous experience taught the team the value of consistency in leadership and sustainability.
 - Changing minds to think more strategically and globally continues to be a key challenge.
 - They are working on having business monitors and managers pressure test measures and have received support for bringing in auditors to evaluate any mitigation plans that might be needed.
 - An Enterprise Workload Management Group has been established to help get buy-in for the strategic plan and performance measures.
 - Participation and engagement in developing performance measures depends on an individual or divisions risk tolerance and whether or not they think they can get funding/support without providing measures.

Wrap-up

- Louise and Grace are working to establish a steering committee for the PMC with top level executives. Updates on this effort will be provided at future meetings.

Next Meeting

- The next meeting looking at early December to maintain momentum and regroup after the elections.

Thank you for participating.