

Linking Strategic and Fiscal Planning:

Why Government Must Change the Way It Does Business and How It Can Be Done

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Commonwealth of Pennsylvania**

August 15 2005

Government Administrators Must Do More to Measure and Improve Government Performance

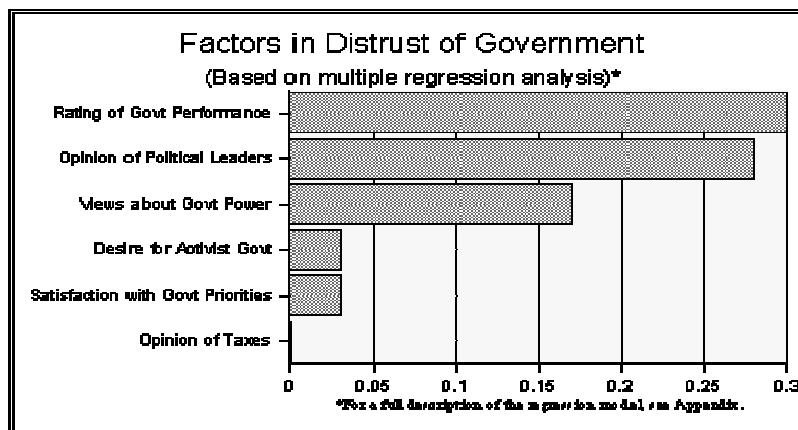
- **Because public distrust of government is real, substantial and serious.**
- **Because measuring and improving government performance can be a crucial factor in improving the public's confidence in government.**
- **Because it is our inherent responsibility to be good stewards of the public's resources.**

Public Distrust of Government is Real, Substantial and Serious.

	'90	'52	'94	'97
<i>% Agree . . .</i>				
Govt is inefficient & wasteful	67	73	69	64
Fols. lose touch pretty quickly	78	84	83	76
Govt controls too much of daily life	62	64	69	64
Regulation of business does more harm than good	58	61	63	57
Govt run for the benefit of all people	52	44	42	48

Deconstructing Distrust: How Americans View Government
Pew Charitable Trusts March 1998

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When Something Is Run by the Government, it Is Usually Inefficient and Wasteful

	--- 1991 ---		--- 1997 ---	
	Agree %	Disagree %	Agree %	Disagree %
<i>U.S.</i>	68	50	64	54
<i>European average</i>	55	37	56	35
<i>UK</i>	57	38	53	41
<i>France</i>	58	35	65	29
<i>Germany</i>	41	47	51	37
<i>Italy</i>	74	23	71	25
<i>Spain</i>	44	42	40	44

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Reasons People Give For Disliking Government

Political Leadership/Political System (40%)
 Politicians are dishonest/crooks
 Only out for themselves/For own personal gain
 Representatives say one thing and do another
 Too partisan
 Scandals

Critiques of Government (24%)
 Too much govt spending/Spend money frivolously
 Federal govt can't get anything done
 Government is too big/Too much government
 Government interferes too much/Too intrusive

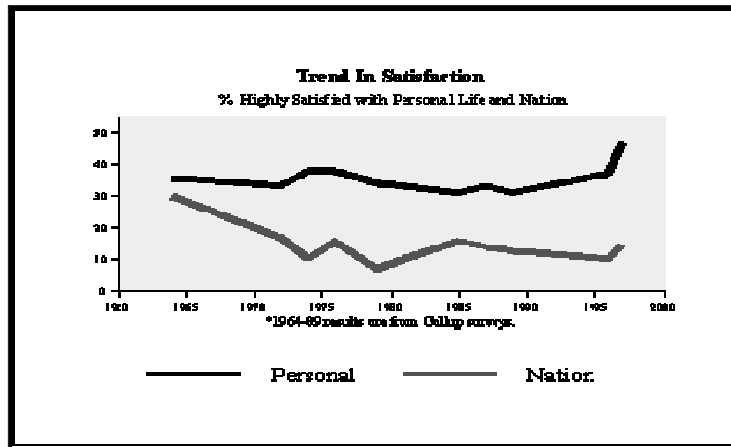
Policy (15%)
 Taxes are too high
 Dislike govt policies in general/Dislike specific policy
 Spend too much on foreign countries
 Government has the wrong priorities

Government Doesn't Care/Unresponsive (13%)
 Govt doesn't pay attention to/care about people
 Needs/opinions of people not represented in govt

Public Distrust of Government is Real, Substantial and Serious.

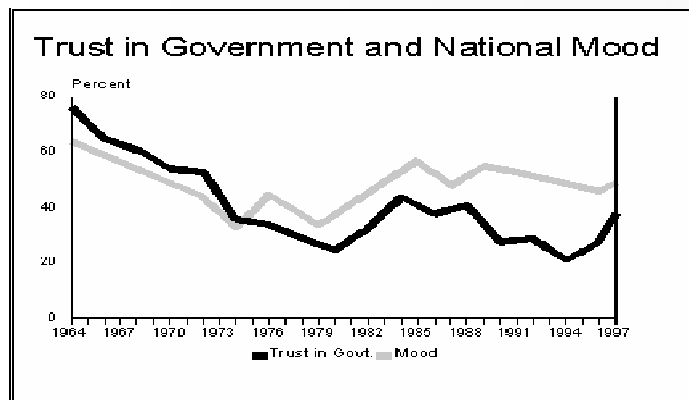
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	Excellent/ Only			DK/
	Good %	Fair %	Poor %	Ref %
<i>Job govt does running its programs ...</i>	25	53	21	1=100
<i>Job govt has done ...</i>				
Ensuring safe food and drugs	58	33	8	1=100
Conserving natural resources	34	52	12	2=100
Providing for the elderly	26	52	20	2=100
Setting academic standards	23	52	22	3=100
Ensuring health care is affordable	18	45	35	2=100
Ensuring everyone can afford college	18	51	28	3=100
Reducing poverty	14	53	31	2=100
Reducing juvenile delinquency	11	49	36	4=100

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	Agree %	Disagree %	DK/Ref %
<i>Government... Must see that no one is without food, clothing or shelter</i>	72	27	1=100
Has a responsibility to try to do away with poverty in this country	74	25	1=100
Controls too much of our daily lives †	64	35	1=100
Regulation does more harm than good †	57	37	6=100
Should run only those things that can't be run at the local level †	74	24	2=100

† Pew Research Center Nov. 5-9 & Nov 13-17, 1997.

Americans are skeptical about government but also have high expectations of government

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Americans are skeptical about government but also have high expectations.

Less Attention than Wanted

	% Who Believe Government...		Priority Gap %
	Actually Gives High Priority %	Should Give High Priority %	
Ensuring access to affordable health care	15	75	-60
Providing the elderly a decent standard of living	17	72	-55
Conserving natural resources	24	76	-52
Reducing poverty	16	65	-49
Setting academic standards for schools	20	68	-48
Reducing juvenile delinquency	13	60	-47
Ensuring safe food and medicine	50	90	-40
Ensuring everyone can afford college	11	50	-39

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Trust in Government and Respect for the Law

	Total %	Trust %	Distrust %
<i>How would you feel if someone ...</i>			
<i>Claimed benefits they weren't entitled to</i>			
Very upset	64	64	65
Just annoyed	29	29	29
Would approve	1	*	1
Wouldn't care	5	5	5
Don't know	1	2	2
	100	100	100
<i>Got out of jury duty</i>			
Very upset	9	8	10
Just annoyed	31	31	30
Would approve	12	14	11
Wouldn't care	40	39	41
Don't know	8	8	8
	100	100	100
<i>Didn't pay all the taxes they owed</i>			
Very upset	31	33	29
Just annoyed	45	48	44
Would approve	2	1	2
Wouldn't care	20	16	23
Don't know	2	2	2
	100	100	100
<i>Avoided the military draft</i>			
Very upset	24	22	25
Just annoyed	35	36	34
Would approve	7	7	7
Wouldn't care	29	28	29
Don't know	5	2	5
	100	100	100

**Skepticism
about
government
feeds
cynicism
about civic
life generally**

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Why is the Public So Skeptical about Government Performance?

- **When taxpayer money is involved, good intentions are not enough. Government must demonstrate not only that its goals are praiseworthy but also that it is effective and efficient in achieving those goals.**
- **When government fails to measure its effectiveness, it cannot know whether it is being ineffective and needs to change course.**
- **When government fails to measure its effectiveness, it cannot convincingly tell the public that it is being successful.**

A Focus on Performance Measurement Can Help Combat the Public's Distrust of Government

- **Public officials – elected and appointed – should want to overcome the public's distrust – it is corrosive to democracy.**
- **How to overcome the first source of distrust – the low regard a significant portion of the public has for elected officials – is important and deserving of scrutiny, but is not the subject of THIS presentation**
- **Today's question is: How can we overcome the second source of distrust – the perception that government is ineffective and inefficient?**

A Focus on Performance Measurement Can Help Combat the Public's Distrust of Government

- **The public needs to know that government is addressing important and appropriate goals, and that government is being effective and efficient in addressing those goals**
- **This requires that government set clear goals and measure its performance against those goals.**
- **Good intentions are not enough!**

The Essential Components of a Government Performance Measurement Program

- **The government must be able to articulate its goals.**
- **The government must be able to determine that it has the “right” goals. How? By insuring that the government’s goals address the public's highest priorities. Ultimately, elected officials set priorities. But citizen surveys are crucial to help elected officials validate and refine their priorities.**
- **The government must also determine that its goals are “appropriate” for government to take on.**

What are “Appropriate” Goals for Government?

Prevailing Views in U.S. Society Today

- **If truly competitive private markets exist, they are the best way to produce and exchange most goods and services (“best” because they produce what people want, in the quantity they want it, at the lowest possible price).**
- **Government should encourage the creation and maintenance of truly competitive private markets for good and services.**

What are “Appropriate” Goals for Government?

Government should only produce and provide goods and services when there is compelling reason to believe:

- **that a private competitive marketplace does not exist that could efficiently produce the good or service in question, AND**
- **that government lacks the ability to facilitate the creation of such a market, AND**

that there is a compelling public purpose to be served in the provision of the good or service in question.

What are “Appropriate” Goals for Government?

Prevailing Views in U.S. Society Today

- **Government should only regulate personal behavior when (and only to the extent that) a person’s behavior may have significant adverse impact on the well-being of OTHER persons.**
- **Some basic rights are intrinsic to human dignity and freedom and are so fundamental that government should never have the ability to abridge or deny those rights.**

The Essential Components of a Government Performance Measurement Program

- **Having established that its overall goals are important and appropriate, elected officials and government managers should establish additional and more precise goals to measure the effectiveness and efficiency with which their overarching goals are being pursued.**
- **Then the government should measure actual government performance against goal.**

The Essential Components of a Government Performance Measurement Program

- **The government must also insure that there are safeguards so that results cannot easily be misrepresented**
- **The government should publicize persistently and effectively to the public what the government's goals are and report the level of progress that is being made in meeting those goals, as well as the level of progress being made in realizing the goals with maximum efficiency.**

The Essential Components of a Government Performance Measurement Program

- **The government should never be content to maintain a status quo level of performance, but should strive for continuous improvement by experimenting, encouraging new ideas, seeking ongoing citizen input, and learning from best practices elsewhere.**

It is Essential That Decision-Makers Commit to Recurring, Open Re-Examination of Goals and Results

- Perhaps the most important part of any performance measurement program is the creation of a safe space where managers can periodically have an open dialogue about what's important for their organization to accomplish and why, and how best to accomplish it.

“Strategy” Needs to be Translated into Measurable, Meaningful Goals to be Useful and Effective

- **Government can get lost in the process.**
- **Imposing fines or writing tickets or awarding grants isn't a goal; it's a tactic.**
- **Talking about what we want to measure forces us to talk about what we are trying to accomplish.**

In the Absence of Clear Goals and Strategies and Ongoing Performance Measurement, Budgeting is a Sterile Exercise

- **Why should any particular office or program get a budget increase or a budget decrease? Without knowing what outcomes will result from changes in spending plans, and without knowing whether outcomes are being efficiently realized, how can budget-makers make intelligent choices?**

The Special Challenge for Central Agency Administrators

In central agencies like Accounting, Treasury, Payroll, Procurement, and Internal Audit, the “customer” is often not the citizenry directly but rather the rest of the government.

Performance goals for central agencies therefore need to focus on meeting the needs of the rest of the government, and doing so efficiently.

Whether Your “Customers” are Internal or External, the Rules for Effective Management are the Same

- **Clear, measurable, “appropriate” performance goals should be established.**
- **Goals should reflect customers’ needs, wants and priorities. Customer surveys are essential.**
- **Goals should be set for outcomes, effectiveness and efficiency.**
- **Performance against goal should be measured.**
- **Goals and performance should both be publicly reported to customers.**
- **A process should be in place for review, corrective action, and continuous improvement.**

Obstacles to Better Performance

PROBLEM

Elected officials may be unenthusiastic about effective performance measurement because there is an inherent tension between the need of public managers and the public at large for accurate information about government performance, and elected officials’ need to declare that their efforts and initiatives are “successful.”

Obstacles to Better Performance

SOLUTION

- **The measurement process may need to proceed internally for a period of time, without a public disclosure component, until elected officials can feel comfortable with the process and the results.**
- **Measures and reports can be constructed that are truthful but still take pains to emphasize the positive where it is there to report.**

Obstacles to Better Performance

PROBLEM

- **Elected officials must have answers when they called upon to address the highest priority concerns of the public. If they don't know what to do, they still have to embrace something.**
- **Moreover, elected officials need to differentiate themselves from one another. They cannot be seen as simply parroting the platforms of their predecessors and their rivals.**
- **This can lead elected officials to support ineffective or untested policies and strategies.**

Obstacles to Better Performance

SOLUTION

- **This problem can never be completely eliminated, but senior managers should strive to create opportunities for candid dialogue with the elected officials they serve regarding appropriate ways to measure program effectiveness and consider changes in course when the evidence warrants it.**
- **Managers' responsibility is to figure out a "face-saving" way for this to occur.**

Obstacles to Better Performance

PROBLEM

- **Organizations may lack the tools to build the kind of performance measurement system that organizational managers know they would like to have – important data may not be available, or there may be a lack of consensus as to what should be measured.**

Obstacles to Better Performance

SOLUTION

- **Don't let the "perfect" become the enemy of the "good."**
- **Start where you are with what you have and move on from there.**
- **Begin where there is consensus and keep working on the harder issues.**
- **But always insist on continuous improvement.**
- **And recognize that resources will have to be expended on the measurement effort.**

Obstacles to Better Performance

PROBLEM

Managers may worry that they will be personally held accountable for achieving results in areas where they lack sufficient control or resources to achieve the goals that have been set.

Obstacles to Better Performance

SOLUTION

- **Managers should be assessed based on personal performance appraisals that measure their personal performance against achievable goals.**
- **Organizational priority-setting, goal-setting, and performance measurement can be drawn upon to construct personal performance appraisals, but the two processes should remain separate and distinct.**

Obstacles to Better Performance

PROBLEM

- **Some goals that have to do with quality or perception or constituent satisfaction do not appear to be susceptible to quantitative measurement.**

Obstacles to Better Performance

SOLUTION

- **There is invariably a quantifiable measure that can capture performance on every goal.**
- **When nothing else is appropriate, a survey may be. The goal might be to achieve a “favorable” rating from a minimum percentage of those surveyed on a consistent basis across repeated surveys.**

Obstacles to Better Performance

PROBLEM

- **An important goal has been identified, but no one seems to know how to achieve it, or any proposed approach is untested.**

Obstacles to Better Performance

SOLUTION

- **If the need is great or the goal popular, government will probably have to do something.**
- **If possible, a pilot should be launched, not a full-blown program, with careful attention to measurement of results.**
- **Particularly in the area of social policy (but not only there) government needs to encourage more rigorous research to test the effectiveness of programs and policies.**

Financial Managers Have a Particular Responsibility to be Good Stewards of the Public's Resources

- **Accountability is the reason we do accounting and auditing in general.**
- **Public financial managers have a particular obligation to be accountable. The organizations we work for are given the power to take money from all citizens via the taxing power and use it for the public good.**
- **The power to tax can only be justified if the resources acquired through taxation are used prudently and effectively to meet public goals.**

It is our Responsibility to be Good Stewards of the Public's Resources

- **To enable government to be truly accountable, our focus must not be too narrow.**
- **Providing accurate financial information is necessary but not sufficient.**
- **Preventing theft and outright misappropriation is necessary but not sufficient.**
- **If public managers disclose where every penny came from and precisely what it was spent on, but we do not help elected officials and the public understand whether public funds have been spent wisely, we have not completed our job.**

Our Profession Recognizes the Importance of Performance Measurement to Effective Government Performance

GASB's mission is to establish and improve standards of state and local governmental accounting and financial reporting. Such standards are essential to fulfill the duty to be publicly accountable and to have information to make informed economic, social and political decisions...

Performance measures are meant to provide more complete information about an entity's performance than do traditional budgets or financial statements and schedules. Primarily, performance measures are concerned with the *results* of the services delivered by the government. Subsequently, they help to provide a basis for assessing the economy, efficiency, and effectiveness of those services.

Government Accounting Standards Board

**Concepts Statement No. 2:
Service Efforts and Accomplishments Reporting**
Governmental Accounting Standards Board 1994

General purpose external financial reporting (GPEFR) focuses on **providing information to meet the needs of financial report users**. This information may be provided in the general purpose financial statements, the comprehensive annual financial report, or other, separate reports.

An objective of GPEFR is to provide users with information that will assist them in **assessing the performance of the reporting entity**.

Because **the primary purpose of governmental entities is to maintain or improve the well-being of their citizens**, information that will assist users in assessing how efficiently and effectively governmental entities are using resources to maintain or improve the well-being of their citizens should play an important role in GPEFR.

**Is Your Government
Doing Its Part to Reduce
Public Distrust of Government?**

A Checklist

Is Your Government Doing Its Part to Reduce Public Distrust of Government?

- **Does your government conduct a regular survey to determine what the public wants the government's priorities to be?**
- **Does your government conduct a regular survey to assess the public's satisfaction with currently-provided public services?**

Is Your Government Doing Its Part to Reduce Public Distrust of Government?

- **Are your senior managers and departmental managers required to periodically articulate their agencies' major goals and priorities?**
- **Do your senior managers and departmental managers participate in periodic recurring assessments and dialogue regarding their agencies' major goals and priorities?**

Is Your Government Doing Its Part to Reduce Public Distrust of Government?

- **Does your government establish explicit, measurable performance goals?**
- **Does your government measure its actual performance against its goals on a regular periodic basis?**
- **Does your government engage in a regular periodic review of agency performance against goals, identify problems, and take corrective action?**

Is Your Government Doing Its Part to Reduce Public Distrust of Government?

- **Does your government make public its goals and publicly report its performance against goal?**

Is Your Government Doing Its Part to Reduce Public Distrust of Government?

What role can you play?

Help is Available

Visit the GASB Website



Performance
measurement
for government

Results-based reporting
and management tools
for government



<http://www.seagov.org>

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