# One

# Performance Accountability and Performance Measurement

## Introduction

Performance accountability and performance measurement are important elements of how human service organizations plan, resource, manage, and assess their programs. Performance accountability provides the theoretical framework, while performance measurement deals with the "how-to." Human service managers today need to understand both the theory and the how-to in order to successfully operate in an environment dominated by concerns with performance accountability and performance measurement.

Performance accountability and performance measurement apply not only to human service programs, but to most programs operated by the federal government, state and local governments, the United Way, and foundations. Programs operated by nonprofit organizations are also affected by performance accountability and performance

measurement because most of these organizations receive funding from governments, the United Way, or foundations (Martin, 2001, 2005; Zimmerman & Stevens, 2006).

Historically, human service programs were primarily concerned with *process* issues (Kettner, Moroney, & Martin, 2008; McDavid & Hawthorn, 2006; Rossi, Lipsey, & Freeman, 2004). Was the program implemented as designed? Did the program reach its target population? Were subgroups (e.g., ethnic populations, persons with disabilities, women, seniors, etc.) served in appropriate proportions? Was the geographical coverage adequate? Were the program expenditures appropriate? (And other process type considerations.) If all process considerations were satisfied, then the program was considered successful. As long as human service programs were meeting a need and exercising proper stewardship over their funds, questions of performance (what results were achieved?) were seldom raised. Human service programs were assumed to have intrinsic value. This situation began to change in the early 1990s (Bliss, 2007; Mulvaney, Zwahr, & Baranowski, 2006).

Today, it is not enough for human service programs to demonstrate process accountability; they need to demonstrate *performance* accountability. It is performance that matters, and issues of process are relegated to a secondary status. In commenting upon performance accountability, the president of the United Way of America has stated that those organizations that understand and adopt performance accountability "will strengthen their reputations and increase their competitive standing. Those that fail to do so risk their very existence" (Gallagher, 2008).

The transition from a process orientation to a performance orientation has been particularly difficult for the human services and for human service professionals. Because so many human service programs involve professional interactions between staff and clients, process concerns have historically dominated thinking and practice. The initial response of the human services to the performance accountability movement was, "You can't measure what we do!" (e.g., American Public Welfare Association [APWA], 1980; R. Millar & Millar, 1981). Setting aside the argument of whether this was true in the past, it is clearly not an acceptable argument today. Regardless of the type of human service program in question, some agency somewhere today is already measuring its performance.

## What Is a Program?

Before proceeding further, it is useful to pause and consider the issue: What is a program? Being clear about what constitutes a program is important because performance accountability and performance measurement are based on "program" as the unit of analysis. Since the human services have dealt with programs for a long time, one would assume that common agreement exists on what constitutes a program. Unfortunately, this is not the case! No universally agreed upon definition of a program exists (Gilmour, 2006; Martin, 2008). Throughout this book, the following definition of *program* (Martin, 2008) will be utilized:

> A program is a major ongoing agency activity or service with its own sets of policies, goals, objectives, and budgets that produces a defined product or service.

As the definition makes explicit, a program is a major ongoing agency activity or service. For performance accountability and performance measurement purposes, not everything a human service agency does should be treated as a program. A program is one of the important few ongoing activities or services provided by a human service agency. A program can be further differentiated from other agency activities by the presence of its own policies, goals, objectives, and budgets. The acid test for a program is said to be if it has its own budget (e.g., Smith & Lynch, 2004).

Finally, a program produces a defined product or service. For example, a home-delivered meals program produces meals; a counseling program produces hours of counseling; and a specialized transportation program produces trips.

The question is frequently raised: Can performance accountability and performance measurement principles be applied to entire human service agencies rather than just to programs? The answer to this question is a qualified "Yes." The basic concepts of performance accountability and performance measurement can be, and have been, applied to agencies, communities, states, and even to whole countries. However, for purposes of this book, the focus remains on "program" as the unit of analysis.

Having defined what a program is, attention is now directed to a discussion of what performance measurement is.

## What Is Performance Measurement?

*Performance measurement* can be defined as the following:

> The regular collection and reporting of information about the *efficiency*, *quality*, and *effectiveness* of programs.

This definition has been around for many years (Urban Institute, 1980) and has withstood the test of time. Most of the major government performance accountability and performance measurement systems today are based upon this definition.

Performance measurement, as the concept is generally understood (e.g., Carmeli, 2006; E. Fischer, 2005; Mulvaney et al., 2006; Zimmerman & Stevens, 2006), is comprised of the three dimensions of *efficiency, quality,* and *effectiveness.* This multidimensional approach enables performance information and data on human service programs to be viewed from different perspectives by different stakeholders with different opinions about the nature of performance accountability (Martin, 2002; Rossi et al., 2004). Performance measurement implies no hierarchy or preference among these three perspectives, but rather assumes that all three are important to at least some stakeholders.

## Performance Measurement and the Systems Model

In discussing performance measurement, it is useful to refer to what we call the "expanded systems model" (Kettner et al., 2008; Martin, 2002). The basic systems model (Figure 1.1) has long been used as an aid in understanding how human service programs operate (e.g., Ables & Murphy, 1981; Rosenberg & Brody, 1974). The core elements of the basic systems model are *inputs, process, outputs,* and *feedback.* The expanded systems model (Figure 1.2) brings the basic systems model up to date by adding two more components: *quality* and *outcomes.*

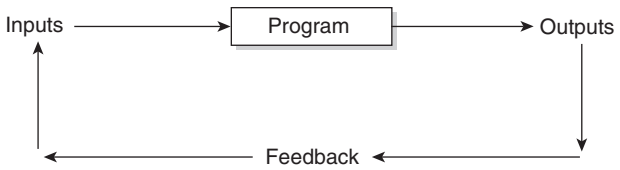


**Figure 1.1** The Basic Systems Model

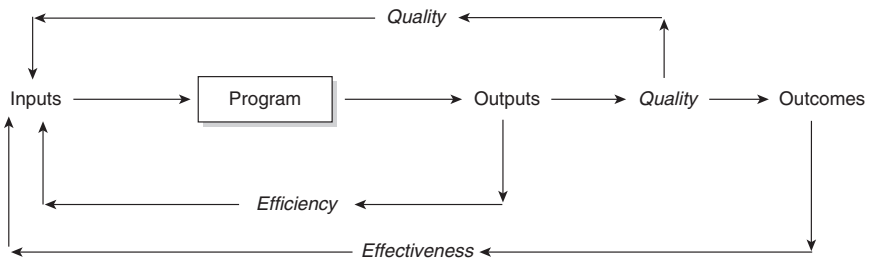


**Figure 1.2** The Expanded Systems Model

- ***Inputs*** are anything a system (a human service program) uses to accomplish its purposes. More specifically, inputs can be thought of as the resources and raw materials (e.g., funding, staff, facilities, equipment, clients, presenting problems, etc.) that go into a human service program.
- ***Process*** constitutes the treatment plan or service delivery methodology (a human service program) during which inputs are consumed and translated into outputs.
- ***Outputs*** are anything a system (a human service program) produces. In human service programs, outputs are also frequently referred to as *units of service*.
- ***Quality*** is measured in terms of those dimensions (e.g., timeliness, empathy, responsiveness, humaneness, etc.) that are most important to the stakeholders of a human service program.
- ***Outcomes*** are the results, accomplishments, or impacts achieved, at least partially, by a human service program.
- ***Feedback*** can be thought of as data and information about the performance of a system (a human service program) that is reintroduced into the system as an additional input.

The system elements of inputs, process, outputs, quality, outcomes, and feedback can be utilized to explain the three accountability perspectives of efficiency, quality, and effectiveness.

**Table 1.1** The Three Dimensions of Performance Accountability and Performance Measurement

| *Dimension of performance* | *Definition* | *Example* |
|---|---|---|
| Efficiency | The ratio of outputs to inputs | The total costs of a foster care program divided by the number of foster care days of service |
| Quality | The number or proportion of outputs that meet a quality standard | The number or percentage of home-delivered meals that arrive hot |
| Effectiveness | The ratio of outcomes to inputs | The total costs of an adoptions program divided by the number of finalized adoptions achieved |

Table 1.1 shows the operational definitions of the terms *efficiency*, *quality*, and *effectiveness* that are utilized throughout this book.

## The Efficiency Perspective

Performance accountability and performance measurement include a focus on efficiency. From the efficiency perspective, the primary performance focus for a human service program is on outputs and the comparison of outputs to inputs. For example, in looking at a human service program from the efficiency perspective, one assesses the amount of service provided (outputs) and compares the number of outputs to the costs involved (inputs).

The ratio of outputs to inputs is the classical definition of productivity. Accordingly, feedback on the performance of a human service program (Figure 1.2) takes the form of tracking and reporting on outputs. An accountable human service program, according to the efficiency perspective of performance accountability, is one that strives to maximize outputs in relation to inputs.

The efficiency perspective of performance accountability has a history of neglect in the human services (e.g., Pruger & Miller, 1991). All too frequently, efficiency has been used as a rationale for funding cuts and—in some instances—for outright attacks on the legitimacy of human service programs. Many human service administrators view a focus on efficiency as misguided, all too frequently resulting in goal displacement. "You can do the wrong thing very efficiently" is a criticism frequently vocalized.

Despite the criticisms made of the efficiency perspective of performance accountability, several good reasons exist why it should be a major focus of human service programs:

1. The requirements of public stewardship demand that every dollar spent on human service programs be put to the best possible use to ensure that as many eligible clients as possible are served.
2. Efficiency or productivity considerations are a basic operating assumption of most fee-for-service contracts, performance-based contracts, managed care programs, and other funding strategies.
3. A high-profile position supporting efficiency or productivity is necessary to counter the image held by at least some stakeholders that human service programs are inefficient. Only some 11% of Americans today believe that human service agencies do a very good job of spending money wisely (Gallagher, 2008).

## The Quality Perspective

A performance focus on service quality accountability differs from that of the efficiency perspective. Throughout the 1980s and continuing today, the writings of the top quality management gurus (e.g., Crosby, 1985; Deming, 1986; Juran, 1989) have had a major impact on management thinking and practices in the United States and around the world. Today, most publicly funded programs, including human service programs, are expected to routinely assess the quality of their services and to "benchmark"— or compare—their results with other programs operated by other public and private agencies.

The quality management movement has influenced the classical definition of productivity to include quality considerations. According to quality management theory, productivity is increased when programs provide high-quality services and is decreased when low-quality services are provided (e.g., Gunther & Hawkins, 1996; Martin, 1993a). For human

service programs, the implication of this expanded definition of productivity is that high-quality services should result in lower error rates, less paperwork, less reprocessing time, happier funding sources, more satisfied clients, lower costs, and a better public image.

The quality perspective to performance accountability actually changes the definition of productivity to the ratio of *outputs that meet a specified quality standard* to inputs. For example, the proportion of meals in a home-delivered meals program that arrive hot or the proportion of trips in a specialized transportation program that arrive at their destinations on time are examples of outputs that meet a quality standard. Feedback on the performance of human service programs necessarily takes the form of tracking and reporting on the number of outputs that meet a quality standard. An accountable human service program according to the quality perspective (Figure 1.2) is one that strives to maximize quality outputs in relation to inputs.

## The Effectiveness Perspective

From the effectiveness perspective, performance accountability incorporates a focus on outcomes (the results, accomplishments, or impacts) of human service programs (Governmental Accounting Standards Board [GASB], 1993, 2008). Examples of outcomes include the number of adoptions achieved by an adoptions program, the number of parents who stop abusing and neglecting their children following completion of a parental skills training program, or the number of juvenile offenders who have no further encounters with the juvenile justice system as a result of an intensive case management program. Effectiveness is often considered the highest form of performance accountability.

Unlike traditional program evaluation, performance measurement is not concerned with one-shot assessments of results, accomplishments, or impacts. Instead, performance measurement belongs to the school of thought that holds that human service programs cannot be divorced from their social settings (Cronbach, 1982). Consequently, performance measurement is less concerned with attempting to demonstrate scientifically defensible cause-and-effect relationships (Rocheleau, 1988) and is more concerned with basic practice questions such as what outcomes are achieved by what types of human service programs (Kettner et al., 2008). Performance measurement enables judgments to be made about the effectiveness of human service programs during implementation as well as after, thus capturing both the *formative* and *summative* approaches to program evaluation (Rossi et al., 2004).

Effectiveness accountability is concerned with the ratio of outcomes to inputs. Accordingly, feedback on the performance of human service programs takes the form of tracking and reporting on outcomes. According to the effectiveness perspective (Figure 1.2), an accountable human service program is one that strives to maximize outcomes in relation to inputs.

When compared to each other (Figure 1.2), it is apparent that the efficiency, quality, and effectiveness perspectives to human service program accountability are distinctive. Not only do these three perspectives conceptualize program performance accountability differently, but they also emphasize different types of feedback. Because performance measurement draws on all three perspectives, it creates one comprehensive approach to performance accountability.

## Why Adopt Performance Measurement?

Why should human service administrators adopt performance accountability and performance measurement? In addition to accountability reporting, are there other important factors to consider? Proponents of performance measurement point out at least three:

1. Performance accountability and performance measurement have the potential to improve the management of human service programs.
2. Performance accountability and performance measurement have the potential to affect the allocation of resources among human service programs and non-human service programs.
3. Performance accountability and performance measurement may well be a forced choice for most human service programs. Funding sources, both governmental and nongovernmental, are increasingly adopting performance accountability and performance measurement. In some instances, funding sources may prescribe the use of specific performance measures as a precondition to receiving contracts and grants.

### Performance Measurement and Improved Program Management

To properly manage their human service programs, administrators must be clear about the following questions:

- Who are their clients?
- What are their demographic characteristics?
- What are their social or presenting problems?

- What services are they receiving?
- In what amounts?
- What is the level of service quality?
- What results, accomplishments, or impacts are being achieved?
- What is the total cost?

Most human service programs are relatively clear about the answers to the first four questions. Some are frequently unclear about the latter four. And a few are not even sure what the questions are. For the most part, the inability of human service programs to answer all eight questions is due largely to the absence of formally adopted measures of efficiency, quality, and effectiveness.

Performance accountability and performance measurement provide the missing pieces that can enable human service administrators to answer all eight questions about their programs. Combining performance measurement data with client and problem data provides human service administrators with the ability to identify which programs achieve what results with what types of clients and at what costs. Armed with this type of information, human service administrators should be able to plan, design, and implement more efficient, more effective, and better quality programs.

If the above arguments are not sufficient, performance accountability and performance measurement have still other features that make them a valuable management tool for human service administrators. As will be demonstrated in this book, performance accountability and performance measurement

1. promote client centeredness by making client outcomes a central component of program performance;
2. provide a common language that human service administrators can use to make evaluative judgments about the efficiency, quality, and effectiveness of the programs they manage;
3. enable human service administrators to continually monitor their programs to identify "points of intervention" for service improvements; and
4. improve the morale of direct service workers who get feedback on what clients are being helped and by how much.

## Performance Measurement and Resource Allocation Decisions

Performance measurement also has the potential to significantly affect the resource allocation decisions of governmental and nongovernmental organizations. If all human service programs were to collect and report

comparable performance measures, then government and private funding sources could use the resulting data and information to make budgeting, grant, and contracting decisions.

What is the purpose, some might ask, of collecting information on the performance of human service programs if the data are not then used to reward those that perform and to penalize those that do not? For example, let's assume there are two human service agencies (X and Y), both of which operate in the same community, operate the same program, and receive the majority of their funding from the United Way. Agency X provides more service (outputs) and gets better results with clients (outcomes) for less money than Agency Y. *Agency X then should receive more funding and Agency Y less funding.*

Performance accountability and performance measurement are not restricted to just human service programs, but extend to all government-funded programs. Consequently, performance measurement—carried to its logical conclusion—could become an important factor not only in making resource allocation decisions between competing human service programs but also in making resource allocation decisions between the human services and other competing societal needs such as health care, housing, education infrastructure, and others.

## Performance Measurement as a Forced Choice

Although some human service administrators might prefer to ignore the opportunity to adopt performance measurement, they may have little choice in the matter. Most human service funding sources (government, United Way, foundations) require some sort of performance measurement on the part of human service programs as a condition to receiving funding (e.g., Bliss, 2007; E. Fischer, 2005). Chapter 2 discusses more fully the forces promoting performance accountability and performance measurement.