

# APPLICATION

## NASCA 2001 OUTSTANDING PROGRAM AWARDS

Program Title: A Cooperative Model for the Rapid Roll-Out of A Performance Management System

Category: Performance Measurement

State: Illinois

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# EXECUTIVE SUMMARY

## **A Cooperative Model for the Rapid Roll-Out of a Performance Management System**

The Office of Statewide Performance Review was created by Executive Order #7 to aid in the executive management of over 60 code agencies, boards and commissions which report directly to the governor. The Office was given 24-months to design and implement a performance management reporting system that would provide a useful means by which to evaluate programs and assist the Executive Office in managing the goals and resources of each program.

The Office created a cooperative model that helped the administrative units to help themselves, while at the same time allowing the Office to fulfill its mandate. Internally, the system is often referred to as "management by fact rather than suspicion." In under 24-months the Office has created a reporting system covering 60 agencies, over 245 programs, and uses almost 3,000 performance measures. The model relies extensively on the assistance of the monitored administrative units.

# WRITTEN JUSTIFICATION

## A Cooperative Model for the Rapid Roll-Out of a Performance Management System

### A. Description of the program and relative significance to the improvement of the operation and/or efficiency of state government.

In January 1999, Gov. Ryan took office and was faced with an administrative landscape that showed:

- ◆ Over 60 code agencies, other agencies and boards and commissions reported to the Executive Office
- ◆ Some of these administrative units had strategic plans, and most existing plans shared little common ground
- ◆ No administrative unit utilized performance management or performance measurement to monitor resource use or allocation, program evaluation, or personnel evaluation
- ◆ There was no policy linkage, direct or indirect, between budget resources and program mission or short-term goals and objectives.
- ◆ There was no management system or process in place to allow the Executive Office to direct program management or monitor program success or failure.

Because of this situation, there was no reasonable way for the Executive Office to regularly coordinate policy and programmatic effort on a statewide basis. Additionally, the Executive Office and the state's Bureau of the Budget were not in a position to allocate resources based on facts or data.

The Office of Statewide Performance Review (OSPR) was created by Executive Order #7 and operates within the Office of the Governor to assist all agencies in the administration of state programs to achieve increasing levels of customer service, economy and efficiency through improved quality and resource allocation. Operationally, OSPR, staffed by 2.5 full-time equivalents (FTEs), was given two years to develop a performance management system that encompassed 85 percent of the state's key programs and was:

- 1) Statewide in scope;
- 2) Directly linked personnel, budget, customers, and Executive Office goals;
- 3) Embedded in the management decision making process of each administrative unit.

OSPR created a simple model that focused on the involvement and cooperation of every administrative unit included a recognition system.

# The Rapid Roll-Out Model

## Phase I: Learn the Terrain--Quickly

1. ***Meet the Agency Directors and Key Staff*** - Everyone who has ever experienced a management trend or fad will have concerns and questions that need to be addressed up front.
2. ***Learn From the Mistakes of Others (because in two years you do not have the time to make all those mistakes yourself --let alone recover from them)*** - Research the performance management systems being used elsewhere. Find out what worked and what did not work. Reduce the programs to smaller components like training, rewards, buy-in strategies, reporting formats, and isolate what within these components worked better or worse and why.
3. ***Measure the Capacity of Your Office (and yourself) to Wade Through Paper and Data*** - Understand what you can do alone, and where and when you will need help.

## Phase II: Create a Model Reporting System

1. ***Create a System of "Key Contacts" Throughout the Administrative Units*** - Having a key contact in each administrative unit, appointed by the director of agency or commission, who heads an internal management and planning team gives you a certain level of support within each administrative unit. Meet with the contacts, explain how performance management can help them and their administrative unit, and ask how they can help you.
2. ***Design and Use a Consistent Form(s)*** - Use an annual management plan for each program that accounts for 85 percent of the program's activities and outlays. The form should link the mission of the administrative unit to the mission of the program to the annual goals and objectives of the program to the budget and headcount of the program. Equally important, the form needs to require input, output and outcome measures that: 1) are auditable, are reduced to an algebraic form so component relationships can be understood, and are accompanied by a management outline indicating administrative actions and consequences when targets and estimates do not materialize.
3. ***Adopt a "Train the Trainer" Model*** - Train your key contacts to use the form(s), and have them train others within their administrative unit.
4. ***Do Trial Runs*** - No form is perfect. Let the administrative units fill out the form(s) under simulated conditions. Use the current year as your basis because it is easier to work with known budgets and headcounts than it is to work with projections and estimates. Meet with each key contact and management team after each trial run. Set tight but realistic deadlines and meeting times.

## Phase III: Set the Model in Motion for the Second 12 Months

1. ***Stay Low Tech*** - Elaborate computer systems and reporting software at this stage add complexity and cost, not value. Use a spreadsheet to track the compliance of the administrative units, monitor program measures, and check targets, estimates and trends.

2. **Reach Out** - Stay in contact with your key contacts and management teams. Let them know that you are watching and offering to help. Tell them who is asking about the data and explain how it was used to make decisions -- especially funding decisions. At this point, begin working with internal auditors to construct procedures to verify the measures
3. **Reevaluate** - No process works perfectly from the start. Use this time to work on emerging issues that detract from the value of the system.

OSPR used the above model to implement performance management in Illinois for the first time in the state's history. Illinois now tracks over 245 programs using almost 3,000 measures using paper, spreadsheets, 2.5 FTEs backed up by a key contact and a performance management team in each administrative unit.

State Fiscal Year 2002 (SFY02) marked the first year in Illinois' history that every budget request for both maintenance expenditure authority and new initiatives had to be justified on the basis of core mission, clear measures that indicated the probable impact of additional resources, and an explicit cost-benefit analysis. All program goals and objectives as well as program performance were reviewed and adjusted by the Executive Office before budget allocations were made.

## **B. Calculation of Actual Savings in the Short Term and/or Long Term; and C. Quantitative Benefits realized by Service recipients, taxpayers, agencies and/or the State**

Performance management is not, in and of itself, intended to save money. It certainly was not implemented in Illinois for that reason. It addresses a span and control issue first and foremost. Yet, performance management and its accompanying measures lead to budget expenditure control by providing the facts needed to redirect resources. Additionally, in developing the annual management plans and measures, administrative units have begun performing process audits that are revealing cost saving changes, improved productivity and increased customer satisfaction. Some examples follow:

**Department of Children & Family Services Adopts Management Accountability for Child Abuse Investigations** - The state has a responsibility to maximize children's safety by prompt and timely investigations of suspected abuse/neglect reports. How can the state achieve a 60-day compliance for completion of these investigations?

### **Old Way of Doing Business**

1. The department maintained an automated system allowing field staff to enter findings directly at the field offices rather than waiting for reports to be sent and logged at the main office.
2. A quality review showed the field staff were not taking full advantage of the data entry system, and that reports were being shown as late that were, in some cases, sent to Springfield for data entry.

### **New Way of Doing Business**

1. The Child Protection Deputy Director was made directly responsible for monitoring investigations.
2. The Deputy Director now contacts all Child Protection Managers weekly to determine the status of all potential overdue investigations.
3. Cases approaching the 60-day limit are identified and discussed to ensure a finding is entered at the local office or an extension is granted, if appropriate.

### **Results**

- ✓ Overdue reports decreased by 1 percent from 3.4 percent in FY98 to 2.4 percent in FY99.
- ✓ Overdue reports during FY99 dropped 93 percent from 772 late reports during the first quarter to 72 reports in the fourth quarter.

**Department of Financial Institutions** Automates Performance Evaluation System - Filling out personnel forms can be time consuming for supervisors. How can the process be improved?

### **Old Way of Doing Business**

1. Employee evaluations were produced manually.
2. Employee evaluations were manually entered into the computer system.

### **New Way of Doing Business**

1. Use of new human resource software, People Trak, allows automating forms and data entry.
2. All employee evaluations are on diskette, eliminating data entry and reducing paper usage.

### **Results**

- ✓ Decreased time spent on data entry (approximately 5.5 hours per month).
- ✓ Reduced paperwork associated with evaluation process.

**Illinois Industrial Commission** Migrates Forms from Legal to Standard Size

### **Old Way of Doing Business**

Legal size documents were required for most Commission filings (page size of 8 ½ X 14).

### **New Way of Doing Business**

The Commission and persons filing with the Commission will now use the more standard letter size paper (8 ½ X 11).

### **Results**

- ✓ Using letter size paper will save the Commission approximately 29 percent per ream of paper or about \$2,900 annually. The cost savings to citizens needing to file with the Commission will be even greater.
- ✓ Using letter size paper will make it easier to fax documents.
- ✓ Using letter size paper will make it easier for the Commission and citizens filing with the Commission to complete the forms on word processors.

Each of the above examples was taken from the Monthly Continuous Quality Improvement (CQI) Form. OSPR uses this form to track the good ideas being implemented every day by the administrative units.

**All Administrative Units**, Administrative Code Review. In the process of determining ways to streamline administrative requirements, it was necessary to review the entire Administrative Code of the state to find obvious inconsistencies, ill conceived process requirements and other arbitrary requirements that limited the value of state programs. In the process of this one year internal review over 648 pages of the Administrative Code were abolished and another 411 sections of the Administrative Code were rewritten to improve clarity and simplify various processes.

#### **D. Relevancy of Use by Other State, Local and Federal Governments**

The model is easy to grasp, quick to implement and inexpensive. OSPR has presented this model to managers in local government and the private sector. It has been well received.