

## Performance Measurement in Municipal Government: Assessing the State of the Practice

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*In recent years, the level of interest in performance measurement has hit new heights. In this study we seek to examine the extent to which performance measurement has become integrated into contemporary local government management. Our findings show that many local governments in the United States share a strong commitment to the effective use of performance measures, though we do identify some limits to the current state of the practice.*

Performance measurement has been part of the lexicon of public administration in the United States for several decades, but rhetoric has outdistanced practice by far in this area. Currently, however, there is a renewed interest in performance measures as an essential element of the results-oriented management movement that is sweeping the field, as reflected in legislative mandates and administrative initiatives as well as considerable conference and training activity and a revived stream of books and articles on the subject. Nevertheless, the extent to which performance measurement has taken hold in a meaningful way in public agencies is still an open question, particularly with respect to local government. Based on a survey of U.S. cities with populations of 25,000 and over, this article explores the extent to which performance measures are used and *how* they are used in contemporary municipal government.

### The Quest For Performance Measurement

Performance measurement is an old idea that has taken on renewed importance. Measuring workload and worker efficiency was clearly part of the scientific management approach at the turn of the century, and the International City Management Association produced a publication on measuring municipal activities as early as 1943 (Ridley and Simon, 1943). In more modern times concern for measuring the performance of public programmatic entities arose with the interest in program budgeting in the 1960s and program evaluation in the 1970s. Harry Hatry and colleagues at the Urban Institute began publishing materials that promoted the use of performance measures and provided instruction on how to develop and use them (Hatry and Fisk, 1971; Waller, et al., 1976; Hatry, et al., 1977), while other authors talked about how to incorporate them in larger management processes (Altman, 1979; Epstein, 1984; Steiss, 1985; Wholey, 1983).

A related but different stream of articles focused on performance measures as they play into the budgeting process (Grizzle, 1985; 1987; Brown and Pyers, 1988). Yet it has generally been understood that the promise and potential of performance measures greatly exceed their actual usefulness in practice. Indeed, one of the underlying premises of Downs and Larkey's *The Search for Government Efficiency* (1986) was that for a variety of reasons most governmental jurisdictions did not have the capability of measuring the performance of their programs.

### Performance Measurement in an Era of Public Management Reform

A number of forces in the field of public administration have led to a renewed, or reinvigorated, interest in performance measurement in the 1990s. Taxpayer revolts, pressure for the privatization of public services, legislative initiatives aimed at controlling "runaway" spending, and the devolution of many responsibilities to lower levels of government have generated increased demands to hold government agencies accountable to legislatures and the public in terms of what they spend and the results they produce. In addition, the reinventing government movement initiated by Osborne and Gaebler in 1992 and Vice President Al Gore's National Performance Review in 1993 have called for a new way of thinking about how public agency performance is defined and measured. Driven in part by these external pressures and in part by their own motivation to provide cost-effective public services, public managers have been using a variety of approaches to strengthen the management capacity of their organizations, most notably through strategic planning (Bryson, 1995; Berry and Wechsler, 1995), through more encompassing strategic management processes (Eadie, 1989; Koteen, 1991; Vinzant and Vinzant, 1996), through quality management programs and reengineering processes (Berman and West, 1995; Cohen and Brand, 1993; Davenport, 1994; Hyde, 1995; Kravchuck and Leighton, 1993), and through benchmarking practices (Bruder, 1994; Keehley, et al. 1997), as well as reformed budgeting processes (Joyce, 1993; Lee, 1997). These and other results-oriented management tools require sharply focused performance measurement systems to provide baseline data and evaluate effectiveness.

Interest in performance measures seemed to wane somewhat in the 1980s because such measures were often perceived as not making meaningful contributions to decision making. Many public agencies had succumbed to the "DRIP" syndrome—Data Rich but Information Poor—and concluded that the time and effort invested in these systems were not justified by the results. In contrast, the current resurgence of interest in performance measurements—signaled by such articles as "The Case for Performance Monitoring" (Wholey and Hatry, 1992) and "Get Ready: The Time for Performance Measure-

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ment is Finally Coming!" (Epstein, 1992)—is more mission driven and outcome oriented. It emphasizes the customer perspective, measures performance against goals and targets, and incorporates performance measurement meaningfully in other management processes (Poister, 1997). Indeed, Robert Behn (1995) identifies the performance measurement issue as one of the three big questions in contemporary public management. Other authors such as Mark Glaser (1991), Geert Bouckaert (1993), and Robert Kravchuck and Ronald Schack (1996) have in effect been addressing this issue in articles which identify barriers to meaningful performance measures and discuss strategies for developing and implementing measurement systems that will be used effectively.

The renewed emphasis on performance measurement was stimulated in part by resolutions of the Government Accounting Standards Board (1989), the National Academy of Public Administration (1991), the American Society For Public Administration (1992), and the National Governors' Association (1994). All these resolutions urged governments to institute systems for goal setting and performance measurement. At the national level, this thrust toward results-oriented public management is embodied by the Government Performance and Results Act of 1993, which requires strategic planning and performance reporting by agencies throughout the federal government. Many state governments have implemented macro-level processes for statewide strategic planning, budgeting, and performance measurement, such as the Oregon Benchmarks program, Minnesota Milestones, and Texas Tomorrow, and some are ahead of the federal government in this regard (Broom and McGuire, 1995). In fact, recent research conducted by Julia Melkers and Katherine Willoughby (1998) found that, either through legislation or administrative policy, 47 of the 50 states use some form of results-based budgeting and require agencies to report associated performance measures.

### Performance Measurement in Local Government

Although there is no similar formal mandate for city and county governments to use performance measurement systems, the renewed interest in managing and monitoring for results focuses on local jurisdictions as well as federal and state agencies (Ammons, 1995a). Cities such as Phoenix, Arizona and Charlotte, North Carolina, often thought of as "stellar" cities in terms of using leading edge management technology, have been using systematic performance measures in their budget-

ing and performance management processes for decades, as have other city governments. Currently, there is interest in benchmarking best practices in local government, comparing performance among jurisdictions and trying to identify management or service delivery strategies that produce superior results (Ammons, 1996). Evidence of this interest is found in the Comparative Performance Measurement Consortium formed by 44 jurisdictions in conjunction with the ICMA. This group has forged uniform definitions of performance indicators in numerous programmatic areas and compiled comparative data on these measures so that individual jurisdictions can gauge their own performance against that of other similar units around the country (Urban Institute and ICMA, 1997).

The extent to which meaningful performance measurement has permeated local government in the United States is not clear. Different research approaches using different definitions and applied to different samples have yielded a wide range of estimates. While more than half of the cities and counties responding to a survey conducted by the Urban Institute in 1971 reported using efficiency and effectiveness measures in their budget process (Winnie, 1972), fewer than 30 percent of the respondents to a survey of municipal managers conducted by the ICMA in 1976 reported using performance measurement systems (Fukuhara, 1977). In a series of surveys of municipal managers in cities with over 25,000 population conducted by Poister and McGowan (1984) and Poister and Streib (1989; 1994) (which in part replicated portions of the earlier ICMA survey asking surface-level questions about the use of a variety of management tools) on the order of 70 percent of the respondents indicated that their jurisdictions used performance monitoring systems. These authors concluded that the use of performance measures had grown substantially in the late 1970s and early 1980s in U.S. cities and then leveled off during the following ten years.

In a 1985 survey of finance directors in local government jurisdictions with over 10,000 population, Cope (1987) found that 60 percent collected some type of performance indicator, although only 31 percent reported

collecting "specific workload information measuring performance" and only 28 percent reported using unit cost estimates. In a survey of local government budget practitioners conducted at roughly the same time by O'Toole and Stipak (1988), however, over 80 percent of the respondents reported using workload measures, efficiency measures, and effectiveness measures as part of their budgeting process. Then, in a survey of mayors and managers in municipalities with populations of 25,000 or more conducted in 1988, Cope (1992) found only 31 percent using program effectiveness measures, 33 percent using performance measures, and 26 percent using productivity measures in their budget processes. The predominant use of productivity measures was in conjunction with the budget process in these cities, but other respondents reported using these measures primarily for department management or management by objectives systems. More recently, in a survey conducted jointly by GASB and NAPA in 1996, 44 percent of the responding municipalities indicated that performance measures had been developed for a substantial number of programs, while 37 percent reported that these measures are used in decision making processes such as budgeting, performance evaluation, and strategic planning for a substantial number of programs.

Other researchers have examined documents rather than rely on surveys to gauge the extent to which performance measures are used in local government. In a review of budget documents of 247 cities and counties in 1976, Hatry (1978) and colleagues at the Urban Institute found effectiveness measures in about 25 percent and efficiency measures in about 10 percent of them. Reviewing budget materials from 123 cities, most of which had populations in excess of 100,000, Usher and Cornia (1981) found that 59 percent used measures of effort or workload, 43 percent used effectiveness measures, and 31 percent used efficiency measures.

Looking at two specific program areas, Ammons (1995b) reviewed documents provided by 97 municipalities that received the "Distinguished Budget Presentation Award" of the Governmental Finance Officers Association.

### *Research Methods*

The data reported in this article were collected in a survey which was mailed to 1,218 senior officials from municipal jurisdictions in the United States with populations exceeding 25,000. Their names and addresses were supplied by the International City Management Association (ICMA). The survey instrument was mailed in two waves during the spring and summer of 1997. A total of 695 completed surveys were returned for a response rate of 57 percent. Most of these were completed by city managers or assistant managers, but in some cases they were filled out by mayors, finance directors, or other high-level officials.

Descriptive data on such characteristics as population, region, metropolitan status, and form of government provided in another file from ICMA were then merged with the survey responses. In some cases these measures were not available, reducing the number of cases slightly to 674. Overall the sample is quite representative of the full universe of all the cities that were targeted, except that it includes a disproportionately larger share of cities with 100,000 to 249,999 population and disproportionately fewer cities with more than 1 million population, as well as disproportionately fewer cities from the northeastern part of the country.



tion. Among those jurisdictions that offered public library facilities and services, he found that 28 percent provided at least one efficiency measure and that 45 percent provided at least one effectiveness measure. With respect to parks and recreation programs, only 32 percent of this elite group of cities provided at least one efficiency measure, with 36 percent providing at least one effectiveness measure. Although these percentages correlated quite closely with responses to some of the surveys mentioned above, Ammons found far fewer of these documents from elite cities containing three or more measures in these categories. He concluded that the exaggerated claims of officials responding to surveys may overestimate the actual use of performance measures in municipal government. Ammons emphasized the importance of establishing standards or target levels for performance measures, and perhaps comparing them against external benchmarks, as a strategy for making them more useful and increasing their use in local government.

## Current Survey Findings

Building on the substantial albeit inconsistent stream of research over the past 25 years, this article reports the findings of a survey of municipal managers in U.S. cities with populations of 25,000 or more. Beyond gauging the extent to which performance measures are used in municipal government, the instrument was specifically designed to learn more about the organizational and management context of performance measurement in local government as well as characteristics of the process in those cities that use performance measures extensively.

### Use and Context of Performance Measurement

Of the total number of respondents to the survey, 15 percent reported that their cities use performance measures in selected departments or program areas and 23 percent reported that they have centralized, citywide performance measurement systems that incorporate most departments and programs. Thus, some 38 percent of the respondents indicate that their cities use performance measures, a significantly lower percentage than reported by some of the earlier surveys mentioned above but quite consistent with the recent survey conducted by GASB. Since the current instrument includes many more detailed items on the use of performance measures than some of the earlier surveys, the present study is less likely to be influenced by a survey non-commitment bias. Therefore, it probably represents a more realistic estimate of cities' actual use of performance measures. Performance measures are more prevalent in larger jurisdictions, reportedly used by only 30 percent of those cities with populations below 50,000 as compared with over half of those cities with populations of 100,000 to 249,999 and over 75 percent of those cities with 250,000 population or more. In addition, as would

probably be expected, they are used more frequently in cities with the council-manager form of government than in those with mayor-council systems.

The extent to which the cities using performance measures employ specific kinds of measures in various functional areas is shown in Table 1. Workload or output measures are used more than other kinds of performance measures for all the program areas identified. Typically 50 to 80 percent of these cities monitor output measures for most functions. This is not surprising since they are usually the easiest kind of data to obtain and are the least sensitive or threatening in an evaluative context. In many program areas, such as planning, code enforcement, and housing, as well as the public safety functions, more cities track outcome or effectiveness measures than efficiency measures. This result squares with earlier research mentioned above which found that relatively few jurisdictions actually track unit cost or efficiency measures as part of their budgeting process. With a few exceptions in the public works areas, only 20 to 35 percent of these cities track efficiency measures for most of these functions, whereas 35 to 65 percent track effectiveness measures in most of these program areas. In many functional areas, 35 to 55 percent of these cities also monitor measures of service quality and client or customer satisfaction, more frequently, in fact, than they track efficiency measures. This seems reasonable given the widespread emphasis placed on quality management and customer satisfaction in government over the past several years.

The survey instrument included several questions for all respondents from cities using performance measures, and then continued with more detailed items intended only for those respondents from cities with centralized, citywide measurement systems. When asked what motivated their jurisdictions to use performance measures, almost all indicated that the desire to make better management decisions was a principal motivator (see Figure 1). Over 40 percent reported that citizen demands for greater accountability was a motivating factor in their use of performance measures, and approximately 25 percent indicated that pressure from elected officials was a motivator. Pressure from the business community, federal reporting requirements, and state mandates count for much less in this regard. Each was cited by fewer than 10 percent of the respondents as motivating factors.

These respondents were also asked which of several groups and individuals were primary audiences for their performance measurement reports. Over 80 percent indicated that the city manager or chief administrative officer was a primary audience for performance measures (Figure 2). Fifty percent indicated that the mayor or mayor's office was a primary intended audience. Nearly three-quarters indicated that department heads receive performance reports, and two-thirds said that city council members also receive such reports. In slightly over half of these cities that use performance measures, performance data are distributed to budget officials or other professional

**Table 1**  
Performance Measures Used in Functional Areas

Functional Area	# of Cities Reporting Function Is Performed	Workload or Output	Percentage Using Measures			
			Unit Cost or Efficiency	Outcomes or Effectiveness	Service Quality	Client or Citizen Satisfaction
Police Service	230	77.8%	32.2%	64.8%	56.5%	53.0%
Fire Service	212	71.2%	30.7%	56.6%	56.1%	41.0%
Emergency Medical Services	151	58.9%	30.5%	44.4%	45.0%	37.1%
Animal Control	160	53.8%	22.5%	33.1%	27.5%	30.6%
Community Planning	233	57.1%	24.9%	45.1%	39.1%	41.2%
Code Enforcement	236	68.2%	31.4%	53.4%	44.1%	38.1%
Housing	146	44.5%	28.1%	43.8%	26.0%	28.8%
Water Supply/Sewage	198	67.2%	52.5%	46.0%	44.4%	37.9%
Solid Waste	199	59.8%	45.2%	35.2%	36.2%	35.2%
Street Maintenance	237	70.5%	46.8%	46.4%	40.1%	37.6%
Traffic Engineering	228	51.3%	34.2%	37.7%	34.6%	29.8%
Library System	136	60.3%	32.4%	39.0%	42.6%	47.1%
Parks and Recreation	227	67.8%	40.1%	49.8%	46.7%	54.2%

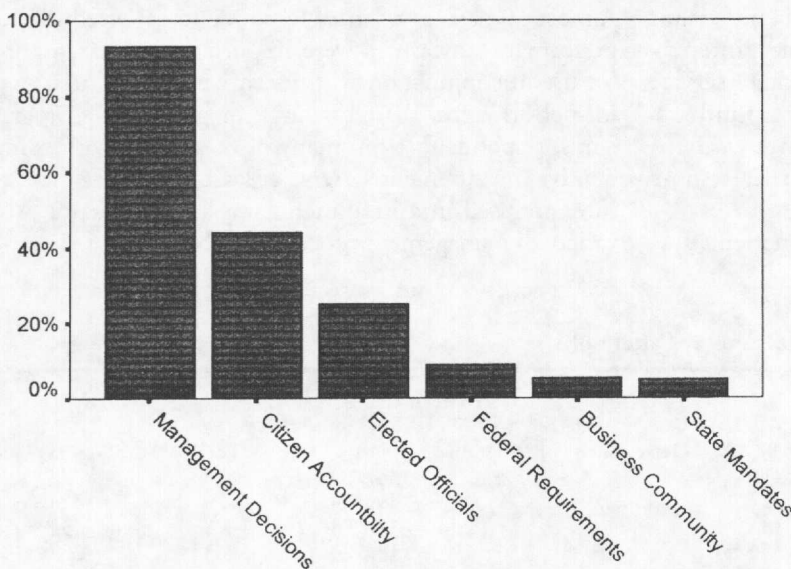
Based on 243 cities reporting use of performance measures.

staff. Fewer than 20 percent of these respondents indicated that citizen advisory boards or other external citizens groups receive performance reports, while fewer than 10 percent said that their performance measures are sent to state and federal agencies. Responses to a question about the frequency of reporting performance measures to these parties indicate that majorities of city managers and department heads, who have more direct concern with managing programs, receive performance reports on a monthly or quarterly basis, while mayors and city council members, who tend to function in more of an oversight role, review performance data on an annual basis.

As shown in Table 2, the primary responsibility for managing and maintaining the performance measurement systems is located in the city manager's office in

roughly one-third of all cases. Among those cities with citywide performance measurement systems encompassing most departments and programs, the primary responsibility for managing and maintaining these systems is located in the budget office in about 36 percent of these cases, and in the operating departments 22 percent of the time. In cities using performance measures only in selected areas, primary responsibility is located in operating departments almost half the time and in the budget office in only one-tenth of these cases. Other units such as productivity management or evaluation offices sometimes take the lead role in this area, while the mayor's office rarely has primary responsibility for performance measurement systems whether they are comprehensive or limited to selected program areas.

**Figure 1**  
Motivation for Using Performance Measures



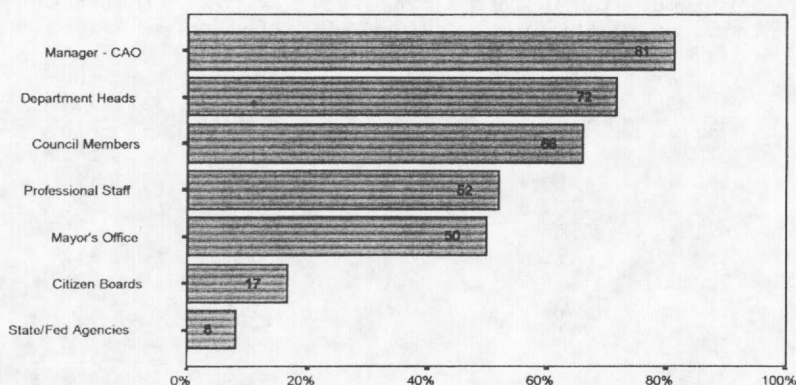
N = 243 cities reporting the use of performance measures

### Performance Measurement Process

This research was largely designed to learn more about how cities that have invested in comprehensive performance measurement systems develop and apply their measures. One issue concerns the extent that various stakeholders in the process are actually involved in developing the measures (Figure 3). Well over 90 percent of the respondents from cities with citywide systems indicate that departmental and program managers are usually involved in the development of the measures, even though primary responsibility for managing and maintaining these systems is located in the budget office or the city manager's office. Well over half of these respondents also reported that city council members are involved in this process. A little less than one-third indicated that lower-level employees are involved in developing performance



**Figure 2**  
Intended Audiences of Performance Measures



N = 243 cities reporting the use of performance measures

Percentage Responding "Important" or "Very Important"  
Percentage based on 149 jurisdictions with citywide systems.

measures. Only 3 percent of the cities with comprehensive performance measures report that citizen groups are usually involved in developing these measures, despite the fact that many jurisdictions indicated that citizen demands for increased accountability were a motivating factor in their city's use of performance measures, and while some also indicated that citizen groups are intended audiences of their performance measures.

Table 3 shows the responses to several items regarding the development and use of performance measures in those jurisdictions reporting citywide systems. First, regarding *what* is measured, almost two-thirds of these respondents report that their measures are usually derived from the mission, goals, and objectives that have been established for departments or programs, but only 42 percent say that they usually focus on what is important to measure, rather than what data are available. Interestingly, given the emphasis on quality and customer service in local government, two-thirds of these respondents report that their cities use customer response cards to measure satisfaction with their services in at least some program areas.

Of those respondents with citywide measurements sys-

tems, 77 percent of these respondents indicate that they usually use their measures to track performance over time. Slightly more than half report that they usually establish standards or targets against which actual performance can be compared. More than half of these respondents indicate that they use common measures to compare performance internally among departments, programs, or other operating units at least sometimes, while slightly more than two-thirds reported that at least sometimes they use measures to benchmark their city's performance against similar programs or services provided by other local jurisdictions or private contractors.

Since the usefulness of performance measures depends on the extent to which they are applied in other management and decision-making processes, the respondents from jurisdictions with citywide systems

were asked how important their measures were for a variety of management purposes. As shown in Figure 4, slightly more than two-thirds reported that their performance measures were important or very important for strategic planning purposes, while slightly more than three-quarters indicated that the measures were important to some degree for their broader strategic management processes. Almost two-thirds of these respondents reported that their performance measures were important or very important for budgeting purposes, while 57 percent said they were important for program evaluation purposes. Slightly more than half of these respondents reported that their measures were important or very important for management-by-objectives type performance management processes, quality management processes, and external benchmarking. Almost 40 percent of these respondents reported that their performance measures were important or very important for use in conjunction with incentive systems such as pay-for-performance, shared savings, or gainsharing programs. Thus, respondents from many of these cities with comprehensive measurement systems at least claim that their measures are used in a meaningful way in conjunction with a variety of management processes in these jurisdictions.

**Table 2**  
Organizational Responsibility for Performance Measures by Pattern of Use

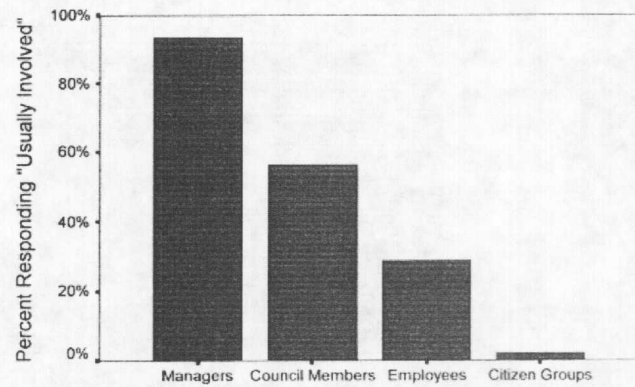
Organizational Entity	Extent of Use					
	Citywide Measurement Systems		Selected Departments or Programs		Total	%
		%		%		%
The City Manager	46	(31.1%)	32	(34.0%)	78	(32.2%)
Operating Department	33	(22.3%)	46	(49.0%)	79	(32.6%)
Mayor's Office	5	(3.4%)	3	(3.2%)	8	(3.3%)
Budget Office	53	(35.8%)	10	(10.6%)	63	(26.0%)
Other	11	(7.4%)	3	(3.2%)	14	(5.8%)
Total	148	(61.2%)	94	(38.8%)	242	(100.0%)

## Problems and Impacts of Performance Measures

Respondents from cities with more comprehensive performance measurement systems were also asked about a variety of potential problems with such systems. As shown in Table 4, the one that appears to be the most common concerns difficulty in measuring the quality of municipal programs and services, cited by fully 80 percent of these respondents as being a problem at least sometimes. Almost 60 percent reported that they have trouble keeping their performance measures current at least sometimes, while one-third indicated that at least sometimes their measures are ambiguous or confusing. One-half of these respondents reported that they have difficulty in compiling and distributing data from their measurement systems in a timely manner, while 45 percent indicated that their staff lacks the analytical skills needed to analyze effectively the performance data they collect. About 60 percent of the respondents indicated that they have trouble, at least sometimes, getting lower-level employees to support their performance monitoring system, while 45 percent reported difficulty in getting managers to support these systems. In comparison, only 28 percent reported that they frequently or sometimes have trouble in getting the city council to support their measurement systems. Clearly, these cities are not without problems in developing and using performance measures.

These respondents were also asked to rate the impact of their performance measurement systems in a number of areas. As shown in Table 5, relatively few respondents claimed substantial impacts in most areas, but many did report moderate impacts of various kinds. Almost 80 percent, for example, indicated that their performance measures improve decisions in their jurisdictions, at least to a moderate degree. More than 60 percent reported moderate or substantial changes in budget allocations as an impact of their performance measures. About 55 percent reported changes in program priorities and an identical percentage indicated moderate or substantial

**Figure 3**  
Involvement of Stakeholders in the Development of Performance Measures



Percentage based on all jurisdictions with citywide systems.

changes in the focus of programs as a result of their performance measures. More than 70 percent of these respondents from cities with comprehensive performance measurement systems reported that they have led to moderate or substantial improvements in service quality, while 46 percent indicated that they have contributed to moderate or substantial reductions in the cost of city operations.

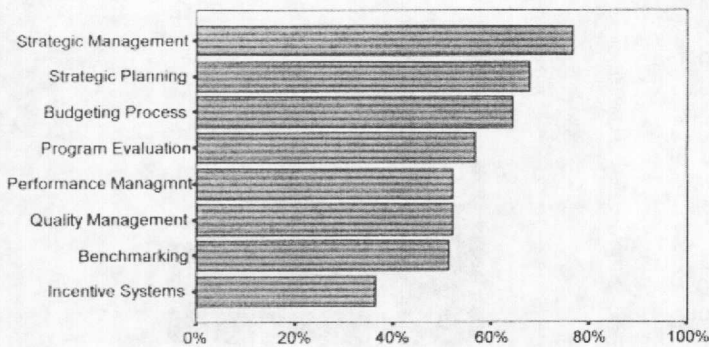
Regarding management processes, over 70 percent of these respondents reported moderate or substantial increases in managerial accountability as a result of their performance measures, while 43 percent said that the measures have improved employee motivation at least moderately. Almost 70 percent of the respondents reported that employees are more focused on organizational goals as a result of the performance measures, at least to a moderate degree. On the other hand 23 percent cited undue attention to some goals at the expense of other more important goals as a negative impact, at least

**Table 3**  
The Development and Use of Performance Measures

Characteristics of the Performance Measurement Process	N	Usually	Sometimes	Rarely	Not at all
Our measures are derived from the mission, goals, and objectives established for our programs and/or departments.	146	64.6%	24.5%	8.8%	2.0%
We establish standards or targets for our performance measures.	145	54.5%	34.5%	8.3%	2.8%
We focus on what is important to measure, rather than available data.	148	41.9%	53.4%	4.7%	-
We use our performance measures to track performance over time.	149	77.2%	16.1%	5.4%	1.3%
We use similar measures to compare performance among departments, programs, or other operating units.	146	19.2%	35.6%	30.8%	14.4%
We compare our performance against similar programs or services provided by other local governments or private contractors.	146	18.5%	50.7%	25.3%	5.5%
We use quick customer response cards to measure customer satisfaction with our services.	141	31.9%	36.2%	17.7%	14.2%



**Figure 4**  
**Importance of Performance Measures in Various Management Processes**



N = 243 cities reporting the use of performance measures.

to a moderate extent. Similarly, while 43 percent cited more objective employee performance appraisals as an impact, 9 percent reported employee performance declined as a result of their performance measures. In addition, 44 percent of these respondents from cities with more comprehensive measurement systems reported moderately or substantially improved relations between administrators and elected officials, and 51 percent reported improved community relations as an impact of their performance measures.

Finally, all respondents who reported that their jurisdictions used performance measures, either on a citywide basis or in selected areas, were asked to rate the effectiveness of their measurement systems as an aid to management and decision making. In total, 57 percent rated their performance measurement systems as somewhat effective, while 37 percent rated these systems as very effective. Only 6 percent rated them as being ineffective. *These ratings were almost identical for jurisdictions with*

citywide measurement systems and those using measures in selected departments and programs. While the ratings are obviously quite positive, the fact that the majority of respondents indicated that their performance measures were somewhat effective as opposed to very effective suggests that there is still considerable room for improvement in managing these systems and making them truly useful, even in many cities that have invested substantially in performance measures and are committed to using them in their management processes.

## Summary and Conclusions

Several observations are worth noting based on the findings of this research. While earlier surveys have suggested that 60 to 80 percent of municipal jurisdictions in the U.S. use performance measures, it appears that 40 percent or fewer make any kind of *meaningful* use of performance measures in their management and decision processes. This is more in line with other research based on review of documents, as well as the recent GASB survey. Even so, it should be understood that the findings of unaudited survey responses may still overstate the use and usefulness of performance measurement in actual practice. To the extent that this occurs, however, it does reveal something about the uses practitioners think they should be making of performance measures.

Among those cities that do appear to make substantial use of performance measures, even those that claim to have citywide, comprehensive systems in place, measures are not used in all program areas. Certain functions such as animal control, traffic engineering, and housing programs appear to be excluded from such systems more than most other functional areas. But even the most *commonly monitored municipal services such as police,*

**Table 4**  
**Problems with Performance Measures**

Problems	N	Usually	Sometimes	Rarely	Not at all
We have trouble keeping our performance measures current.	141	12.1%	47.5%	29.8%	10.6%
We have trouble measuring the quality of our programs and services.	147	26.5%	54.4%	13.6%	5.4%
Our performance measures are ambiguous and confusing.	146	4.1%	28.8%	43.2%	24.0%
We have trouble compiling and distributing the data from our performance measurement system in a timely manner.	139	10.8%	39.6%	31.7%	18.0%
Our staff lacks the analytical skills needed to effectively analyze the performance measurement data we collect.	142	8.5%	36.6%	25.4%	29.6%
We have trouble getting lower level employees to support our performance measurement system.	144	6.3%	54.2%	33.3%	6.3%
We have trouble getting managers to support our performance measurement system.	151	4.0%	41.7%	40.4%	13.9%
We have trouble getting the city council to support our performance measurement system.	144	7.6%	20.8%	33.3%	38.2%



**Table 5**  
Impacts of Performance Measures

Impacts of Performance Measures	N	Substantial	Moderate	Slight	Nonexistent
Improved quality of decisions	142	20.4%	57.7%	16.9%	4.9%
Changes in budget allocations	139	10.8%	51.1%	30.2%	7.9%
Changes in program priorities	143	11.9%	44.8%	34.35	9.1%
Changes in the focus of programs	145	16.6%	38.6%	35.2%	9.7%
Improved service quality	141	23.4%	48.2%	23.4%	5.0%
Reduced cost of City operations	140	15.0%	31.4%	42.1%	11.4%
Increased accountability of managers	142	30.3%	40.8%	24.6%	4.2%
Improved employee motivation	135	9.6%	33.3%	41.5%	15.6%
Increased employee focus on organizational goals	143	28.0%	39.9%	28.0%	4.2%
More objective performance appraisals	132	12.1%	31.1%	31.8%	25.0%
Improved relation between administrators and elected officials	135	14.8%	29.6%	37.0%	18.5%
Improved community relations	134	16.4%	35.1%	32.8%	15.7%
Undue attention to some goals at the expense of more important goals	133	1.5%	21.1%	49.6%	27.8%
Decreased employee performance	133	3.0%	6.0%	20.3%	70.7%

fire protection, street maintenance, codes enforcement, and water and sewer are not incorporated in 20 percent or more of these cities' measurement systems.

Consistent with the findings of earlier research, cities that make substantial use of performance measures are less inclined to use unit cost or efficiency indicators than other types of measures, even though efficiency measures are often presumed to be important for budgeting purposes. However, workload measures and indicators of effectiveness, both of which are found more abundantly in these cities, may often be as useful for results-oriented budgeting as are efficiency measures in any case. The inclusion of service quality and client or citizen satisfaction measures in these systems at least as frequently as efficiency measures is also not surprising, given the current emphasis on quality improvement and customer feedback in the public sector. In any event, the use of performance measures in local government is by no means limited to budgeting. At least half of these cities report using them in several other management processes including strategic planning and management, program evaluation, performance management, quality management, and benchmarking.

This research was designed to focus on the most accomplished practitioners of performance measurement in U.S. cities, to understand more about why and how they use measures and to gain further insight as to where the cutting edge lies at present. The survey shows that the overwhelming motivation to use performance measures in these cities appears to be locally generated, stemming from a desire to make better decisions and to maintain accountability to citizens and local elected officials, rather than from the need to meet state and federal reporting requirements. The sense that these cities have engaged in performance measurement largely on their own initiative is reinforced by responses indicating that the chief intended audiences of these systems are mayors, city managers and other CAOs, department heads, professional staff, and council members rather than citizen groups or state and federal agencies.

Prevailing philosophy holds that performance measurement systems are more effective in influencing behavior in desired ways when line managers and employees buy into the system and the measures. In turn, this is more likely to occur when they are involved in the process of developing the measures. While over 90 percent of the respondents from cities with comprehensive systems indicated that managers are usually involved in developing their performance measures, 45 percent also indicated that they sometimes have trouble getting managers to support their measurement systems. Only 30 percent of these respondents said that their jurisdictions usually involve rank-in-file employees in developing measures, whereas 60 percent indicated having problems at least sometimes in getting lower-level employees to support these systems. Thus, while some of these cities seem to be trying to build ownership of their measurement systems on the part of managers and employees, others have not done much in this regard.

Interestingly, these respondents report fewer difficulties in getting city councils to support their measurement systems than is the case with respect to line managers or employees. Fewer than 30 percent report that they have problems with their councils along these lines at least some of the time. This is encouraging feedback in terms of the need to build a sense of ownership of such systems on the part of governing bodies in order for them to be taken seriously, and it may reflect that councils initiated measurement systems in some cities as opposed to simply reacting to them.

In sum, a number of municipal jurisdictions in the United States appear to be highly committed to the serious use of performance measures. Most of these jurisdictions work from missions, goals, and objectives in developing indicators, and they compare actual performance against set standards or targets. Measuring service quality presents problems for many of these cities, and many also have difficulties in processing and distributing the data in a timely manner. Lower-level employees typically are not involved in developing performance measures. Many

cities experience resistance from managers as well as employees, and citizen involvement in the development or reporting of these measures is nearly nonexistent, even in the leading edge cities.

Predictably, top managers in these cities tend to see their performance measurement systems in a positive light, and their favorable ratings of the effectiveness of these systems tends to outstrip reported impacts. Improvements were cited in a number of areas, but relatively few substantial effects were claimed. Big impacts are limited to behavioral change in terms of improved managerial accountability and increased employee focus on organizational goals, with much less frequent impact cited in terms of changes in program focus or priorities, budget allocations, cost savings, or employee motivation.

Local governments in the United States are sometimes viewed as having less sophisticated management capacity than state and federal agencies, but on the other hand they serve as laboratories that experiment with different approaches to tools such as performance measurement. Progress is clearly being made in this regard, but the majority of municipalities have yet to commit themselves to serious efforts to monitor performance on a reg-

ular basis. Among those cities that already are substantially involved in performance measurement, there is still considerable room for improvement on both the technical side—developing good measures and reporting results on a timely and useful basis—and in terms of building broader commitment to the measures and using them effectively to improve management and decision making.

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