

A Quick Guide to Basic Performance Measures

Performance measures are a key component of Georgia's budget process. Some common uses of program performance measures are to:

1. Understand the program purpose, outcomes and major activities;
2. Use with other quantitative and qualitative data to assist in determining how effectively and efficiently the program is operating; and
3. Analyze the impact of alternative funding scenarios.

The following definitions¹ provide a quick overview of the most common performance measures.

Inputs—These are measures of the resources a government uses to provide a service such as total dollars spent, the number of POST certified law enforcement officers employed, or the number of aircraft used in an operation. To be useful, this type of measure needs supporting data.

Outputs—Indicators of the amount of service provided. For example, the number of patients treated and released from a state hospital, the number of commercial vehicle inspections, or the number of forest fires extinguished. Activity measures like the number of forms processed are similar to output measures.

Coverage-Demand—This type of measure can identify under-served clients or an unmet need.

Effectiveness (Outcome)—Measures that assess how well a service's goals and objectives are accomplished. Outcome measures indicate the quality or effectiveness of a service. To gauge the effectiveness of a fire prevention program, the State Forestry Commission might track the number of acres of forest destroyed by fire. A state recreational facility might use the results of random visitor surveys combined with the number of visitors. A technical school might collect information on the percentage of graduating students gainfully employed in their field 12 months after graduation.

Efficiency—Indicators that measure the amount of resources required to produce a single unit of output or to achieve a certain outcome. These measures inform judgments about how well resources were used to achieve intended aims—the question of "bang for the buck"—by comparing input indicators with output and outcome indicators. Efficiency measures are also more useful when they are compared with a national standard, regional standard or "best practice". This type of data is often used to measure productivity:

Input-output comparisons include annual cost per inmate in jail, cost per lane-mile of road repaired, and ratio of nurses to patients discharged. To make these measures useful they should be compared to other states or national standards.

Input-outcome measures include cost per inmate successfully rehabilitated, cost per lane-mile of road maintained in good or excellent condition, and cost per patient cured without remission.

Explanatory Information— All measures should include explanatory information. There are many factors that impact the quality of data available to policy-makers. Consequently, using explanatory data to place measures in the proper context is necessary for sound decision-making.

1. **Comparative Benchmark Data:** Benchmark data is necessary to inform judgments regarding program effectiveness and efficiency. For example, educational test scores are not as useful without national and regional standards to compare them to.
2. **Data Reporting and Explanation:** Agencies should keep records and report the data collection methodology, including problems, to create an audit trail. Almost all measures will have some limitations, and in many cases, benchmark data will not be 100% comparable. It is essential to fully describe methods and limitations to ensure the measure data is not misinterpreted or misused.

¹ These are based on the Governmental Accounting Standards Board's framework for measuring and reporting performance (www.seagov.org).