

Performance Government:

A Roundtable Discussion

The following discussion was cofacilitated and coedited by Bruce Clary and Barton Wechsler.

BRUCE CLARY: Why don't we begin by talking about the specific factors that led to "performance government" initiatives being adopted in Maine. In particular, what led in 1991 to the establishment of the Special Commission on Governmental Restructuring?

MERT HENRY: There were several factors that motivated the creation of the Commission. First and foremost, the recession of the early 1990s caused a serious stalemate between the executive and legislative branches of government on a host of issues, including the budget, taxes, governmental efficiency, and workers' compensation. There also was a concern that nobody had seriously looked at state government in more than twenty years.

JANET WALDRON: It's also fair to say that at that time—both nationally and in Maine—there was a high level of public skepticism toward government, a real lack of confidence that government could deliver promised results.

CAROLYN BALL: In addition, the Total Quality Management (TQM) movement of the 1980s created an interest in government as a service. People began to demand better service. By the 1980s, the notion of customer service had become somewhat of a mantra in the business world—so it was logical for government to build on what was going on in the private sector. Even though in Maine TQM didn't last long as a formal government initiative, it changed how people in government thought about service. Rather than

assume that poor service stemmed from having poor employees, the TQM framework said: "Let's look at our data and the processes that we use. What improvements can we make in our processes?" These questions represented a real shift in how government reflected on its business.

DON NICOLL: It is also by chance that Mert and I were appointed co-chairs of the Commission. As former legislative staff, both of us had developed a skepticism about the efficacy of restructuring efforts that simply "moved boxes around," a traditional approach to problem-solving in government. Many other members of the Commission shared this view. As a result, the Commission recommended a strategic approach to improving the quality of government services, controlling expenditures, and assessing the impacts of government services.

BRUCE: The Commission defined a term called "strategic management," which became a central concept around which the Commission's report was organized. Would you elaborate on what the Commission meant by that term?

DON: Strategic management focuses on a number of key ideas: First, you need to get clear about what the institution was established to do—what is its mission? Second, you need to develop a clear statement of goals—where do you want to go, what do you want to accomplish, and how will you measure your progress? And third, what action plans are necessary to accomplish those ends?



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BRUCE: How does this concept differ from the management of government in the past?

DON: The usual approach to government management begins with the identification of a problem. A solution is then derived from a selection of rules, the identification of a funding mechanism, or the creation of a program (or some combination of these three). Progress in response to the problem tends to be measured in terms of inputs—dollars, numbers of staff, units of service—rather than outcomes.

BRUCE: Janet, to what extent was the Commission's concept of strategic management evident in the King Administration's early discussions about performance government?

JANET: It was extremely important and became a core idea along with the issue of public accountability. The argument is very basic: If you don't know what your mission is, and you don't know what you're trying to achieve—your plans, goals, and outcomes—and if you don't have measures to assess these dimensions, how do you know whether you are really being effective? This perspective has led us to contract for outcomes rather than for units of service. Now, instead of emphasizing the amount and type of services provided, the focus is on the impact of programs—especially on clients. Personnel systems have changed as well. We have altered the process by which state employees are evaluated. Now, evaluations are based on performance—the outcomes of people doing their jobs. We are doing a better job of tying individual performance back to the mission, goals, and objectives of the department or division.

BRUCE: Libby, what is the legislative perspective on performance government?

LIBBY MITCHELL: Initially, many legislators thought the state was moving too fast. For example, the legislature was not prepared in this last session for an entirely new budget process and so it made the decision to delay implementation of the performance budgeting system. The original proposal to the legislature was to put budget requests in the form of block grants: "Give us x million dollars and we will eradicate teen pregnancy." Legislators felt that a request in this format did not provide enough information on which to make an appropriation. For example, they wanted to know how many people the agency would need to hire and how much the administrators were paid. In other words, they wanted details.

There has been a concern that the state took too big a bite too soon. While no one is trying to get rid of the state's performance government initiatives, legislators have wanted to proceed more slowly. For example, each agency was supposed to create a strategic plan, and these were to be reviewed by the legislature's policy committees by December 1999. To start with, not all agencies have complied with the request for a strategic plan. In addition, there is nothing in the budget to pay for legislators to come in and review these plans. So far, nothing has been scheduled; there seems to be an ambivalence about it all. In part, I think many legislators assumed agencies already were doing strategic planning and now they are wondering if the new structure for strategic planning is too cumbersome. Don't get me wrong—legislators want the same results. Who could be opposed to accountability and wanting to get your dollar's worth from government? But at

the same time, there has been a rocky relationship between the executive and legislative branches. Part of the tension is natural and not a bad thing. But the idea of block grants did not seem satisfactory to many legislators.

I should note there were some other minor bumps in the road as well. Initially, in the first drafts of the process, the legislature was referred to by the executive branch as a state agency rather than a co-equal, independent branch of government. That kind of statement does not contribute to smooth executive and legislative relations. As a result the legislature took itself out of the strategic planning initiative. Now, strategic planning is optional for the legislative and judiciary branches, which is a shame. The move to take the legislature out was not done because no one wanted to plan strategically; it was a recognition of three co-equal branches of the government and the importance of maintaining that division. We needed to devise a method for each to strategically plan without the executive branch usurping the independence of the others.

JANET: Given my role as a commissioner, I have a different perspective on these events. The King Administration concurred with the need to slow down the process of implementation and took steps to do that. We had an aggressive schedule and recognized that a slower process was required. Libby is referring more to communication than actual differences between the legislative and executive branches in how they viewed performance budgeting. Government has to deal with crises all the time and carrying out the state's performance government initiative requires a longer time horizon. There was much discussion between the executive and legislative branches on the initiative, but some of that was lost in the inevitable conflicts over control of the policy agenda. However, in the end, the process was delayed, not ended, and the legislature reaffirmed its commitment to this new approach.

CAROLYN: As an outside observer and performance government consultant to several state agencies, I would agree that the original schedule of implementation was unrealistic. We are only now beginning to realize the complexity of the process. While the emphasis has been on figuring out how to measure performance, you have to set goals before you can measure whether you're achieving them—and that is not always easy. For instance, many agencies have conflicting missions. We have regulatory agencies that also provide services. We have health and human service bureaus that do prevention as well as intervention. The Department of Labor assists employers as well as job applicants. Ironing out these types of conflicts takes time.

BRUCE: Other states have faced similar problems. Bart, you were involved in a fifty-state survey of strategic planning. Can you shed any light on these issues from your research?

BART WECHSLER: We conducted a study in the mid 1990s where we surveyed about nine hundred fifty state agencies in all fifty states, asking them about their experience with one component of Maine's performance government initiative—strategic planning. Roughly five hundred fifty agencies responded, and the experience that is being recounted in Maine is quite similar to that of other states. Strategic planning is a relatively new innovation in state government. Of the agencies we surveyed, roughly 65% said they now engaged in strategic planning. But fewer than 10% had done any strategic planning prior to 1990. Many agencies started doing it because they had a mandate to do so. They were given a timetable by which to produce goals and objectives. But it was largely a paperwork exercise. It didn't necessarily change what they did in the organization.

But we also found that strategic planning in state government is an evolutionary process; gradually it has come to be taken seriously and



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many agencies are beginning to think more systematically about their mission and direction. Not surprisingly, we also found that states like Florida, Texas, and Oregon, which have been engaged in strategic planning the longest and with the most success, have a strategic management system that is focused on performance and results, where accountability is tied to the budget and to the allocation of resources. Over time, the legislators in these more evolved states have come to be more comfortable and confident in the integrity of the process and, as a result, have become more willing to give administrators flexibility in terms of how they deploy resources.

CHARLIE COLGAN: Despite the progress in Maine toward performance government, we are still a fair distance from engaging the fundamental issues. First, the heart of performance government is outcome measurement. Many in the public sector hold onto an illusion that the private sector has had an easy time with outcome measurement because they have a “bottom line.” But even in the private sector, performance is defined in a variety of ways, market share being one measure that currently is receiving a lot of attention on Wall Street. There is even greater ambiguity in the public sector, where performance involves concepts such as responsiveness and accountability.

Additionally, we have yet to get to the point where decisionmakers are making choices on the basis of performance indicators. It is here where the imperfections of measurement become most obvious. The public sector has done a good job of accumulating and publishing data on performance-related dimensions. But we have not engaged in the real test: whether we can formulate decisions on the basis of indicators. Peter Drucker says, “What you measure is what you manage,” and we have not gotten to the point where we can really make that connection.

The other fundamental challenge I don’t think we’ve confronted is the politics of performance

government. Arthur Schlesinger has said that there are only two basic issues in American politics: whether you are for government or against government. The godfather of performance government may have been Ronald Reagan. His comment in his 1980 Inaugural Address—“government is not the solution, it is the problem”—is really key. In large part, performance government initiatives have been a reaction to that view of government. Government needed a means of showing that it worked, that it had a positive role in society in the face of widespread skepticism and, often, hostility. The problem that performance government faces down the road is that it creates some very difficult decisionmaking challenges. For those who believe that government has a positive role in society, are they willing to halt or significantly modify policies when measures suggest things are not working as expected? For those skeptical of government’s role, are they willing to be persuaded by a demonstration that government can do other things and do them well?

I do not think either of those issues has been engaged, here or anywhere else. The National Performance Review has yet to persuade me that it is bringing a new way of making decisions in Washington. That is partly because Congress largely has been populated by people who hold the anti-government view, but neither have gains been such that the proponents of performance government have persuasive evidence for their view. That is not to say that positive things have not happened. New ideas have been suggested and tried, and performance measurement is underway. But the jury is still out on this new approach to assessing the effectiveness of government.

BART: I’d like to piggyback on that for just a second. In part, I think the dispute is about whether you think government does the right thing or whether you think it does things right. Performance government initiatives are about trying to improve the way in which government

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does things to make them do more things right. In the debate Charlie's talking about, you can be doing the wrong things really well, but this is not going to change the mind of policymakers who believe government is doing the wrong things to begin with. This is part of the political struggle.

The whole exercise of strategic planning is intended to help address this conflict. Strategic planning is intended to clarify what is government's business, and what are the things government ought to be uniquely about. Although the National Performance Review at the federal level has done a lot to improve government performance, it has yet to engage people in anything but mechanistic kinds of questions, which doesn't resolve Schlesinger's question.

DON: I disagree with the Schlesinger proposition because it assumes an either/or circumstance. Within the Special Commission on Governmental Restructuring, there was a broad consensus in the membership that there were certain societal goods that government has to provide to the citizens of Maine. In trying to produce those goods, government follows the rules or requirements established by the legislature. We wanted to be sure that we understood those rules and what the effects would be if we recommended modifying them. We were not interested in proving that government was good or bad. Instead, our goal was to contribute to government being able to implement public policy in an efficient and effective manner.

LIBBY: I think you're both right. What makes this whole process more complicated is that we have an executive branch of government

that is engaged in strategic planning year-round, and a part-time legislature that is basically reactive. The legislature reacts with the budget and everything the legislature does is reflected in the budget. So, they need a reason to buy into the performance government initiatives. For example, legislators are very interested in the benchmark measures developed by the Maine Economic Growth Council. They want to know where we fall short as a state and where we do well, and then have this information reflected in their budget decisions. But the priorities of the legislature are often different from those reflected in strategic plans. For example, the Maine Youth Center was in the news a lot last year. Citizens wanted to know about the Center's problems and why they were occurring, and the Department of Correction's strategic plan was not very helpful in responding to their questions. In fact, I don't think anyone thought of the Department's strategic plan as a good tool for helping to make the Maine Youth Center work better. There has to be a nexus between decisionmaking and outcomes, but the latter have to reflect the realities of politics, especially the short-term demands that result from crises.

CAROLYN: I think as performance budgeting evolves, it will become extremely relevant to legislators. Right now, legislators still want to see line items in the budget, the specific purpose for which each dollar is spent. However, unless a legislator has experience in a state agency before being elected to the legislature, he or she will not be familiar with how budgets are made and how programs are implemented when they enter the legislature; the effect of term limits will



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be to shorten the timeframe legislators have to understand the budget. So, moving toward a framework of performance budgeting make sense. It will enable legislators to more quickly engage in better policymaking.

MERT: Performance government initiatives should give the legislature the tools to become policy supervisors rather than micro-managers of the administrative process. In both parties there are some legislators who are aggressive micro-managers; we've got to recognize that reality. But legislators in general need the right tools to follow the programs—to see whether they're really effective, and to then make judgments in putting the next budget together.

CHARLIE: The word “proof” is often used to describe the result of performance government. My suggestion is that “proof” and “performance government” not be used anywhere in the same paragraph. Definitive evidence of program results is never going to come out of this process. The context of governmental programs is just too complicated to make easy judgments of this sort. The goal should be to get to the point where we can meaningfully interpret the indicators that we have, not as proof or disproof of what government is or is not doing, but as aids to thinking about policy problems. But the indicators are not, in and of themselves, a substitute for judgment or careful research or continued debate and careful decisionmaking.

DON: If we can get the legislative and executive branches as well as the general public to think about desired results, we inevitably will

increase engagement in decisionmaking and in what the results of our governmental policies should be. We can improve government and how it is run. But to achieve this, we need to think about the process of government—not in terms of proof or risk avoidance, but in terms of our willingness to learn from failures as well as from successes.

BRUCE: One theme emerging from this discussion is that performance government in Maine will not happen overnight. Ultimately, the success or failure of the initiative will depend upon the external, tangible results that are produced. But in the meantime, it is important to critically assess our state agencies, to examine the ways in which they can initiate change from within, and to engage groups outside of government in discussions about what government should be—and should not be.

JANET: Our performance government initiative will take time but an extended period of implementation should not serve as an excuse for not moving forward. There has to be a balance between the demands of change and the need to produce results. Part of the dialogue has to focus on how to achieve this balance. Most immediately, within each agency, we have to recognize how much change is required. Our reform efforts need to be done thoughtfully and right, which does take time.

BART: I agree. We are engaged in a process of deep cultural change within state government. Performance government really is a sea change in the way in which all of the players—the legislature, the Governor's Office, state agencies,

contractors, consumers—think about how you do business. Transformation at this scale takes a long time—it is the hardest to achieve. Since 1984 in Florida, every agency has had a strategic plan. In the early years these plans didn't make much of a difference. The agencies did not use them in setting program goals; the Governor's Office didn't read them; the legislature didn't hold the agencies accountable for what they said in their plans. In 1989, I briefed a Florida legislative committee on strategic planning. I brought some of the agencies' strategic plans with me, and it was the first time committee members had ever seen them. Unfortunately, this kind of thing happens all too frequently. You would hope that the legislature would have a policy that would be translated into a strategy. On the basis of that action plan, they would fund and hold the agency accountable for delivering results. But, in a system as large as state government, change of the magnitude we're talking about takes a long time.

CAROLYN: To produce widespread change throughout a large department, you have to institutionalize new ideas and approaches into people's job descriptions. We have strategic planners, but they are relatively isolated; they are not high up enough on the ladder to be working with the financial people so they do not get the numbers they need to work with policy people. I think we are going to need to do some restructuring of job descriptions as one way to make this an effective change process. It also may mean you need someone in charge of performance measurement and its related processes who works from within each of the agencies. For example, I worked with one of Maine's state agencies on the whole issue of performance measurement. Unfortunately, we didn't get very far in the process. I came to the early conclusion that the work would take two years to complete and the agency wanted to stay with the original timetable of nine months.

Within that timeframe we did identify some performance measures but were not able to set up a system where these measures were integrated into the agencies' accountability mechanisms. Performance measurement is a learning process that takes a long time and requires persistent attention to it. This kind of attention happens best from within.

BART: I think strategic planning is too important to be delegated to staff planners. It should be the key responsibility of the agency head to set strategic direction. He or she should be working with the Governor's Office and the legislature, and should be held accountable for achieving strategic objectives.

JANET: I think that is beginning to occur. The first prototype of a performance budget will be presented to the legislature next year. It will be depicted in both line item and performance formats. Agency heads will be required to present the budget, and tie their argument for funds to goals and outcomes.

CHARLIE: Of course, the more difficult problem lies at the middle levels of each of the agencies. We've talked about strategic management, but the truth is, for most middle-level managers in Maine State government, they do very little management. They administer and supervise. They don't manage very much because they have relatively little freedom to manage. In some agencies this is changing. Evan Rickert's reorganization of the State Planning Office is a good example, although this is a relatively small agency. The Department of Human Services is moving towards letting the middle-level managers, bureau directors, and division directors have more management authority. Other agencies are a long way from doing so. If these performance government initiatives are really going to make a difference, they have to involve



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staff at the middle and lower levels. Strategic management must become a part of their daily organizational lives. The question raised earlier about how much freedom legislators are willing to give agencies to manage is absolutely critical. Everybody's going to have to give up a little bit to let the middle and lower levels of government—where implementation actually takes place—assume responsibility for outcomes.

JANET: Part of this process will have to include staff training. Individuals have to be equipped with the appropriate tools. This realization needs to be reflected both in the legislative and the executive branches. Both need to commit to giving people at upper and lower levels the tools to see the connection between performance outcomes, performance measures, and budget allocations.

BART: We only have a short time left for our discussion. I think we can do two things that would be useful to readers of this symposium. One is to summarize what we think has been accomplished by the initiatives that began in the early 1990s. Second, can we look forward and ask the question: What has to happen next to achieve the full promise of these reforms in Maine?

JANET: We have identified a framework for performance budgeting that has been agreed to by the legislative and the executive branches. So, we're ready to move the process forward. However, this will be a process of trial and error, and we are not necessarily going to get it right the first time. As we learn more about what works we may need to change the framework.

CHARLIE: I agree with Janet—we are putting in place the framework for a performance government system. A question often asked about this type of initiative is whether it is going to outlast the administration that started it. I believe

there is another root to this current performance government movement that is going to give it staying power—that being the changes to our economy and the new role that information plays within that economy. Performance government would not be possible without personal computers and their software, particularly spreadsheets and graphics. This revolution is irreversible. It is true for the private sector as well as for government. From this perspective, performance government represents a change in the way we produce and use information for decisionmaking. An observer would be mistaken if he or she assumed this is just the pet project of one administration. Performance government is part of a larger set of ongoing changes in the way organizations do business in a post-industrial society. If we can come to understand that, it becomes less controversial and more a part of how we need to respond to the demands of our contemporary times.

CAROLYN: We have to remember there are a number of sources for the monies that fund state programs. In a fiscal sense, some of the agencies I work with are essentially federal entities; they get the vast majority of their funding from federal sources. For these agencies, the consequences of performance government are significant. Maine's legislature can require these agencies to produce performance budgets, but that does not mean the federal government will want to budget in this form. There is a significant political movement at the federal level toward doing things in a manner that is consistent with the philosophy of performance government. Vice President Gore is an advocate of this kind of change and so is Texas' Governor Bush. But that does not mean there is support within state legislatures and agencies. I certainly favor such innovations, but I see difficult days ahead for this type of reform because of how government operates.

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MERT: I don't think we will be talking about "performance government" in ten years. We will have some other name for it. But the evolutionary process of what's happening in government will continue regardless of who is governor. Charlie hit it right on the head in saying that our technology revolution has created the tools and an atmosphere that is irreversible.

LIBBY: We need to be conscious of the goals we want to pursue in an initiative like performance government. The major players in this discussion are the executive and legislative branches. There needs to be a better engagement of both entities, one that respects their differing spheres of responsibility. Rather than perceiving performance government as a burden, the legislature needs to see it as how agencies should organize and administer themselves. This has yet to happen. As Speaker, when I tried to invite legislative leaders to discuss this topic, it was like I was asking them to a root canal; it simply was not a priority to them. The real challenge is: How do you work with an elected, part-time body that is reactive by nature? The governor runs government on a day-to-day basis and formulates budgets based on agency requests. Any change in how the executive branch administers itself must include consideration of the legislature's role and how it uses the information produced by state agencies. You can't assume that they will come along because we will get it all worked out. It just doesn't work that way.

DON: As Charlie pointed out, there is a technological imperative to the changes we are seeing. Management philosophy is also shifting in

response to this technology. We are not going to go back to the old ways of doing business.

For me, the new challenge is how to take what we learn from performance government and get citizens to think about those lessons. They need to understand what the choices are and the implications that result from decisions that are made. I would like to see us move beyond performance government to "performance politics," making the questions raised by the performance orientation part of the broader political dialogue in Maine. 🐟