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Performance
Partnership*

**Examples of Pending "Performance Grant" Legislation
and Related Performance Measures**

- ALL "BLOCK GRANTS" -

Legislation Currently Pending: S1308 - The Block Grant Performance Standards Act (Senator Bingaman)

Language on Performance Measurement: This bill would amend title 31 of the U.S. Code to require a minimum set of performance standards for ALL block grants. The bill requires entities receiving block grants to submit a plan to the agency administering the grant program. The head of the agency administering each block grant program will designate the criteria to be included in a block grant strategic plan. At a minimum, each plan must include a description of:

- proposed goals
- how the goals will be achieved,
- performance indicators that will be used to measure progress toward those goals, and
- program evaluation to be used in comparing actual results with established goals and objectives.

- HOUSING -

Legislation currently pending: HR2406 (Lazio) - United States Housing Act of 1995
S1260 (Mack) - Public Housing Reform and Empowerment Act of 1995

Language on Performance Measurement: HR2406 requires Local Housing and Management Authorities to establish goals and objectives as part of their annual and ten-year plans. A newly-created federal Housing Foundation and Accreditation Board is required to establish standards and guidelines for measuring performance. S1260 Requires Public Housing Agencies to submit to the Secretary of Housing a housing plan with a "statement of policy" containing annual goals and objectives.

Examples of Performance Indicators:

Sources include, but are not limited to, the Department of Housing and Urban Development's Performance Agreement (HUD), the State of Connecticut (CT), and the State of Oregon (OR).

- Percent of individuals/households who were homeless at some time in the last year (OR)
- Percent of children who were homeless at some time in the last year (OR)
- Percent of households that were homeless at some point in the past X years who are now housed
- Percent of households with incomes below the median income who spend less than 30% of their household income on housing including utilities (CT, OR)
- Percent of public housing/low-income housing residents who feel safe living where they do (CT)
- Percent of public housing/low-income housing residents (including elderly and those with disabilities) who rate the condition of their housing as 'good' or 'very good'
- Average period of time households live in public housing/low-income housing
- Percent of "troubled" multi-family projects that received an upgrade in status (HUD)
- Percent increase in home ownership (HUD)
- Percent increase in first-time home buyers from traditionally underserved populations (HUD)
- Average time it takes for authorities to respond to resident complaints
- Average time it takes to receive housing support (will vary depending on which "support" service is being assessed - e.g., time from application to receipt of housing voucher, time from eligibility determination to move-in, etc.)

- EMPLOYMENT TRAINING -

Legislation currently pending: HR1617 (McKeon) - CAREERS
S143 (Kassebaum) - Job Training Consolidation Act of 1995

Language on Performance Measurement: HR1617 requires states to develop "workforce development and literacy" plans containing performance goals. States are also required to report annually on progress toward these goals to the Secretaries of Labor and Education. In addition, states must create statewide performance accountability systems including "objective, quantifiable, and measurable" performance indicators for each employment training program. The Secretaries of Labor and Education are required to develop a set of core performance indicators. S143 creates a Government corporation headed by a "Governing Board." It requires governors to submit 3-year plans to the Board that identify goals and benchmarks. Annual reports detailing how each state is performing relative to its benchmarks are also required.

Examples of Performance Indicators:

Sources include the Department of Labor's Performance Agreement (DOL), the State of Connecticut (CT), and the State of Oregon (OR). Indicators in bold reflect key benchmark requirements from the bills.

Job Training

- **Percentage of trainees who are in jobs within X months of leaving the program (by full-time and part-time work status)**
- **Average period of employment for those who receive training**
- **Average earnings and earnings history for X years after completing training**
- Percent of displaced workers, who receive training, who are in jobs within X days of leaving the program, and percent who are making wages equal to or greater than their previous wage (CT, OR)
- Average number of weeks workers are unemployed (CT)
- Percent of trainees who get jobs with wages sufficient to keep them above the poverty level
- Percent of employers who rate the skills of the former-trainees they hire as "good" or better

Education

- **Percent of students who master targeted academic knowledge/obtain GED**
- **Percent of students who develop workplace skills**
- **Percent of students who master occupational skills based on industry-recognized proficiency testing**
- **Percent of students who go on to postsecondary education, employment, or military service**
- **Percent of students who complete postsecondary education or military service**
- Adult literacy rates (CT, OR)
- Percent of employers who rate the skills of the students they hire as "good" or "very good"

- SUBSTANCE ABUSE -

Legislation currently pending: S1180 (Kassebaum) - SAMHSA Reauthorization, Flexibility Enhancement, and Consolidation Act of 1995

Language on Performance Measurement: S1180 proposes that Substance Abuse and Mental Health "performance partnerships" be created between the states and the Secretary of Health and Human Services. HHS, in consultation with state and local governments, is required to establish a list of "results-oriented" objectives. States are required to submit grant proposals, including one or more objectives derived from HHS's list of suitable objectives (states can propose objectives not on the list if they can justify their importance). States are also required to report annually on progress towards those objectives

Examples of Performance Indicators:

Sources include the National Research Council's Commission on Behavioral and Social Sciences and Education (NRC), the State of Connecticut (CT), and the State of Oregon (OR).

- Percent reduction in alcohol and other drug abuse/dependence (NRC, OR)
- Percent of adolescents and young adults who have used alcohol, marijuana, cocaine, or cigarettes in the past month (by grade level) (NRC, OR)
- Percent of middle and high school youth in grades 8, 10, and 12 who perceive social disapproval of: (NRC, CT)
 - heavy use of alcohol
 - occasional use of alcohol
 - occasional use of marijuana
 - experimentation with cocaine
 - regular use of cigarettes
- Percent of persons needing substance abuse treatment who are enrolled in substance abuse programs (NRC, CT)
- Percent reduction of deaths caused by alcohol-related motor vehicle accidents (NRC, OR)
- Average age of first substance abuse (CT)
- Percent of children and youths age 10-17 who are not cigarette smokers (CT)
- Percent of hospital emergency room visits which are drug abuse related (CT)
- Percent reduction of alcohol and other drug abuse/dependence in women of childbearing age (NRC)

- MENTAL HEALTH -

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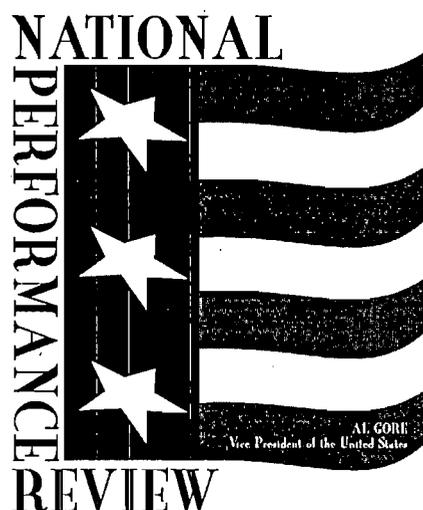
Examples of Performance Indicators:

Sources include the National Research Council (Commission on Behavioral and Social Sciences and Education), the State of Connecticut (CT), and the State of Oregon (OR).

- Percent of adults with serious mental health illness (SMI) who have access to outpatient mental health services (NRC, OR)
- Percent of children with serious emotional disturbance (SED) who have access to mental health services (NRC, OR)
- Percent of adults with SMI who are employed (NRC, OR)
- Percent of adults with SMI who are living above the poverty level (NRC, OR)
- Percent of adults with SMI who actually receive outpatient community mental health services (NRC)
- Percent of adults with SMI who receive integrated comprehensive community mental health services (NRC)
- Percent of children with serious emotional disturbance (SED) who actually receive community mental health services (NRC)
- Percent of children with SED who receive integrated comprehensive community mental health services (NRC)
- Percent of counties which have integrated service delivery for adults with SMI and children with SED (NRC)
- Percent of counties that implement comprehensive community mental health services throughout the state for adults with SMI and children with SED (NRC)
- Satisfaction rate of adults with SMI who receive mental health services
- Satisfaction rate of parents with the mental health services their children receive
- Percent of children with SED who are in an educational/training program (NRC)

PERFORMANCE PARTNERSHIPS

SUMMARY AND GUIDING PRINCIPLES



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WORKING DRAFT
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PERFORMANCE PARTNERSHIPS

SUMMARY

WHAT IS A PERFORMANCE PARTNERSHIP?

- **CONSOLIDATED PROGRAMS WITH**
 - **INCREASED FLEXIBILITY**
 - **ACCOUNTABILITY FOR PERFORMANCE**

WHERE DO THEY MAKE SENSE?

- **IF PROGRAMS ARE DELIVERED AT STATE AND LOCAL LEVELS,**
- **THERE IS SHARED AGREEMENT ON GOALS AND OBJECTIVES, AND**
- **YOU CAN MEASURE RESULTS.**

HOW ARE THEY DIFFERENT FROM BLOCK GRANTS?

- **OUTCOMES (NOT PROCESS) ARE THE PRINCIPAL MEASURE OF SUCCESS, AND**
- **FUNDS AND FLEXIBILITY ARE TIED TO IMPROVED PERFORMANCE**

HOW ARE THEY "PARTNERSHIPS"?

- **FEDERAL, STATE, AND LOCAL GOVERNMENTS AND PROVIDERS JOINTLY DESIGN THE PROGRAM AND MEASURE PROGRAM RESULTS**
- **PARTNERS WORK TOGETHER TO REMOVE BARRIERS TO SUCCESS**

PERFORMANCE PARTNERSHIPS

Guiding Principles

Current Federal grant system.

A great deal of the current grant system has broken down in a tangle of good intentions gone awry. There are too many funding categories, suffocating regulations and paperwork, misdirected emphasis on remediating rather than preventing problems, and no clear focus on measurable outcomes. The system stifles initiative and squanders resources without achieving sufficient results. Performance partnerships offer improvements to the current system.

What is a performance partnership?

Performance partnerships provide increased flexibility on how a program is run in exchange for increased accountability for results.

- Increased flexibility includes:
 - consolidated funding streams
 - elimination of micro-management,
 - devolved decision-making (national goals and objectives, with much more flexibility for State and local partners to determine HOW these are achieved), and
 - reduced wasteful paperwork.

- Increased accountability for results means the partners will:
 - begin to treat outcomes and outputs as the basic measure of success (e.g., teenage pregnancy rate rather than number of visits to a clinic), and
 - create funding and other incentives to reward desirable results and performance towards results.

Where do performance partnerships make sense?

Performance partnerships work best:

- When the Federal Government intends to deliver services at State and local levels,
- Where there is shared agreement among Federal, State and local partners about national goals and objectives, and
- Where progress toward the goals and objectives can be measured.

Checklist of Guiding Principles for Designing a Performance Partnership

A number of key characteristics should be considered in designing and implementing performance partnerships:

1. Program consolidations
2. Partnership
3. Increased Flexibility
4. Improved Accountability
5. Measuring Performance
6. Performance Incentives
7. Shift in the Locus of Decision-making
8. Administrative Simplification
9. Administrative Savings
10. Implementation
11. Entitlement Programs

The checklist which follows contains principles which build upon the description of the Administration's six proposed "performance partnerships" in the President's FY 1996 Budget (see pages 152-154). The guiding principles should be regarded as "*rebuttable presumptions*":

- (a) In any policy arena in which there is a strong national interest and a history of Federal grants and other assistance to State and local governments, agencies should give strong consideration to developing one or more performance partnerships.
- (b) If a proposed performance partnership is not consistent with a particular principle, there should be a compelling argument about how the program is otherwise addressing local needs, stops micromanagement, and holds its partners accountable for results.

1. Program consolidations

- Proposals should restructure current grant program authorizations to consolidate programs and/or funding streams and eliminate overlapping authorities:

-- Every effort should be made to merge funding streams which now force recipients to wastefully isolate administration and delivery of one program from another to avoid being penalized by auditors.

2. Partnership

- Federal, State and local partners should jointly design the partnership and the strategies to implement it.
- Performance partnerships should accommodate different program strategies with different State and local partners.

3. Increased Flexibility

- Performance partnerships should:
 - Promote multiple approaches to meeting national objectives,
 - Allow federally-funded activities to be fully integrated with State,

local, and provider activities, and

- Allow flexibility so that State and local institutional forces and incentives achieve the desired results.

- If State plans are necessary, multiple "State Plan" requirements should be replaced with one "community-based strategic plan." Such a plan would outline basic strategies and tactics, and accommodate much more diversity from community-to-community and state-to-state than existing approaches.
- Partnerships should:
 - Minimize "required" service requirements, and
 - Provide multi-year funding.

4. Improved Accountability

- Federal agencies and State or local partners should develop, communicate, and monitor measurable program goals and report progress toward achieving them:
 - Think in terms of shared accountability.
- Performance partnerships should focus on *outputs* and *outcomes* (real results) rather than detailed assessment of the

inputs and process used by States and localities:

- An emphasis on results means, for example, concentrating on getting cleaner air (not the existence of State environmental regulations) or whether educational goals are being achieved (not the level of school expenditures).

- Notwithstanding increased flexibility, performance partnerships will maintain Constitutional and critical, national public policy requirements:

- Non-discrimination requirements, for example, will apply.

5. Measuring Performance

- Performance partnerships should be structured, managed, and evaluated on the basis of *results* (i.e., progress in terms of agreed upon measures of performance).
- Performance measures will typically include a mix of outcome and output measures, including both measures of progress toward national goals and measures of important negative consequences that are likely to result from program activities.

- Partnerships should focus on *outcomes* (not *process*) as the principal criteria by which to measure success.

- Authorizing legislation should include a statement of:

- "National goals and objectives" that the partnership seeks to help achieve, and

For example: "parental responsibility."

- Types of "performance information" that would indicate what types of information would indicate progress toward the national goals and objectives.

For example: "paternities established"

- The Federal agency should be authorized to develop national goals and objectives where the authorizing legislation does not specify them.

For example: "The Secretary shall, in conjunction with the States, local governments, providers and consumers, develop national goals and objectives."

- "Performance measures" and performance targets should *not* be incorporated in authorizing legislation.

For example: "The Secretary shall, in conjunction with States, local

governments, providers and consumers, develop and update measures for determining State or local performance in achieving progress toward the national goals and objectives."

Accordingly, performance measures and targets should be:

- Mutually developed by the partners, or
- In the case of certain core indicators, developed by the Federal Government in consultation with grantees, and supplemented with indicators mutually agreed to by the grantees.
- Refined over time in consultation with the grantees.

Performance measures require specification of at least the following:

- (1) Type of performance information.
- (2) Data source (or sources).
- (3) Acceptable levels of precision and accuracy.
- (4) Domains of estimations (e.g., States, counties, etc.)
- (5) Frequency of data collection.

(6) Time period covered.

For example: for "paternities established"

- (1.1) Percentage of new welfare cases for which paternities have been established, for each fiscal year cohort of new welfare recipients.
- (1.2) Percentage of the total welfare caseload for which paternities have been established, as of the close of each fiscal year.
- (2) Selected welfare system case records and information obtained through external quality control review.
- (3) Total estimation error not to exceed 7% at the county level and/or 1% at the State level.
- (4) The sample design must support precision and accuracy requirements for State (county) level estimates or for the population generally (e.g., the entire sample may be allocated across the State, "n" cases allocated per county, or even "n" cases per 1,000 per county).
- (5) Annually.
- (6) The last fiscal year.

For example: "The Secretary shall, in conjunction with the States, local governments, providers and consumers, develop individual performance agreements which specify the program goals and objectives, program performance measures, performance targets, and the timeframes for achieving the performance targets."

● Assessing progress:

- The authorizing legislation should include a requirement that the Federal agency work with the partners to develop a system for assessing the extent of progress toward national objectives.

For example: "The Secretary shall, in conjunction with the States, local governments, providers and consumers, develop a system for assessing the extent of progress toward the national objectives."

- At least annually, the partners should assess the level of performance achieved, the extent to which performance meets or exceeds agreed-on performance targets, and the extent to which performance has changed over time. These reports should acknowledge the influence of important external factors that may

● Performance agreements:

- Federal agencies should develop individual performance agreements with each State/locality receiving funds.

have affected the performance levels achieved.

- From time to time, annual performance reports should be supplemented by program evaluations that estimate the net program impacts caused by the program. These program evaluations would use research designs to estimate the difference that the program makes (i.e., the difference between (a) the actual performance levels achieved, and (b) the performance levels that would have been achieved in the absence of the program).

- Data collection:

- The partners will have to identify or develop data systems to define and assess "results" and "improvement in results."

For example: "The Secretary is authorized to withhold up to 5 percent of the amount appropriated to the program to support the development and updating of data systems tied closely to the national goals; the development of performance agreements with States; and data quality assurance and data quality improvement; and research and development of performance measurement methodology."

- Partners should consider whether and how to get data that is generalizable, and consistent among and within States overtime.

- Refining the measures over time:

- It is expected that the performance measurement process and indicators will evolve over time, as Federal agencies and grantees develop greater experience with this approach.

6. Performance Incentives

- Agencies should consider whether funds should be allocated in part on performance (but other factors such as need may also be determinants, including population, poverty, disease incidence, morbidity, and mortality, as appropriate).
- Partners should be recognized and rewarded for success -- both high performance and improved performance.
- Recipients should be rewarded for achieving ambitious, rather than readily-attainable, performance targets.

- Some portion of the funding should be based on actual performance:
 - Some portion of funding should be available to the Federal agency as an incentive for States and localities that make improvement.

For example: "The Secretary is authorized to reserve up to 10 percent of the funds to be used for performance incentive awards for recipients making progress toward meeting national goals."
 - "Up to" is important, since it will first be necessary to get a sensible measurement system in place, before attempting to award performance incentives.
 - Rewards should not be directed toward only "exceptional" performance, but allow the Secretary to reward high or improved performance (i.e., "progress toward achieving national goals").
- High-performing States and localities should be rewarded with additional flexibility or reduced matching requirements.
- Similarly, disincentives should include reduced flexibility:

- A requirement to shift funds into practices successfully used by high performing States and localities, or
- Requirements for additional commitments of State or local resources, or
- Reduction or termination of Federal funding.

- Partners should avoid punishing innovation and experimentation:

- Keep in mind: no one is accountable for results *now* under the current system.

- Since there is shared accountability for results, Federal agencies should also respond to problems by providing technical assistance about promising practices:

For example: "The Secretary shall provide technical assistance to the States to help them expand and improve"

- States and localities should be held harmless for cases where outcomes are not achieved despite the use of best practices (given the current state of knowledge).

7. Shift in the Locus of Decision-making

- The partners should decide largely on the "*What*" and leave

most of the "How" to States and localities.

- Performance partnerships should seek to empower communities to make their own decisions about how to address their needs, and to be held accountable for results.
- Front-line, local-level providers should have greater flexibility and responsibility for service design, delivery, and results.
- Partnerships should permit customers and beneficiaries to shape programs to better match their individual needs -- by giving them voice, choice, and the means to integrate services from multiple providers.
- Recipient jurisdictions should have flexibility to set local benchmarks that are consistent with national program goals.

8. Administrative Simplification

- Partners will seek to reduce barriers to success.
- Partnerships should resemble "performance contracts" (i.e., contract for measurable results) rather than traditional cost-reimbursement, "level-of-effort" grants.
- Performance partnerships should reduce Federal regulation of inputs, and avoid

micro-management, and wasteful paperwork:

- Rigid and costly program restrictions should be eliminated.
- Procedural, detailed application, financial management, auditing and expenditure reporting requirements should be eliminated or simplified to permit comprehensive service delivery:
 - The focus should be "Is the community achieving measurable results that indicate progress toward national goals?" -- rather than "Were the dollars spent on the identified problem?"
- Federal agencies should, to the extent feasible, establish or negotiate performance targets, rather than specify the manner of compliance that States or localities must adopt.
- Reporting and monitoring should focus on performance (outcomes and outputs that indicated progress toward strategic goals) rather than inputs.
- Think in terms of reporting results to the public, rather than reports on process among levels of government.

9. Administrative Savings

- Administrative savings should be realized through consolidation and program and administrative simplification:
 - Consolidated planning requirements, for example, should enable more integrated services with less overhead.

10. Implementation

- Proposals should consider:
 - Phased-in implementation,
 - Initially, shifting toward performance partnerships with self-selected or "volunteer" States/local partners that are ready.
- Partnership proposals should accommodate different degrees of devolution between Federal, and various State and local governments.

11. Entitlement Programs

- Performance partnerships for entitlement programs might:
 - Initially allocate funds to States to match what they currently receive,
 - Adjust over time for growth of poverty population and inflation,
 - Authorize the Secretary to provide extra funds to

States during economic downturns,

- As an incentive (since funding levels are fixed), permit high-performing States to re-direct their matching funds.

- Eligibility may need to be simplified, for example, to transform public assistance offices from bureaucratic eligibility offices into family support and job preparation centers linking a range of services.

- There may be a need to set specific common measures, but allow for flexibility for local circumstances:

- Measures should be both population- and client-based.