

Best Practices in Performance Measurement: Lessons Learned from the Motor Carrier Transportation Division of the Oregon Department of Transportation

Purpose of Performance Measurement

Beginning with the 2003-05 biennium, all Oregon state agencies will be required to submit performance measurement data with their budget requests. State legislatures and the U.S. Congress are increasingly using performance measurement to hold government agencies accountable. In essence, oversight bodies want to be certain government organizations are making progress towards high-level outcomes with the dollars appropriated to them. As an increasing number of government agencies begin to measure their performance systematically, it may be useful to identify best practices in performance measurement at organizations that are already doing it well. The Oregon Department of Transportation's Motor Carrier Transportation Division (MCTD) is such an organization.

In the public sector, performance measures are used to gauge an agency's progress towards the goals that are its reason for existence. What does it mean for a government organization to be successful? How will a government organization know when it has succeeded? What is the most efficient route to success? Performance measurement helps to answer these fundamental "big picture" questions.

Performance Measurement Lessons

MCTD is one of eight divisions within ODOT. Its chief responsibility is to enforce federal and state commercial truck traffic regulations. MCTD has four primary goals: (1) improve truck safety, (2) protect Oregon roads and bridges from excess damage inflicted by

overweight trucks, (3) ensure the trucking industry pays its fair share of taxes for roads and bridges and (4) move trucks and their goods through Oregon as quickly and efficiently as possible.

Identify a Few Outcome Measures that Capture the Agency's Primary Tasks and Goals

Many organizations, both private and public, track literally hundreds of data points they often call performance measures. Typically they are input or production measures, rather than performance measures that track outcomes or even significant outputs. A first step in performance measurement is to ensure you are measuring something sufficiently close to the ultimate goal, if not the ultimate goal itself. A second step is to develop a *handful* of key measures that tell the agency's "story." It may be a good idea to track many workload measures, but the agency should have a clear subset of primary measures that serve as a snapshot of the agency's performance. MCTD has successfully narrowed a large number of data points to three key measures. In addition, management has moved the division away from a focus on input measures, like number of truck inspectors, to a focus on outcome measures, like number of truck drivers placed out of service for critical safety violations. Management began to measure actions that were very close to what it was trying to achieve—in this case, a reduction in truck accidents. In addition, fewer but more meaningful measures allowed the MCTD Deputy Director to

This issue of Policy Notes was written by Stacy Jones, Intern, ODOT Policy Section. Author can be reached by email until 30 August 2002 at Stacy.Jones@odot.state.or.us or call (503) 986-4092.

Oregon Department of Transportation, Policy Section

John Merriss, Policy Section Manager
555 13th Street NE, Suite 2, Salem, Oregon 97301-4178
(503) 986-3466

quickly focus on agency performance where it mattered most, and meant that both internal and external constituencies could quickly get a broad sense of how well the division was performing.

Use Statistical Regression to Test Cause and Effect Assumptions and Ensure You're Doing and Measuring the Right Things

All agencies believe their activities are having the desired effect. For example, MCTD had always believed that more truck inspections meant fewer truck accidents. But did they really know that to be true? The MCTD management team decided they didn't want to rely on assumptions to determine which of their actions were helping them reach their goals.

Management generated a list of 23 agency tasks and asked Policy Section staff to explore the statistical relationship between these and six high-level outcomes. Using standard statistical regression, staff was able to identify which agency activities (such as weighing trucks on secondary roads or issuing trip permits) had a statistically significant effect on high-level outcomes (such as truck accidents or tax dollars collected). It was discovered only four of the hypothesized correlations met traditional levels of statistical significance. For example, the analysis showed the number of trucks weighed at Green Light Pre-Clearance sites and traditional scales had a statistically significant impact on the number of weight citations issued, but the number of trucks weighed at portable scales did not. MCTD used this information to select division performance measures that met three criteria: (1) they should track outcomes, not inputs or outputs, (2) they should be broadly representative of the agency's primary goals and tasks, and (3) they must be statistically proven to have an impact on high-level outcomes and agency goals.

Use Performance Measures to Target Resources Wisely

Performance measures can tell you which agency tasks are performed the most efficiently and have the greatest impact on desired outcomes. Clearly, performance

measures can be an excellent resource allocation tool. ODOT had faced a flat budget for several years when MCTD began their efforts with statistically based performance measures. Before developing the new performance measures in early 2002, the MCTD Deputy Director had made necessary budget cuts rotation-style, a common management practice. That year, weight enforcement officers were "due" to be cut. However, MCTD's new performance measurement system showed the number of trucks weighed had a greater impact on the amount of weight-mile tax dollars auditors recovered than any other agency action. The MCTD Deputy Director decided to make the cuts elsewhere, where the impact on agency outcomes would be softer.

Keep Ownership and Direction of Performance Measurement Issues at the Top of the Organization

If high-level management thinks of performance measures as simply another report that must be created, and delegates away the responsibility to actively direct and oversee them, the measures simply lose their value as a management tool. A mid-level manager typically has little control over the general direction of the agency or resource decisions. This is not to say that lower-level employees should not be involved in performance measurement. Often the best measures are developed with the advice of line staff and mid-level managers. And to be effective, everyone in the organization must "do" performance measurement—everyone must be aware of the measures, what they mean, and how to track performance data accurately. But leadership and direction should be retained as close to the top of the organization as possible. The importance of leadership on performance measurement at MCTD cannot be overemphasized. As a result, staff take performance measures seriously and work to show that they are making progress.

Performance measurement is a way to focus an organization on accomplishments and fulfillment of its mission. It is a powerful tool for managing accountability—a tool that has been put to very successful use at MCTD.