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★ JANUARY 2009

MEASURING GOVERNMENT PERFORMANCE

THE ISSUE

How can taxpayers be confident their tax dollars are being spent wisely on public programs? How does the Legislature know whether or not an agency or program is benefiting the public more than it is costing them? Answering these questions is not as simple as it may seem.

Deciding whether a program or agency has outlived its purpose is always a challenge for legislators because the value of government activities is often subjective. Frequently, a program's success is judged by how much money it spends or how much paperwork is produced. But just because a program or agency can spend money doesn't mean it should and just because paperwork is produced doesn't mean it has any value. But if public programs shouldn't be judged by the money they spend or the paperwork they produce, what should legislators use to determine their value?

Ideally, government's value should be determined by definitive, measurable results. Often times, these can take the form of performance measures, but legislators should be cautious as not all performance measures are created equal. Many of the performance measures reported by Texas' state agencies are a good example. Despite the fact that Texas government is considered "performance-based," many of the performance measures used are based on output; that is, they answer the question "what is the product or service resulting from activity XXX?" Outputs can be useful, but a more effective way of assessing the value of government activities is to use outcome measurements—the intended result or consequence of a specific activity.

For example, a road agency can measure how many miles it constructs or it can measure the mobility of the population and how its roads affect that mobility. The former measures activity. The latter measures results.

Weeding out wasteful spending using outcome-based performance measures is an important way legislators can rein in the unnecessary growth of government and protect taxpayers. By focusing on outcomes, public programs can be held accountable for their goals and not just what they produce.

Clear and effective outcome-based performance measures have the potential to assist legislators in determining which programs are of value and which are not. In this way, taxpayers can be confident their tax dollars are being spent wisely and they're receiving the most "bang for the buck."

THE FACTS

- ★ Performance measures are included for every agency in the current budget format, but many of them are not true indicators of a program's value.

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- ★ No historical context for outcome and efficiency measures is included in the current budget format, lessening their value to legislators.
- ★ Few of the outcome and efficiency measures in the Texas budget measure output per taxpayer dollar.

RECOMMENDATIONS

- ★ Create an addendum to the current state budget that provides separate references to historical performance data.
- ★ Refocus performance data on outcomes rather than activities of agencies; current “outcome” measures mainly measure goods or services produced.
- ★ Create outcome measures that put accomplishment in the context of cost.

RESOURCES

- *Demanding Performance Part I: State and Agency Missions* by Talmadge Heflin and Byron Schlomach, Texas Public Policy Foundation (Aug. 2006) <http://www.texaspolicy.com/pdf/2006-08-PP-demandperformanceI-bsth.pdf>.
- *Demanding Performance Part II: Outcomes and Efficiencies* by Talmadge Heflin and Byron Schlomach, Texas Public Policy Foundation (Sept. 2006) <http://www.texaspolicy.com/pdf/2006-08-PP-demandperformanceII-bsth.pdf>.
- *Restoring Government Integrity Through Performance, Results, and Accountability* by Virginia Thomas, The Heritage Foundation (June 2000) <http://www.heritage.org/Research/GovernmentReform/BG1380.cfm>.

