



CRC MEMORANDUM



No. 1108

A publication of the Citizens Research Council of Michigan

September 2011

LOCAL GOVERNMENT PERFORMANCE DASHBOARDS AND CITIZENS' GUIDES

The State of Michigan's Fiscal Year 2012 budget replaces statutory state revenue sharing with a new Economic Vitality Incentive Program that creates incentives for local government reforms. In order to qualify for funding that formerly was automatically distributed based on a statutory formula, local governments will have to comply with requirements related to employee compensation reforms, intergovernmental collaboration for the delivery of services, and new accountability tools. This paper

will explain the context within which the new accountability tools – citizens' guides to financial information and performance dashboards – were introduced; discuss the state's guidelines for development of these tools; critique the templates the state has created to provide some guidance to local officials; and recommend the content of performance dashboards and considerations for making the dashboards more meaningful for local governments and their citizens.

Background

On March 21, 2011, Governor Snyder delivered a message to the legislature concerning local governments. In that message the Governor laid out his vision for reforming the interaction between the state and local governments; identified some reforms of laws that affect local governments; and announced plans to transform the unrestricted state revenue sharing program into an incentive program to push local governments into implementing certain policies.

Some of the reforms identified by the Governor already have been enacted, but others are still winding their way through the legislative process. These

reforms include changes to the laws that enable intergovernmental collaboration, the Public Employees Relation Act, and binding arbitration for public safety workers; changes to the Home Rule Cities Act to prohibit minimum staffing requirements in city charters; pension administration reform; and the introduction of laws to fund local governments when mandates are handed down by the state. Many of the changes have been controversial, because they have attempted to increase the ability of local governments to reduce costs by making it easier for them to reduce the pay, benefits, and bargaining rights of local employees.

Economic Vitality Incentive Program

The Economic Vitality Incentive Program (EVIP) statutorily shifts the unrestricted state revenue sharing program to an incentive program through which funding will flow to local governments based on their ability to satisfy certain criteria. One of the intents of EVIP is to create new tools to keep residents better engaged in the operations and financial condition of their local governments.

These requirements only apply to the funds that had formerly been distributed through the statutory state

revenue sharing program.¹ The statutory revenue sharing program has been subject to cuts through-

¹ State collected revenues had been distributed to local governments for their unrestricted use through two programs: a constitutional and a statutory program. The constitutional program is distributed on a per capita basis. Statutory state revenue sharing is a result of several deals the state made with local governments over the years to collect tax revenues on their behalf. It is distributed back to local governments based on a formula that provides greater benefit to urban areas of the state. Unlike constitutional revenue sharing, statutory revenue sharing is subject to annual appropriation decisions.



CITIZENS RESEARCH COUNCIL OF MICHIGAN

MAIN OFFICE 38777 West Six Mile Road, Suite 208 • Livonia, MI 48152-3974 • 734-542-8001 • Fax 734-542-8004
LANSING OFFICE 124 West Allegan, Suite 620 • Lansing, MI 48933-1738 • 517-485-9444 • Fax 517-485-0423

CRCMICH.ORG

out the last decade to the point that less than half of the almost 1,800 cities, villages, and townships in Michigan are expected to get statutory revenue sharing in FY2011. The list of local governments eligible for EVIP funding in FY2012 includes only 486 cities, villages, and townships.²

Local governments not eligible for EVIP funding may prepare a citizens' guide and performance dashboard, but there is no current financial incentive to do so. They may see the utility in providing these accountability tools, want to position their governments for future EVIP funding, or react to pressure from their citizens to keep up with neighboring communities. On the other hand, the smaller local governments that are eligible for only the minimal amounts of funding may decide to forgo EVIP funding if the costs of qualifying for the EVIP funding exceed the financial benefits received.

Eligibility Criteria

Local governments will have to satisfy three criteria to get EVIP funding. The program is designed to recognize each criteria separately and equally. For ex-

² Michigan Department of Treasury, Eligible Local Units – FY 2012, www.michigan.gov/documents/treasury/EVIP_Eligible_Local_Units_FY2012_359021_7.pdf.

ample, only meeting one criteria will result in an governmental unit receiving one third of the total funding for which it is eligible.

Employee Compensation

The state wants new employees hired by local governments to be part of a defined contribution or hybrid retirement plan. Over time this would phase local governments out of the provision of defined benefit plans and would shift the financial risk of investing funds to meet future compensation obligations from the local governments to the employees. The EVIP language also sets boundaries for the multipliers used to determine pension amounts that local governments should use in existing defined benefit plans.³ Finally, local governments are expected to have employees share health care costs, with current employees assuming at least 20 percent of the costs.

Intergovernmental Collaboration

Local government officials will have to document existing intergovernmental collaboration and submit to the Department of Treasury a plan to expand col-

³ The formula for determining the annual benefit payable to a participant in a defined benefit plan is generally calculated taking into account such factors as years of service, age and final average salary and applying that against a benefit multiplier.

laboration to a new function or service area.⁴

Accountability Tools

A citizens' guide to the state's financial condition and performance dashboards for the state and its departments were introduced when Governor Snyder took office in January, 2011. Building off of those models, state law requires local governments to create citizens' guides to financial information and performance dashboards if they want to qualify for state funding. While the state has created templates to show local government officials what it is looking for, the governments have flexibility in creating their own reports.

Deadline. Local governments must certify the creation of their first citizens' guides and performance dashboards to the Department of Treasury by October 1, 2011.

Access. The reports should be made available at government offices and online. Governments also may wish to make copies available at their libraries, recreation and senior centers, post offices, and any other gathering places in their communities.

⁴ CRC has done extensive work on this subject would be happy to help any local governments approach this requirement strategically.

CRC BOARD OF DIRECTORS

EUGENE A. GARGARO, Jr., Chair
JEFFREY D. BERGERON, Vice Chair
NICK A. KHOURI, Treasurer
JOSEPH R. ANGILERI
MICHAEL G. BICKERS
BETH CHAPPELL
RICK DIBARTOLOMEO

TERENCE M. DONNELLY
RANDALL W. EBERTS
DAVID O. EGNER
LAURA FOURNIER
JOHN J. GASPAROVIC
INGRID A. GREGG
MARYBETH S. HOWE

DANIEL T. LIS
SARAH L. MCCLELLAND
ALEKSANDRA A. MIZIOLEK
CATHLEEN H. NASH
PAUL OBERMEYER
KEVIN PROKOP
LYNDA ROSSI

JERRY E. RUSH
MICHAEL A. SEMANCO
TERENCE A. THOMAS, Sr.
AMANDA VAN DUSEN
KENT J. VANA
JEFFREY P. GUILFOYLE, President

Format. Local governments have significant flexibility in creating and displaying the citizens' guides to financial information and performance dashboards. They can use third party vendors, use the software of their choosing to present the data, and use the popular annual financial reports that are becoming more common as an alternative method of reporting. The state also has created templates to help get local officials started and to provide some metrics that the local governments may wish to adopt for their own reports.

Citizens' Guides to Financial Information

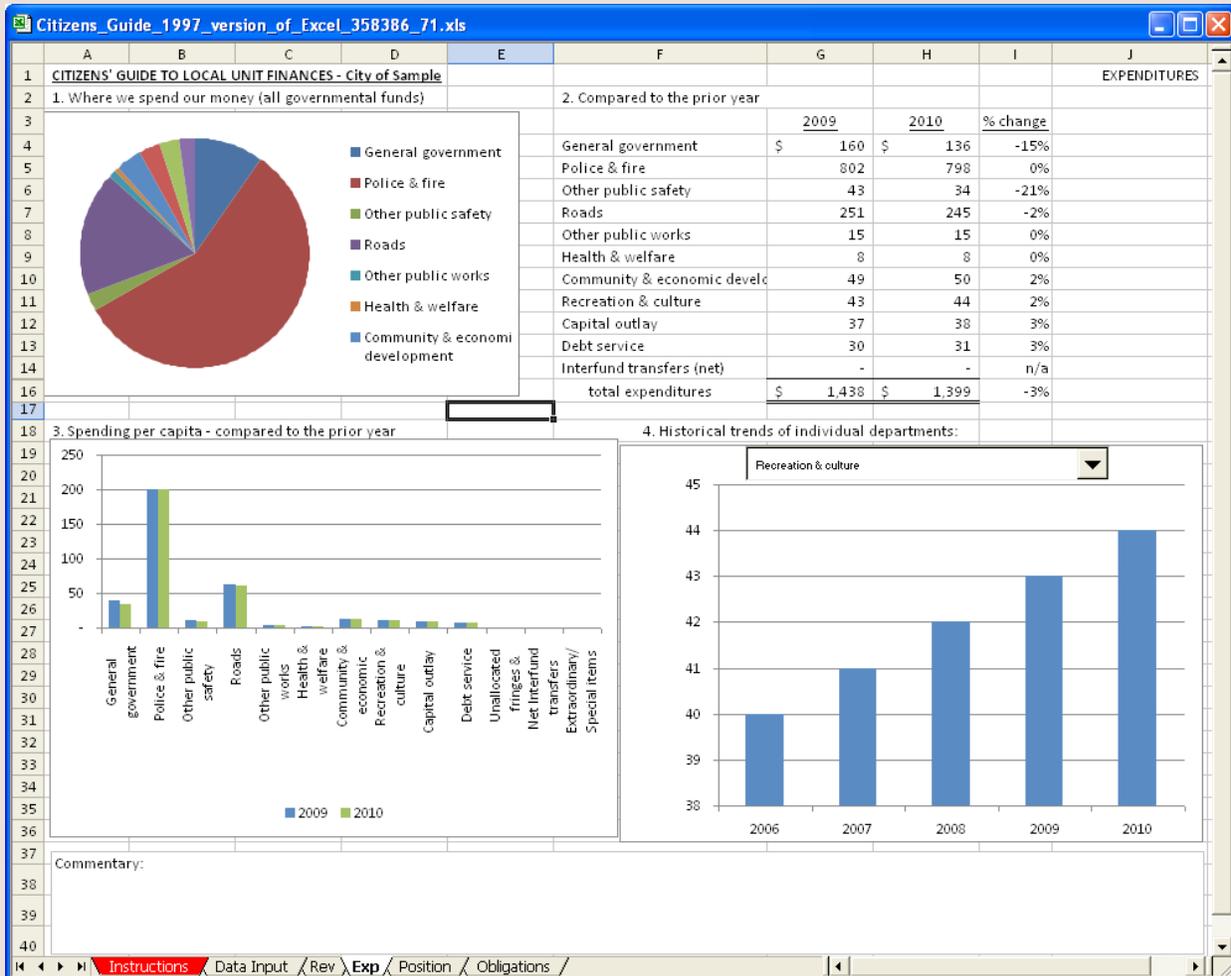
The citizens' guide is intended to be a short, quick way of conveying the financial health of the government to the residents and consumers of governmental services. The guide should include information about revenues, expenditures, the financial strength of the governmental unit, and the government's outstanding obligations. It must include an accounting of the unit's unfunded liabilities.

A Critique of the Citizens' Guide Template

Overall, the state's template shown in **Illustration 1** is very well done. It is easily customizable and very easy to understand. CRC would emphasize that local government officials will need to provide analysis of the data presented, especially if there are major changes such as a tax rate change that affect the trend data.

An important issue is whether the financial data presented in the citizens' guides are to be the fis-

Illustration 1
State Template for Citizens' Guides to Financial Information



cal year-end audited financial amounts or unaudited financial amounts presented intermittently throughout each fiscal year. The first scenario would serve as an executive summary to the comprehensive annual financial reports (CAFRs) that local governments are already preparing. As such they would suffer the same faults as the CAFRs: the time needed to prepare the reports following the end of the fiscal year makes the financial data dated and fails to represent the current

state of the local government's finances. The second scenario offers real time reporting of the local government's financial condition, but might create more confusion than accountability. Local governments' use of accrual accounting and the frequent mismatches between when revenues flow in and when bills become due mean that an accurate view of the government's financial condition based on recorded events may not be possible until the end of the fiscal year.

Performance Dashboards

In addition to the citizens' guide, the state also requires the creation of performance dashboards. In general terms, the state suggests that the dashboards address the following subjects: fiscal stability, economic strength, public safety, quality of life, and any other measures that are relevant to the strategic goals and objectives of the local government.

Illustration 2
State Template for Performance Dashboard



Begin Here...

Local Unit: County:

Fiscal Stability			
	Prior	Current	Progress
? Annual general fund expenditures per capita	<input type="text"/>	<input type="text"/>	↔
? Fund balance as a percent of annual general fund expenditures	<input type="text"/>	<input type="text"/>	↔
? Unfunded other post employment benefits (OPEB) liability as a percent of annual general fund revenue	<input type="text"/>	<input type="text"/>	↔
? Debt burden per capita	<input type="text"/>	<input type="text"/>	↔
? Percentage of road funding provided by the general fund	<input type="text"/>	<input type="text"/>	↔
? Ratio of pensioners to employees	<input type="text"/>	<input type="text"/>	↔
? Number of services delivered via cooperative venture	<input type="text"/>	<input type="text"/>	↔
? Government unit specific:			

KEY: Arrows represent the change from prior to current year; The color of the arrow represents if the change was positive (GREEN) or negative (RED). A double arrow represents no change (NEUTRAL)

Economic Strength			
	Prior	Current	Progress
? Percent of community with access to high speed broadband	<input type="text"/>	<input type="text"/>	↔
? Percent of community age 25+ with a Bachelor Degree or higher	<input type="text"/>	<input type="text"/>	↔
? Average age of critical infrastructure (years)	<input type="text"/>	<input type="text"/>	↔
? Government unit specific:			

Public Safety			
	Prior	Current	Progress
? Violent crimes per thousand	<input type="text"/>	<input type="text"/>	↔
? Property crimes per thousand	<input type="text"/>	<input type="text"/>	↔
? Traffic injuries and fatalities	<input type="text"/>	<input type="text"/>	↔
? Government unit specific:			

Quality of Life			
	Prior	Current	Progress
? Miles of sidewalks and non motorized trails per mile of local roads	<input type="text"/>	<input type="text"/>	↔
? Percent of general fund budget committed to arts, culture and recreation	<input type="text"/>	<input type="text"/>	↔
? Acres of park per thousand residents	<input type="text"/>	<input type="text"/>	↔
? Percent of community with curbside recycling	<input type="text"/>	<input type="text"/>	↔
? Government unit specific:			

The template that the state has created for local governments is seen in **Illustration 2**. The template is available both as an interactive PDF file and an Excel file. Local government officials can fill in the blanks and have a finished document in a matter of minutes.

A Critique of the Performance Dashboard Template

While CRC recommends that local governments adopt the state's template for the citizens' guide to financial information, we believe the performance dashboard template falls short in providing measures that local governments can adopt to create useful, meaningful reports. The state undertook the unenviable task of attempting to create a template for governmental performance measures that could apply universally to all of the almost 1,800 local governments in the state. Those governments vary

widely in size, the services they provide, their finances, and the role the governments undertake to serve their citizens.

Local governments should consider the following questions in deciding whether to adopt the state's template for their own use:

Is there a need to repeat information in both the citizens' guide and the performance dashboard? Clearly information about fiscal stability in the performance dashboard is duplicative of information that will populate the citizens' guides.

Are the measures ambiguous? Are the scores value laden? Consider the first item under fiscal stability (in **Illustration 2**) as an example of ambiguity that can be created without context or discussion. Annual per capita general fund expenditures can change with population

changes or with absolute changes in actual expenditures. Just presenting the values does not explain the cause of the change.

Additionally, the template suggests use of an indicator to score whether the change in values is good or bad (or neither). It is not self evident whether per capita expenditure increases are good or bad. Different perspectives or different circumstances may lead to opposite conclusions.

Do the scores represent measures of government performance? For example, the dashboard template includes a measure of the "percent of community age 25 and above with a bachelor's degree or higher." While this measure may be useful to citizens in choosing a community to reside in, it does not represent a measure within the control of general purpose local governments.

Web Links Related to EVIP

Economic Vitality Incentive Program

www.michigan.gov/treasury/0,1607,7-121-1751_2197-259414--,00.html

www.michigan.gov/treasury/0,1607,7-121-1751_2197_58826-259606--,00.html

Numbered Letter 2011-1

www.michigan.gov/documents/treasury/NL2011-1_358387_7.pdf

State Templates

Citizens' Guide to Financial Information

www.michigan.gov/documents/treasury/Citizens_Guide_1997_version_of_Excel_358386_7.xls

Performance Dashboard

www.michigan.gov/documents/treasury/Performance_Dashboard-PDF_358385_7.pdf

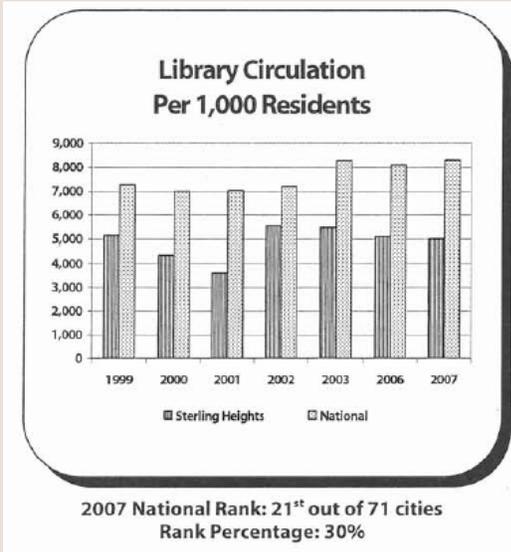
www.michigan.gov/documents/treasury/Performance_dashboard_358384_7.xls

Illustration 3
Quality of Life Information on a Billboard



Source: Adams Outdoor Advertising

Illustration 4
Performance Measurement for a Library



Source: Sterling Heights 2011 Comprehensive Annual Financial Report

Do the metrics measure governmental services or governmental assets? Are the measures subject to change over time? The quality of life measures in the state’s dashboard template suggest that local governments should report the “miles of sidewalks and non-motorized trails per mile of local roads” and “acres of park per thousand residents.” These measures tell residents about the assets of the governments, not the performance of the government. It does not tell users about the miles of sidewalk repaired or replaced or the frequency with which park grass has been cut. Government assets tend not to change with great frequency.

Will the measures have value without some discussion of the results? Again, CRC would

emphasize the desire to have local government officials provide some explanation and some analysis of the measures.

Dashboards not Billboards

Preparers of performance dashboards should differentiate measures of inputs and outputs. Inputs are measures of the amount of financial and non-financial resources applied to production of a service. Measures of inputs include the amount spent on a service (e.g., total spending on garbage collection) or the size of government assets (e.g., miles of sidewalks or acres of park). These measures are helpful for selling the community as a place to live or do business, but they do not provide information about the government’s performance in providing services. They are billboard material.

Measures of outputs report the quantity of governmental services provided (e.g., tons of garbage collected) or the results associated with the provision of services (e.g., miles of sidewalks in good or excellent condition). They might also include reports on the resources used per unit of output (e.g., cost of garbage collection per ton collected). These measures are especially helpful in benchmarking communities against neighbors and peers. They are dashboard material.

Illustrations 3 and 4 provide examples of metrics that may or may not reflect government performance. The success for the Kalamazoo area is commendable, but there may be many reasons external to the government’s performance to explain the billboard’s data. This output

might have more to do with a non-profit economic development agency, the Kalamazoo County Chamber of Commerce, or a state initiative to capitalize on the pharmaceutical engineers in the area.

In contrast, the bar chart in **Illustrations 4** measures performance and provides context to judge that performance. Taken from the City of Sterling Heights' Comprehensive Annual Financial Report, the chart shows library circulation over a period of seven

years. It uses a ratio (circulation per 1,000 residents) that makes it easy to compare the measure across jurisdictions and across time. It also compares the Sterling Heights measure to a national average to provide some context of whether the city library is doing better or worse than its peers.

CRC's advice to the state and local governments in preparing performance dashboards, as a consumer of the information, is to keep the focus on the intent –

governmental performance. Performance dashboards are not meant to sell the community to outsiders. They are meant to bring accountability to each government's citizens and consumers of each government's services. They should reflect the performance of government in fulfilling its roles. They should not reflect changes in measures outside of the government's control.

What to Include in a Performance Dashboard

Local governments have been using performance measurement for some time, and public reporting of those measures is growing. Citizens are ultimately the owners of the governments that serve them, and they should expect accountability in the performance and financial condition of these governments. Although data is generally available in reports such as the comprehensive annual financial reports, those reports tend to be long, technical, and difficult for the average citizen to decipher. Accountability efforts such as the performance dashboards may help to eliminate some of the distrust in government.

The Governmental Accounting Standards Board (GASB) has been monitoring governmental practices in performance measurement and recently published suggested guidelines for voluntary reporting of government service efforts and accomplish-

ments.⁵ GASB's guidelines begin with a discussion of the virtues of performance measurement. "A government meets its responsibility to be publicly accountable by providing users with information to assist them in assessing the government's performance in providing services."

Content for Performance Dashboards

Based on the GASB guidelines CRC suggests that local governments should include the following as content in the performance dashboards:

Purpose and Scope. The dashboard should include an explanation of why the performance dashboards have been prepared, the purpose for which the government hopes to use the mea-

asures, and what services/departments are included, or not.

This section also might highlight some of the services provided by the government. With all of the overlapping layers of government in Michigan, the average citizen might not know, for example, that police services are usually provided by cities in the urban areas, but that the courts are generally provided by the counties. A description of the role of the governments would address this issue.

Major Goals and Objectives.

Does the government have a vision statement or mission statement? Do individual departments have a vision/mission statement? Are goals and objectives identified in another formal process? Most citizens will be unaware of the goals and objectives that have been identified by their governments. The performance dashboards should provide this information and describe how

⁵ Governmental Accounting Standards Board, SEA Performance Information, June 2010.

progress toward those goals and objectives is being measured.

Key Measures of Performance. The actual measures are reported in numeric or graphic presentation. In addition to displaying the measures, this section should explain how the measures relate to the goals and objectives identified earlier. Identification of appropriate measures is discussed below.

Discussion and Analysis of Results and Challenges. Local government officials should not leave the numbers to be interpreted. Performance dashboards should provide narrative to point out results and, if needed, reasons why the results did not meet expectations. They should explain challenges that arose in the government's efforts to meet objectives (unforeseen events, budget constraints, actions by other organizations, etc.). Identification of the unmet goals and challenges should serve as the beginning point for creating the next year's key measures.

Identifying Key Measures for Dashboards

The wide variety in the sizes of local governments and the services they provide suggests that developing the key measures in performance dashboards will need to be an individual exercise in each jurisdiction. Local government officials should adopt measures that reflect what that local government is doing for its citizens. To keep the performance dashboards short and easily readable, performance dash-

boards should focus on only a few key measures. Too many measures may lead to confusion. As was discussed above, the key measures should focus on outputs, not inputs.

The Subject of Key Measures

The key measures included in the performance dashboards will vary across local governments. Government officials may want to consider the following issues as they develop measures to be included in their performance dashboards:

Does the measure report on results for a major goal or objective? The key measures in a performance dashboard should assess progress toward achieving the goals and objectives of the entire government, or individual departments of that government.

Does the measure address an issue receiving considerable public attention? The media, major events, and concerned citizens sometimes draw attention to specific issues related to the operation of a governmental unit. Key measures in a performance dashboard should help to show progress toward addressing those issues.

Does the measure report satisfaction with the governmental unit or priorities of the residents? The Internet is making surveys of residents an inexpensive tool for local governments. Governments may want to include results from surveys that reflect the degree of satisfaction with the governments' perfor-

mance or priorities for future spending decisions as content for the performance dashboards.

Does the measure report the information considered important by elected officials, citizens or experts in the field? Elected officials often campaign on a promise to bring about reform of a service area. Likewise, citizens and experts in a field may draw attention to benchmarks for service delivery that are based on comparisons with peer communities or industry standards. Key measures in a performance dashboard should help citizens assess progress toward achieving those goals.

Does the measure report information about a program or service that accounts for a large amount of the government's resources? Although government officials might be inclined to develop performance measures for most or all aspects of what governments do, they should not lose sight of where the dollars are spent to operate their governments. In general, local government spending is concentrated on public safety – police and fire – so spending on those services should remain prominent in the performance dashboards of most local governments. Those services commanding few dollars, while still important, should receive relatively less attention in the performance dashboards.

Does the measure report information about a program or service that affects a large proportion of the population

or has potentially significant economic, social, or environmental effects? Many of Michigan's local governments are defined by a particular program or service. For example, people associate the Mackinac Island and City of Frankenmuth with the number of tourists it attracts. Many local governments in Michigan are stewards of water resources such as inland lakes and rivers. When appropriate, key measures in a performance dashboard should inform about the governmental services it provides with regard to these programs or to steward these assets.

The Characteristics of Key Measures

Once the issues, information, programs, and services that will be measured are identified, government officials will have to develop metrics that chart progress toward the desired outcomes. They might want to consider these questions when developing the actual measures:

Is the key measure relevant to your government?

Effective dashboards should include information capable of making a difference in a user's assessment of performance.

Is the key measure understandable not only to those inside government, but most importantly, to the intended audience? Effective dashboards should communicate performance information in a readily understandable manner and include explanations and interpretations to help users comprehend the information. Every effort should be made to use plain language – not legal terms or jargon – in preparing the performance dashboards. This suggests that financial managers and auditors could be involved in providing information and checking

Performance Dashboard Resources

Here are some more resources that one might look at as you think about this issue. GASB, the Government Accounting Standard Board, created suggested guidelines for service effort accomplishment reporting for government. The National Performance Management Advisory Commission has a web site. The ICMA does this on a regular basis. As you look for information about your own community, you want to look at the American Community Survey. The last entries are some cities and counties in other states that have been identified as best practioners.

Government Accounting Standard Board (GASB) – Service Effort and Accomplishment Reporting for Government

www.seagov.org/index.shtml

Association of Governmental Accountants – Citizen Centric Reporting

www.agacgfm.org/citizen

International City/County Management Association (ICMA)

http://icma.org/en/icma/knowledge_network/topics/kn/Topic/199/Performance_Measurement

National Performance Management Advisory Commission

<http://pmcommission.org/>

Michigan Local Government Benchmarking Consortium

<http://slg.anr.msu.edu/benchmarking/BenchmarkingHome/tabid/221/Default.aspx>

American Community Survey

<http://www.census.gov/acs/www/>

accuracy, but may not be the best choice preparing the reports.

Does the key measure provide comparability to your government over time or to other governments? Effective dashboards will help users make comparisons that provide a basis and context for assessing a government's performance. Reports can include internal comparisons, such as marking changes over time, or comparing performance to internal targets established for individual departments. Reports also can include external comparisons, such as comparisons to neighboring communities, to peer communities, or to industry standards that have been set by others. It is very important to provide context for the measures that are being reported.

Is the key measure timely? Effective dashboards should provide performance information to users before it loses its value for assessing accountability and informing decisions. Providing performance dashboards on municipal websites should reinforce the need for timeliness. The numbers may not have been audited and sometimes may be wrong, but it costs nothing to fix them in a web publication. Don't let perfect get in the way of good.

The first citizens' guides and performance dashboards have to be submitted to the Department of Treasury by October 1 of this year. Therefore, the measures reported this year may not reflect the local governments' actual fiscal condition. Because local government fiscal years do not neces-

sarily conform to the state's – some start in January, April, or July – some local governments will be using data that is quite old if it is from their last fiscal year. Local government officials should reassess the performance measures at a later time (especially if they did not have sufficient time to develop the measures for this iteration). Measures should be updated frequently so that a citizen can use the dashboard to assess what is currently going on in the government.

Is there consistency over time and with other governments? Effective dashboards should include measures reported in the same way over time. There is no need to reinvent the performance dashboards every year, content can be reused and up-

Best Practices

Government Finance Officers Association Popular Annual Financial Reporting Program Award Winners for Fiscal Years Ended in 2009

http://www.gfoa.org/downloads/PAFR_AWARDS.pdf

City of Sterling Heights, Michigan reports Performance Measures in its Budget

www.sterling-heights.net

City of Scottsdale, Arizona

www.scottsdaleaz.gov/Assets/Public+Website/finance/Archive/FY+2009-10/AnnualReport.pdf

Maricopa County, Arizona

www.maricopa.gov/mfr/

King County, Washington

<http://your.kingcounty.gov/aimshigh/documents/pdf/2009-KC-Aimshigh-scorecard-web.pdf>

City of Charlotte, North Carolina

<http://charmec.ki.charlotte.nc.us/CITY/CHARLOTTE/BUDGET/Pages/Performance%20Management%20and%20Strategic%20Planning.aspx>

dated if it satisfies the other characteristics of key measures.

Does the key measure use reliable data? Effective dashboards will contain information that is verifiable, objective, comprehensive in coverage, and faithfully representative. Performance dashboards should provide links to financial reports and other materials for those that want more information to supplement what is in the citizens' guides and the performance dashboards.

Formulating Key Measures

Local governments need not invent measures from scratch. The City of Sterling Heights budget contains good examples of well thought out performance mea-

Citizens' guides to financial information and performance dashboards can be effective tools to keep local governments accountable to their citizens if they are relevant, understandable, and timely. Citizens are likely to refer to these reports if they truly provide ongoing information throughout the year about the condition and performance of the local governments. Static data that do not measure government performance, do not change from year to year, or do not provide context to interpret the numbers are not likely to draw attention beyond the initial reports.

The impact of citizens' guides and performance dashboards on municipal governments is likely to be mixed. Because only about one

quarter of the governments are eligible to receive funds through EVIP, there is little motivation for officials in other jurisdictions to take up this task. For those that do participate, the end product will likely depend on what the local government officials want to achieve. The state has provided templates, but local governments have only a short time to produce the reports to qualify for the EVIP funds. In the short run, local governments can earn the EVIP money by simply adopting the state templates. But officials may have to respond to their city councils and citizens who may question the reported measures. Officials may be asked how the municipality is going to improve the weaknesses identified in these reports. Over the longer

run, questions and challenges should help local governments improve the measures to more accurately reflect government performance and progress toward meeting objectives.

The Association of Governmental Accountants (AGA) has a citizen-centric reporting initiative. The AGA website (www.agacgfm.org/citizen/) describes the value of and need for "innovative means of communication between governments and their citizenry by

communicating government resources in a visually appealing, clear and understandable four-page document that is non-political." The AGA site includes a number of resources that can help local government officials create performance dashboards.

The State and Local Government Program at Michigan State University's Michigan Local Government Benchmarking Consortium is another resource to provide performance dashboards. Governments involved in that program have been measuring their own operations in comparison to peer communities and are in a position to put benchmark data on their dashboards immediately.

Conclusion

Using performance measures to improve on the operations of government is often referred to as "performance management." The EVIP program positions local governments to adopt the principles of performance management. The National Performance Management Advisory Commission defines performance management as "An ongoing, systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for per-

run, questions and challenges should help local governments improve the measures to more accurately reflect government performance and progress toward meeting objectives.

Using performance measures to improve on the operations of government is often referred to as "performance management." The EVIP program positions local governments to adopt the principles of performance management. The National Performance Management Advisory Commission defines performance management as "An ongoing, systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for per-

formance. Performance management is integrated into all aspects of an organization's management and policy-making processes, transforming an organization's practices so it is focused on achieving improved results for the public."⁶ The Commission states that "Simply superimposing a performance management process onto a traditionally managed

⁶ National Performance Management Advisory Commission, [A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving](#), 2010, p. 3.

organization may sound good, but in practice, it is not likely to make a difference. To make real improvements, organizational culture must also be addressed."⁷ Performance management is being applied by state and local governments across the nation and CRC supports this reform for Michigan governments. As a budget/management practice, it

⁷ National Performance Management Advisory Commission, [A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving](#), 2010, p. 2

aligns the actions of the governments with the desires of the citizens and provides greater accountability in the economic, efficient use of taxpayer dollars.

Once local governments have gotten past the immediate need to qualify for available funding, it is hoped that they will embrace the citizens' guides and performance dashboards to create relevant, meaningful performance measurement and, ultimately, management systems.