Transportation Performance Audit Board
Review of Performance and Outcome Measures of the Washington State Department of Licensing's Transportation-Related Programs

Volume 3
Use of Performance Benchmarks in Other States

SMG/Columbia Consulting Group

Final Report

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Transportation Performance Audit Board

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of the Washington Department of Licensing's
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I. Introduction & Methodology

- This is the third volume in SMG/Columbia Consulting Group's review of the Washington Department of Licensing (DOL)'s transportation-related performance and outcome measures for the Transportation Performance Audit Board (TPAB).
- For this part of the review, SMG was asked to select three similar state vehicle/driver licensing agencies where performance benchmarks have been used by management to improve agency performance.
- We contacted these agencies to understand how they use performance measures and benchmarks.
- This report describes our survey methodology, answers questions asked by the TPAB in its Request for Proposals, and presents survey findings by agency.

I.1 Objectives of the Survey

- We designed our survey so that we could answer three questions:
  - What performance benchmarks have been used in other states to measure the performance of similar programs in similar agencies?
  - How do benchmarks used in other states compare with those used by the Washington DOL?
  - What "best practices" can be found in other agencies with respect to use of performance measures, benchmarks, strategic planning and performance management?
- The survey focused on the types of performance measures and benchmarks that agencies monitor and how they are created, used, and reported.
- This survey was not a traditional "benchmarking" study; that is, it did not attempt to analyze business processes and related measures in such a way that would allow us to collect and compare specific performance data between states. We did identify and describe benchmarking activities that are taking place within survey agencies.

I.2 Definitions

- A ***performance measure*** is a measure that describes how an organization functions, operates or behaves. Performance measures describe the outputs, efficiency, effectiveness, timeliness and outcomes of specific processes and services. They can also be used create an overall picture of an organization, examining it from financial, customer, process, and learning and growth perspectives.[1]
- An ***outcome measure*** is a specific type of performance measure that monitors the change in or benefits to customers that directly result from a particular product or service.

[1] Adapted from Government Accounting Standards Board (GASB) guidelines and concepts presented in "The Balanced Scorecard – Measures that Drive Performance" by Robert S. Kaplan and David P. Norton, Harvard Business Review #92105, January-February 1992.

- A ***benchmark*** is a measurement of performance against a specific reference point. Our survey asked agencies to tell us whether or not a benchmark, baseline value, or reference point had been established for each measure. We will use the terms "benchmark" and "baseline" interchangeably in this report.
- A ***target*** is a desired level of performance to be achieved within a specific period of time. Our survey asked agencies to tell us whether targets were established for each measure and if so, what kinds of targets were used.
- ***Benchmarking*** refers to the practice of comparing the performance of an agency to that of similar agencies with similar work processes.

I.3 Participating Agencies

- We contacted three agencies to complete this survey:
  - Missouri Department of Revenue, Division of Motor Vehicle and Drivers Licensing (Missouri DOR)
  - Tennessee Department of Safety, Motor Vehicle Services (Tennessee DOS)
  - Virginia Department of Motor Vehicles (Virginia DMV)
- In addition, we examined published information about performance management and measures for the following agencies:
  - Virginia Motor Vehicle Dealer Board (Virginia MVDB)
  - Maryland Department of Transportation, Motor Vehicles Administration (Maryland DOT)
  - Minnesota /Department of Public Safety, Driver and Vehicle Services Division (Minnesota DPS)
  - Arizona Department of Transportation, Motor Vehicles Division (Arizona MVD)

I.4 Survey Methodology

Step 1 - Select survey candidates.

- SMG asked the Director, Assistant Directors, and other managers of the DOL for suggestions of driver and vehicle licensing agencies that they considered to be peers or leaders in service delivery and/or performance management.
- SMG expanded this list by adding any agencies that were similar to Washington DOL in terms of the total number of licensed drivers statewide or the total number of Certificates of Title issued annually.
- Eleven state agencies were then evaluated for inclusion in the study using criteria and data that are summarized in Appendix 3C. Our three study candidates were selected because:
  - They are part of state governments that were rated as being effective in the use of performance measurement by Governing Magazine's article "Grading the States 2001", and published sources suggested that the candidates were using performance measures/benchmarks.

- They are similar in organization and service delivery to Washington DOL. Even though there are no two agencies nationwide that deliver services in exactly the same way, there are some important similarities between the study candidates and DOL. In all cases, a single department has responsibility for both drivers and vehicle services. Like DOL, Tennessee DOS delivers drivers and vehicle services in separate physical locations. (Missouri DOR and Virginia DMV co-locate most services, however.) Also like DOL, candidates have privatized (or used county agents for) some or all vehicle transactions.
- They encourage use of the Internet to complete key transactions. Tennessee DOS and Virginia DMV allow on-line drivers license renewals, and Missouri DOR and Virginia DMV allow on-line registration renewals. This was important to ensure that we considered performance measures that are unique to the Internet service delivery model.

Step 2 - Establish agency contacts.

- The Director of the DOL sent out an introductory e-mail to our candidate agencies requesting their participation and contact information.
- SMG contacted each agency by e-mail and telephone to explain the purpose of study and to arrange for completion of the survey.

Step 3 - Conduct survey.

- SMG interviewed each of the agency contacts by telephone (see the Interview Guide in Appendix 3B) to understand:
  - Agency organization, including confirming organizational details and structure of information services within the agency.
  - General use of strategic planning/performance measurement and oversight/reporting activities.
  - Use of performance measures/benchmarks.
  - Benchmarking or comparisons with other agencies that may be occurring.
- We sent a survey (by e-mail) to agency contacts requesting specific information about oversight and operational measures, including benchmarks/baselines and targets used.
- We collected published information about each agency and any statewide strategic planning, performance management, or benchmarking initiatives or guidelines.
- Agencies were contacted by phone and e-mail to follow-up on survey details and published information.

II. Answers to the Transportation Performance Audit Board's Questions

In this section we will answer the questions about performance benchmarks that the Transportation Performance Audit Board (TPAB) posed in its Request for Proposals.

1. What performance benchmarks have been used in other states to measure the performance of similar programs in similar agencies? How are benchmarks used?

Overview of Performance Measures/Benchmarks and Their Use

- Most of the performance measures that are formally and routinely monitored by the three survey agencies are used for oversight.
  - **Oversight measures** are those that are reported to the Governor, Legislature, other oversight agencies, or the public on a regular basis.
  - These measures generally appear in a strategic plan, budget document, agency annual report, or similar published document and are made available on agency or state web sites.
- None of the survey agencies submitted a complete set of **operating measures**, or measures that are used for the internal monitoring and management of the agency.[2] Representatives from the Missouri DOR and Virginia DMV indicated that they have no formal operating measures that are separate and distinct from the oversight measures. Tennessee DOS provided examples of formal operating measures that they use. (While we know that agencies use measures and data for managing day-to-day operations, it was outside of the scope of this review to evaluate or describe informal measurement activity.)
- Each of the oversight measures reported by survey agencies includes a **benchmark** or baseline value that is used as a reference point for comparison to current performance. These baseline values were developed by:
  - Using an average of historical data to set a baseline,
  - Establishing the most recent time period's performance as the baseline, or
  - Identifying a desired level of performance that must be maintained. (The value was created by agency management, or was based on an industry standard.)
- Most measures also include **targets**, or a desired level of performance to be reached within a specific period of time. Three kinds of targets were identified in the survey:
  - A "stretch" target is one that is desirable but challenging to achieve. It may or may not be achieved in the near term
  - A "budget" target is one that is projected to be achievable, given recent performance data or current resources.
  - In some cases, agencies set targets that are equal to benchmarks or baselines, contending that they would manage performance to remain the same over time.

[2] Virginia DMV did submit one "operating" measure. It is included in Appendix 3G.

(For example, customer wait time is often managed to a set number of minutes. Agencies certainly do not want the wait to exceed the baseline minutes, but there may be no real advantage to reducing the wait below this baseline.)

- The number of measures used for oversight purposes varies from 4 (Virginia DMV) to 49 (Missouri DOR).

Measures Reported by Survey Agencies, By Type

Exhibit V3-a summarizes the types of measures that are reported to oversight organizations by the survey or literature review agencies. (Washington DOL is included for comparison. DOL's use of oversight measures will be discussed in the answer to the next question.)

Exhibit V3-a
Performance Measures, by Type, Included in Each Agency's Oversight Reports

	State Agency						
Performance Measure Type	**Missouri DOR**	**Tennessee DOS**	**Virginia DMV**	**Maryland DOT**	**Minnesota DPS**	**Arizona MVD**	**Wash-ington DOL**
Workload	X	X	X	X	X		X
Revenue Generation/Budget	X		X		X	X	X
Customer Service	X	X	X	X	X	X	X
Image/Reputation			X	X		X	
Social Outcomes			X				X
Efficiency	X	X	X		X	X	X
Effectiveness	X	X					X
Timeliness	X	X			X	X	X
Employee Development			X				X
Technology Development			X				X
Culture Development			X				X

To better understand the breadth of measures reported for oversight purposes, we classified each measure by type. Types of measures include:

- **Workload –** Workload measures describe the volume of products or services produced by an organization. While output and workload measures are not true measures of "performance" per se, they are valuable for establishing the scope of work and monitoring trends in product or service demand.

Most agencies include workload measures in their oversight reporting. Examples that they report include:

- Number of motor vehicle registrations produced
- Total number of dealerships licensed
- Number of telephone calls received
- Number of Internet transactions completed

➢ **Revenue Generation & Budget**– These measures are "big picture" measures that focus on the ability of the organization to effectively generate revenue and operate within budget. In government organizations, they typically focus on revenue generated per specific process output, such as revenue per license issued and budget expenditures relative to allotments.

Three agencies report some form of revenue measures (Missouri DOR reports four) and no agencies appear to report budget measures as part of their oversight packages. (Virginia DMV reports budget and revenue measures to oversight agencies through channels other than "Virginia Results". We did not review or summarize these.) Measures include:

- Ratio of dollars collected for every dollar spent on fuel tax evasion enforcement
- Fuel tax revenue generated, before refunds
- Driver-related revenue generated (initial and renewal)
- Registration revenue generated
- Title revenue generated

➢ **Customer Service Attributes** – These measures are focused on the attributes of services or products that are most important to the customers that receive the service. Typically, these measures fall into one of four categories: price, quality, timeliness, and/or functionality.

All agencies report some form of customer service measure. Examples include:

- Average wait time, from arrival to assistance at counter
- Percent of customers completing their transactions during the first visit to a field office
- Percent of time that drivers license renewal notifications are mailed on time
- Cost to the customer (in time and money) to renew a registration
- Percent of customer e-mails that are processed/responded to within five business days

➢ **Image/Reputation** – These are measures of the attitude of customers toward the organization. They are not "factual" measures, but instead tend to measure customer perception. These measures can address direct customers or indirect customers (the public at large, the legislature, government agencies, for example).

The most common measures in this category usually come from customer survey information. Our survey revealed that several agencies have measures of overall "customer satisfaction" or customer perception, including:

- Customer satisfaction with services, as measured by a survey
- Percent of customers rating facility appearance as Good or Very Good
- Percent of customers rating employee helpfulness as Good or Very Good

➢ **Social Outcomes –** These are measures of the "greater good" that the agency delivers to the public at large. Only Virginia DMV includes a social outcome measure among its oversight measures. (Some agencies report social outcomes in strategic plans or annual reports but do not identify them as being part of their official oversight measures.)

Examples of this measure include:

- Total reduction in the number of highway fatalities related to alcohol use and lack of seatbelt use
- Reduction in the number of traffic fatalities

➢ **Efficiency –** These measures evaluate the cost of providing a unit of service to a customer. Most agencies report some form of efficiency measure, including:

- The agency's cost to produce a drivers license
- Cost per customer served
- Cost to produce a renewal license
- Percent of court records received electronically

➢ **Effectiveness –** These measures look at the overall quality of a process. Missouri DOR and Tennessee DOS report this type of measure. Examples include:

- Percentage of drivers licenses produced correctly on the first attempt
- DUI dismissal rate
- Percent of registrations produced correctly (without errors)
- Percent of fuel tax returns without errors

➢ **Timeliness.** These measures describe the timeliness of the performance of a process or completion of a product. Process timeliness is important if it contributes to something that the customer cares about, to the revenue generation ability or productivity of the organization, or to the ability of the organization to comply with laws or regulations. (Some timeliness measures are extremely important to the customer, and appear in the Customer Service measure category.)

Examples of timeliness measures reported by agencies include:

- Average number of days to complete record updates
- Total average days to process DUI-related hearings
- Number of days from receipt of fuel tax to deposit
- Processing time for issuance of a drivers license

Only Virginia DMV, through its "Management Scorecard", uses any of the following types of measures for oversight purposes:[3]

- **Employee Development.** These are measures of the effectiveness of investments in the organization's employees, typically relating to their growth or functioning. An example might be a measure of training effectiveness.

- **Technology Development.** These measures typically address the effectiveness of the organization in making investments in technology that, in the intermediate to long term, will significantly contribute to the performance of the organization. An example of a measure in this category might be the competency of employees to use a newly introduced or enhanced information system. Another measure might be progress made by the organization in implementing its strategic information systems plan.

- **Culture Development.** These are measures that assess the effectiveness of investments in the culture of the organization. Examples of measures might include the percent of employees that are fully aware an agency's vision, mission or strategies or measures of organizational morale.

Discussion of Selected Measures Reported

Exhibit V3-b describes a few of the performance measures reported in more detail. (Washington DOL is included for comparison. DOL's use of these measures will be discussed in the answer to the next question.)

Exhibit V3-b
Selected Performance Measures Included in Each Agency's Oversight Reports

	Where Reported, by State Agency						
Performance Measure	**Missouri DOR**	**Tennessee DOS**	**Virginia DMV**	**Maryland DOT**	**Minnesota DPS**	**Arizona MVD**	**Wash-ington DOL**
Wait time	X	X	X		X	X	X
Customer satisfaction (as measured by survey)			X	X		X	
Use of alternate service delivery (Internet, IVR, mail, other self-service)	X	X	X	X	X	X	X

[3] The Management Scorecard rates the Virginia DMV's overall effectiveness in categories such as Human Resources Management and Technology, for example. For descriptions of these categories, see Appendix 3G.

	Where Reported, by State Agency						
Performance Measure	**Missouri DOR**	**Tennessee DOS**	**Virginia DMV**	**Maryland DOT**	**Minnesota DPS**	**Arizona MVD**	**Wash-ington DOL**
Cost per customer (various transactions or overall)	X		X				
Call center (various)		X		X		X	X
Information technology (various)	X						X

- **Wait time –** All agencies measure and report some version of customer wait time. Definitions of this measure vary:
  - Missouri DOR and Virginia DMV measure time from arrival in the office to assistance at the counter. These are generally average customer waits (in minutes) for all offices over a given time period. Data are made possible by use of a Q-Matic or similar wait time automated system. (Washington DOL also uses this type of measure.)
  - Tennessee DOS is in the process of acquiring and implementing a new wait time system. Currently, the agency can only measure the time it takes to issue a license after the customer reaches the counter and the examiner/field agent pulls the customer's record.
- **Customer satisfaction –** Only Virginia DMV and Maryland DOT report customer satisfaction (as measured by a routine survey of customers) as part of their oversight measures. (Other agencies use measures that describe customer service attributes, but not satisfaction per se.)
- **Use of alternate service delivery –** Delivery of services to customers using alternates to face-to-face contact is increasingly important to motor vehicle and driver licensing agencies. Each of the agencies reports some measure for use of alternate service delivery (the Internet, Interactive Voice Response, mail, other self-service). Measures fall into three categories:
  - Workload/number of transactions processed
  - Number of services provided through alternate means
  - Percent of total transactions that are conducted through alternate means. (This measure allows agencies to examine the shift in type of service delivery over time.)
- **Cost per customer –** This measure is reported by two survey agencies:
  - Virginia DMV reports the dollar cost per customer served by all of its programs.
  - Missouri DOR calculates the cost to customers in both customer time and fees to complete key transactions, including obtaining an initial drivers license, obtaining a renewal license, registering a vehicle, and obtaining a title.

- **Call center measures (various) –** Tennessee DOS, Maryland DOT and Arizona MVD report call handling performance as part of oversight measures. (Virginia DMV collects a full range of call center data, but does not have specific oversight measures related to call center performance.) Not all agencies have call centers, but those that do generally have access to a full variety of management data. Measures reported include:
    - Percent of incoming calls that are answered (do not receive a busy signal) – Maryland
    - Percent of calls abandoned or are abandoned to an operator – Tennessee DOS
    - Percent of customers rating call center performance as good or very good – Maryland DOT
    - Average telephone wait time – Arizona MVD
    - Time on hold – Virginia DMV (this is not an oversight measure, but is a formal operating measure)
- **Information technology measures** (various) – Missouri DOR reports several measures under the umbrella of its Information Technology function. While they do not address the overall effectiveness of the agency's investment in technology they do describe the nuts and bolts of providing information technology support to motor vehicle services agencies. Measures include:
    - Percent of time network is available
    - Percent of customers indicating satisfaction with web site
    - Number of homepage hits
    - Number of e-mails received

A complete summary of oversight performance measures and reporting by agency appears in 3D. Details about performance measures, benchmarks/baselines and targets for each of the three survey agencies appear in Appendices 3E, 3F, and 3G.

<u>Use of Benchmarking or Comparative Analysis</u>

- ***Benchmarking*** refers to the practice of comparing the performance of an agency to that of similar agencies with similar work processes.
- The Missouri DOR regularly compares its performance to that of other agencies:
    - The Missouri DOR's 2005 Strategic Plan includes comparisons of measure benchmarks/baselines to baselines from up to three peer states. These data are compiled from the agency's annual survey of American Association of Motor Vehicle Administrators (AAMVA) members. Each year, Missouri DOR conducts this survey by describing its measures and calculations and requesting comparable information.
    - Each product owner selects benchmarking peers or partners that are appropriate for his/her measures.
- The Virginia DMV is undertaking a project to include at least six states in a benchmarking study. The study, to be conducted by a consultant, will assist participating agencies to identify common measures and to collect and compare data on an ongoing basis.

- The Tennessee DOS does not formally compare its measures with peer agencies. The DOS periodically compares its performance with Internet-published data sources.

2. How do these benchmarks (and benchmarking processes) compare with those used by DOL?

Measures and Benchmarks/Baselines Reported

- Unlike the survey agencies, DOL has not yet identified a discrete list of performance measures that it uses for most oversight purposes. Consequently we had to make assumptions about which measures are considered to be oversight and which are operating measures. We assumed that relevant transportation-related measures reported in the following qualify as oversight measures:
    - The Agency Activity Inventory, Statewide Report for Agency 240 Department of Licensing
    - The Governor's Performance Agreement with the Director of the Department of Licensing
- From these documents, we identified 73 measures that could qualify as DOL's "oversight" measures. While there are several measures in most of the major categories (see Exhibit IIa), nearly half of all DOL's oversight measures are **workload measures.** These describe the volume of products or services produced by the agency rather than its true performance. (A complete list of DOL's oversight measures appears in Appendix 3H.)
- The Governor's Performance Agreement includes a number of project-oriented objectives, or things that must be done in order for the DOL to be considered successful. In some cases a performance measure for the objective was identified or implied, in other cases there was no measure. Some examples of these objectives include:
    - Migrate 35 software applications and data…. to an enterprise technology architecture server environment by June 2005. A measure of the success of reaching this objective is "Percent of Vehicle code that has been delivered from the vendor for testing by DOL."
    - Re-negotiate Tribal Fuel Tax Agreements. A measure for this objective is "Number of agreements re-negotiated."
    - Implement alternative methods to renew driver licenses/ID cards. (No measure was identified in the Performance Agreement.)
- We did not find measures describing project-oriented objectives in our survey agencies' oversight measures. There are several possible reasons for this:
    - Each survey agency's oversight measures have been selected to be stable over time. Process-oriented objectives may vary from year, depending on completion status, resources or changes in agency strategy.
    - We did not review performance agreements between agency directors and the Governor in these states, since oversight measures were clearly identified in other places. These documents would likely include project-oriented objectives.
- As indicated in Exhibit V3-a, DOL's oversight measures include most of the major measure types:

- Nearly half (30 of 73) of the measures reported are workload measures.
- DOL and Virginia DMV were the only agencies to include any kind of social outcome measure in oversight reports. DOL reports the following:
  - Reduce the number of truck-related fatalities by 41 percent by 2008
  - Reduction in the NHTSA fatality rate per 100 million vehicle miles traveled
- As is fitting for an agency with "Collect and administer revenue" as a primary objective, 19 measures are related to revenue generation. This is significantly more than found in other agencies. Many are phrased as revenue objectives rather than measures. Measures (objectives) include for example:
  - Collect approximately $1.9 billion in fuel taxes per biennium.
  - Collect $708 million for the Motor Vehicle fund.
  - Collect $43.8 million in Washington commercial vehicle registration fees

➢ Like its peers, DOL measures the following:

- **Wait time** – Use of the Q-Matic system allows DOL to measure time from arrival in the office to assistance at the counter.
- **Use of alternate service delivery** – DOL reports on the number of Internet transactions performed, number of users of Internet services, and number of internet services provided. More importantly, DOL is examining the movement from traditional to alternate service delivery by measuring the percent increase in the number of Internet transactions completed.
- **Cost per customer –** DOL is required to submit a Fee Study for Driver and Vehicle Services to the Legislature every two years. The study includes expenditures per program and identifies the costs (in fees) that customers must pay for each transaction. The DOL collects anecdotal information about time customer time savings related to use of subagents for vehicle transactions, but is not currently able to provide the same level of cost per customer (time and fees) that Missouri DOR reports.
- **Call center measures** - Like its peer, DOL reports several measures relating to its call center, including number of busy calls, number of abandoned calls, calls handled per FTE position, and number of self-service calls.
- **Information technology measures** – DOL reports measures that describe the status of various information technology projects in its oversight measures.

➢ DOL does not include any measures of **customer satisfaction** in its oversight measures. (The agency does complete customer satisfaction surveys and collects information from customer comment cards in all locations, but the results are not routinely reported in the oversight reports.)

<u>Benchmarks/Baselines and Targets</u>

➢ Many of DOL's measures clearly identify a specific performance target. (For example, "Conduct a DUI hearing within 60 days of the incident.") It is not clear if these measures also have a separate benchmark or baseline. In some cases, the benchmark is equal to the target.

- The DOL is in the early stages of identifying benchmarks for its operating measures. These are being established in much the same way that survey agencies create them, using average historical data, a recent time period's performance, industry standards, executive directions, or federal mandates.
- A more complete discussion of the construction of specific measures and their associated benchmarks/baselines and targets appear in Volume 4.

General Comparison of DOL's Performance Management to Survey Agencies

- The DOL's overall use of performance measures/benchmarks is under development. As such, DOL's use of oversight measures understandably lags that of the agencies with more mature processes:
  - Missouri DOR features the most sophisticated use of oversight performance measures and benchmarks of the three agencies we surveyed. Measures, benchmarks/baselines, targets, and current performance are Internet accessible. Measures represent a strong cross-section of categories, and Missouri is actively describing the cost of its services to its customers (time and money). The agency is routinely comparing its performance with others.
  - Tennessee DOS also provides measures, benchmark/baselines, and actual performance on the Internet, through its easy to read Strategic Plan.
  - Like DOL, Virginia DMV is in transition. The agency has scrapped its use of a performance scorecard for internal management in hopes of identifying appropriate performance measures during the upcoming benchmarking project. Unlike DOL, Virginia DMV has a history of reporting performance against key oversight measures, and includes benchmarks/baselines and targets for each measure. Performance against key measures is available back to 1996, in most cases.

4. What "best practices" can be found in other agencies with respect to strategic planning and performance management?

- A common link between the three state agencies we surveyed is that there is strong outside motivation for measurement. Performance measurement is required for strategic planning and budgeting (Missouri DOR, Tennessee DOS) or for oversight reporting (Virginia DMV).
  - The Tennessee Government Accountability Act requires agencies to develop outcome-oriented and time-bound measures, to be submitted and approved with the Department's budget request. Once measures are approved, they may not be changed until the next appropriations cycle unless there are changes in operations that result from court action, law, executive order or changes in federal funding.
  - Missouri passed legislation two years ago requiring performance measures to be included in agency budgets. Budget measures include measures of efficiency, effectiveness, number of clients/individuals served, and customer satisfaction.
  - Virginia HB 2097, passed in 2003, created the Government Performance and Results Act, which requires state agencies to develop strategic plans and

performance measures that enhance agency efficiency and effectiveness and support the objectives of the Governor and Council.

- Our three survey agencies share some important characteristics:
  - Survey agencies recognize the importance of planning and performance measurement. Missouri DOR, for example, has made strategic planning and performance measurement part of its culture.
  - Oversight measures are clearly identified. There is no speculation about which ones are really oversight versus other kinds of measures. This is true even it some of the key operating measures are used as oversight measures, as is the case with the Tennessee DOS.
  - The oversight performance measures are stable over time, so that actual performance against benchmarks and targets can be tracked and compared.
  - There is a process for replacing or adjusting measures, benchmarks, and targets so that these are not changed arbitrarily.
  - Measures and performance are published on agency and/or state web sites. The best are easy to find and use by oversight agencies and the general public.
  - Measures are linked to strategic plans and budgets (in Missouri DOR and Tennessee DOS). The same measures can be found in each oversight document, so there is little or no confusion about the measurements or their objectives.

<u>Missouri Excellent Practices</u>

- The Missouri DOR's three most recent Strategic Plans and performance measures are published on the "Missouri Managing for Results" web site.
- Measures included in the budget are a subset of the measures reported in the Strategic Plan. All but three of the 16 budget measures are also strategic plan measures. This provides for strong linkages between the strategic plan, budget and performance measures and benchmarks.
- For each measure, Missouri DOR's strategic plan clearly identifies the name of the measure, a baseline result, an actual result, comparative data from other agencies (if available) and targets for future performance. The plan identifies activities or events that could impact targeted performance and strategies that are directly related to the measure.

<u>Tennessee Excellent Practices</u>

- The most recent Tennessee DOS strategic plan, annual report and agency budget and all related performance measures, benchmarks/baselines and targets are available on-line.
- Tennessee DOS produces an "At-a-Glance" summary of goals, performance standards and performance measures. The document presents key measures by goal, targets, and explains why each measure and corresponding target was selected.

<u>Virginia Excellent Practices</u>

- Performance measures for all state agencies, including the Virginia DMV, are published on the "Virginia Results" website at www.dpb.state.va.us/VAResults/Index.cfm.

- Performance measurement is a high priority of the Virginia DMV. Because of this, the DMV is undertaking a project to include at least six states in a benchmarking study. The study will assist participating agencies to identify common criteria/measures and to collect and compare data on an ongoing basis.

III. Survey Results, by Agency

III.1 Missouri Department of Revenue

Scope of Review

- The primary focus of this review was the Missouri Department of Revenue (DOR), Division of Motor Vehicle and Driver Licensing. Contacts in this division were interviewed and helped to complete a survey of performance measures.
- SMG also reviewed published information about performance measures used by the Division of Tax (fuel tax program only) and the Division of Administration (selected information technology measures).

Agency Operations

- Missouri's Division of Motor Vehicle and Driver Licensing (the Division) is similar to the Washington DOL in terms of the total number of drivers it licenses and the total number of certificates of title issued per year.
- The Division includes a Customer Assistance Bureau (field operations), Driver Services Bureau, Vehicle Services Bureau, and Information Technology Bureau.
- Unlike the DOL, the Division co-locates its services for drivers and vehicles in state and contractor offices.
- The Division contracts out most services. Eleven state offices and 170 contractors (mostly small, but some very large) provide the full range of services for drivers and vehicles.
- Information technology support services such as network and desktop support are centralized in the Department. Application development and maintenance is distributed to each Division.
- The Division provides for registration renewals using the Internet. The Division does not currently provide Internet-based driver licensing and does not plan to provide this service.

Overview of the Department's Strategic Planning and Performance Management

- The Office of Budget and Strategic Planning is responsible for oversight and guidance of the strategic planning process.
- The Missouri DOR's strategic planning process is very "bottom-up", according to interviewees. Operating units are directly involved in the planning process.
    - Each spring, executive staff revisits the mission, vision, desired outcomes of the agency.
    - Following this, a 13 member team of senior management examines an opportunities and threats analysis to make further recommendations about strategic direction.
    - Finally, project/service owners have discussions to set targets for each product.

- In keeping with the DOR's customer-centered culture, the agency refers to basic customer service elements (Driver's License, Title, Registration, for example) as customer "products". All strategies and measures are product-oriented.

Use of Performance Measures for Management

- According to interviewees, performance measurement is part of the DOR's culture. Each new employee is expected to understand his/her role with respect to the strategic plan, key products, and measures before they begin work.
- DOR management believes that product owners should be directly responsible for their product area's performance. Consequently, performance measures are carefully monitored and activities are adjusted to improve performance.
- Performance measures are reviewed with product owners and deputy directors monthly. Measures are reviewed at the department level quarterly.
- On an annual basis, product owners revisit or reconstruct measures as necessary.
- Product owners are also responsible to collect and analyze their own data as necessary.

Guidance for and Use of Performance Measures/Benchmarks by Oversight Agencies

- In 2001, Missouri's Managing for Results Initiative or MRI was implemented by Executive Order 01-19.
    - Managing for Results is a long-term commitment to doing business more efficiently and effectively. MRI is a management tool for the Governor and his cabinet to help keep government focused on results and to achieve meaningful improvement for citizens.
    - The MRI provides general guidelines for planning, budgeting and performance measurement.
- MRI requires performance measures to be included in agency budgets.
    - Budget measures are limited to six per "product".
    - Budgets are to include a measure of efficiency, effectiveness, number of clients/individuals served, and customer satisfaction.
    - There are no separate measures for information technology required in the budget.
- The DOR's three most recent strategic plans and performance measures are published on the "Missouri Managing for Results" web site.

Oversight Measures/Benchmarks (Baselines)

- The Department of Revenue's Fiscal Year 2005 Strategic Plan includes a set of 46 performance measures addressing the areas of Drivers, Field Office Contact, Motor Vehicle Registration, Motor Vehicle Title, Dealer Registration, Fuel Tax, and Information Technology. (See Exhibit V3-b.) A subset of 16 of these measures is included in the budget.
- Each measure identified in the strategic plan has a baseline (or benchmark) value that is generated using actual performance in the most recent year.

- Measures address a variety of categories, including customer service, workload, timeliness, and accuracy that are related to four key outcomes:
    - Increased customer satisfaction
    - Increased voluntary compliance
    - Decreased cost of compliance
    - Increased quality performance

- Measures and benchmarks/baselines for Call Center Standards will be added to subsequent versions of the Strategic Plan.
- The Division of Motor Vehicle and Driver Licensing did not identify any operational measures.

Benchmarking

- The DOR's 2005 Strategic Plan includes comparisons of measure baselines to baselines from up to three peer states. These data are compiled from an annual survey of AAMVA members, requesting data in a form that can be compared to Missouri measures.
- Each product owner selects benchmarking peers or partners that are appropriate for his/her measures.

III.2 Tennessee Department of Safety

Scope of Review

- The Tennessee Department of Safety (DOS) includes five divisions that are of interest in this study:
    - Drivers License Issuance
    - Title and Registration
    - Financial Responsibility
    - Professional Standards (Driver Improvement)
    - Commercial Vehicle Enforcement (IFTA, IRP, Fuel Tax)
    - Information Systems (components relating to vehicle and driver services)
- We were able to obtain data for the following program areas, since strategic plans and budgets are presented by program:
    - Administration (selected relevant data)
    - Driver License Issuance
    - Titling and Registration
    - Technical Services (Information Systems, Driver Improvement and Financial Responsibility)

Agency Operations

- The DOS is similar to the Washington DOL in terms of the total number of drivers it licenses and the total number of Certificates of Title it issues each year.
- County Clerks, by law, are the agents for all vehicle registration in Tennessee. The DOS also contracts with selected County Clerks for some vehicle title and driver licensing activities, including renewals, duplicates, and non-testing services in locations without state driver licensing offices. Approximately 82% of titles are handled by County Clerks; the remainder have issues that must be resolved by the central office.
- The DOS provides information technology support to County Clerks for drivers licensing. All other activities are supported, for the most part, by county-based systems and technologies.
    - Some counties contract with "Local Government"; a vendor that specializes in processing licensing transactions of all types.
    - County and vendor data are shared in batch mode (usually nightly) with the DOS.
- The TDOS provides Internet driver license renewal. To date, only one county (Hamilton County) provides internet access to vehicle title and registration services.
- The TDOS maintains two call centers: one for Financial Responsibility and one for Title and Registration. Call center applications are operated by two different vendors, but both provide call handling data.

Overview of the Department's Strategic Planning and Performance Management

- The Government Accountability Act of 2002 (the Act) requires Tennessee state agencies to phase-in strategic planning and performance-based budgeting.
- The DOS is one of four state agencies selected for the first phase of this effort. As such, the agency has developed its 2005-2009 Strategic Plan using strict guidelines that are issued by the Commissioner of Finance and Administration.
- The Government Accountability Act also requires agencies to develop performance standards and measures.
    - According to the Act, measures must be outcome-oriented, address efficiency, and be time-bound.
    - Measures are submitted and approved with the Department's budget request.
    - The DOS's newest measures were approved in May, 2004. Once measures are approved, they may not be changed until the next appropriation cycle unless there are changes in operations that result from court action, law, executive order, or changes in federal funding.
- A central Office of Strategic Planning (2 FTE positions) manages all strategic planning and performance measurement, including plan development, monitoring, and data collection and reporting.
- Because of the requirements of the Act, linkages between strategic plans, performance measures and agency budgets are very clear.

Use of Performance Measures for Management

- Prior to the enactment of the Government Accountability Act, performance measurement was not formal or well-organized within the DOS. (The agency has been using some kind of strategic plan since 1997.)
- The Act has forced thoughtful development of measures and standards, and routine monitoring of performance against these measures.
- Measures are primarily used for oversight and review at the executive level. According to interviewees, operating units may review performance, but do not necessarily understand the connection of specific measures to the strategic goals and objectives of the DOS.
- The Office of Strategic Planning is currently the compiler and keeper of performance data related to the official "oversight" performance measures. Data are submitted/compiled from a variety of sources on a monthly or quarterly basis (depending on the measure) and are maintained in Excel spreadsheets and Word documents. The Office of Strategic Planning provides an "At-a-Glance" view of measures by goal that includes an explanation of the reason for each measure's selection and of the target values chosen.
- The DOS maintains its key operating performance measures in an Excel spreadsheet tool that provides baseline values, target values, actual performance and graphs of results. Several of the key operating measures are used for oversight reporting purposes as well.
- Data are reported to department managers on a quarterly basis.

Guidance for and Use of Performance Measures by Oversight Agencies

- Strategic plans and related performance measures are contractual in Tennessee. The Commissioner of Finance and Administration must annually evaluate the DOS's compliance with its strategic plan and performance measures and report to the Senate and House of Representatives.
- The DOS is also subject to performance review of its activities by the Comptroller of the Treasury. The frequency and focus of these audits have yet to be determined, but the Act does require that the audits include consideration of the efficient use of state and federal funds, additional non-state revenue or cost-savings that could be achieved, and the extent that strategic plan objectives are achieved.

Oversight Measures/Benchmarks (Baselines)

- We identified 17 unique measures that appear in the DOS Strategic Plan for the Driver License Issuance, Financial Responsibility, Titling and Registration and Technical Services Programs. Four of these are also presented in the DOS Annual Report, five are in the budget. Only one measure was found in the Annual Report that was not found in all other sources as well.
- Measures describe workload, efficiency, customer service, and timeliness. Measures are designed to support the following strategic goals:
    - Highway safety
    - Customer service

    - Quality data
    - Valued employees
- No revenue-related measures are presented in the Strategic Plan.
- Benchmarks or baseline values have been identified for all measures in the Strategic Plan. They are generally the prior year's actual performance. Budget-type target values are also identified for each measure.

Benchmarking

- Missouri DOS does not formally compare its measures with peer agencies. The agency does occasionally review Internet-published measures and data from Arizona, Missouri, Florida, and Ohio to look for similarities and differences in performance.

III.3 Virginia Department of Motor Vehicles

Scope of Review

- The Department of Motor Vehicles (DMV) is responsible for driver licensing and driver-related services, vehicle titles and registrations, and commercial vehicle services. A single contact was able to answer our questions about the agency.
- The Motor Vehicle Dealer Board, a separate agency, manages and enforces motor vehicle dealer laws. We did not interview a representative from the Board, but did collect published performance information about its activities.

Agency Operations

- The Virginia DMV is similar to Washington DOL in terms of the number of Certificates of Title it issues each year. The Commonwealth of Virginia has significantly more licensed drivers than does Washington State.
- Driver and vehicle services are co-located. The Department provides driver and vehicle services face to face at 73 Customer Services Centers. In addition, customers may complete transactions by mail, the Internet, or Interactive Voice Response (IVR) telephone.
- License Agents (private entities) transact vehicle-related business in geographic areas that are not served by Customer Services Centers.
- Information technology is centralized within the Department.

Overview of the Department's Strategic Planning and Performance Management

- Virginia DMV's current "Management for Results" system has been operational since 1995. It specifies four key processes: strategic planning, performance measurement, program evaluation, and performance budgeting.
- HB 2097, passed in 2003, created the Government Performance and Results Act, which requires state agencies to develop strategic plans and performance measures that enhance agency efficiency and effectiveness and support the objectives of the Governor and the Council.
- All agencies are required by law to identify objective and quantifiable measures to determine how well programs are performing. Virginia uses four types of measures: efficiency measures, input measures, outcome measures, and output measures.
- Virginia maintains a statewide performance measurement database that allows queries and reports of performance information.
- Performance measures for state agencies, including the Department of Motor Vehicles, are published on the "Virginia Results" website at www.dpb.state.va.us/VAResults/Index.cfm.
- The DMV also maintains a Management Scorecard, as part of its "Virginia Excels" program. The scorecard rates agencies in five areas, including Human Resources Management, Government Procurement, Financial Management, Technology, and Performance Management Departmental Activities

- Within the DMV, the Deputy Commissioner for Administration is responsible for planning and performance measurement. There are separate units for strategic planning and performance measurement within Administration.
- The DMV is just beginning to embrace strategic planning, and is preparing its draft Strategic Plan. Even though the state's "Management for Results" initiative included strategic planning as an important component, Virginia is just now guiding agencies through a structured planning process.
- Because performance measures were identified and reported long before the creation of the strategic plan, the Director of Planning does not see much connection yet between the plan and performance measures.

Use of Performance Measures for Management

- Managers collect and use data to manage operations, but there is no formal monitoring or reporting of performance information. The DMV recently abandoned use of a "scorecard" approach to performance measurement and reporting, and is attempting instead to define key criteria/measures that should be reported and compared with peer agencies on a routine basis. (Some units are still using the old scorecard format.)
- There is no concrete relationship between the oversight measures and the agency's budget.
- The DMV does not formally monitor or report the following measures (although these may be reported/managed at an operational level):
    - Test scheduling backlogs
    - Time to process a vehicle registration
    - Time to distribute a copy of the title. Timeliness of vehicle title documents is not an issue for this agency, since clean titles (no liens or other problems) are prepared for the customer at time of service.
    - Title accuracy. This has not been an issue, since large dealers and many small dealers are able to do on-line transaction processing.
    - Dollars collected per dollar spent (for revenue-generating activities). The Department is working on a cost-allocation methodology to better support its decision-making.

Guidance for and Use of Performance Measures/Benchmarks by Oversight Agencies

- The DMV is subject to review by the Auditor of Public Accounts (financial and management audits), the Joint Legislative Audit and Review Commission (audits) and the Department of Planning and Budget.
- As mentioned earlier, the DMV is required to report the four key measures to the Department of Planning and Budget, and these are published on the internet for inspection by the public.

Oversight Measures/Benchmarks (Baselines)

- The DMV has reported performance to the Governor on three key measures since 1996. (A fourth measure will be added this year.)

- Each of the three key measures has a baseline value. Two are set at the most recent level of performance. The benchmark/baseline for the measure "cost per customer served" is set at a fixed cost that the DMV manages to.
- Target values are established for each of the three measures. "Percent of Customer Satisfaction and Service Effectiveness" and "Percent of Customers Using Mail Service, Telecommunications, and Electronic Means for processing and paying renewal transactions" use stretch targets, or targets that are desirable but may or may not be achieved by a particular time period.
- The Commonwealth of Virginia also maintains a Management Scorecard, as part of its "Virginia Excels" program. The scorecard rates agencies in five areas, including Human Resources Management, Government Procurement, Financial Management, Technology, and Performance Management.

Benchmarking

- The DMV has identified performance management as a high priority. Because of this, the Department is undertaking a project to convene at least six states to participate in a benchmarking study. The study, to be conducted by consultant Cost Effectiveness Measures Inc. (CEM) will assist participating agencies to identify common criteria/measures and to collect and compare data on an ongoing basis.