The Annual Performance Progress Report (APPR)

Tips and Guidelines

2008

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Introduction

The Annual Performance Progress Report (APPR) is the primary expression of agency performance measured against legislatively approved Key Performance Measures (KPM). The KPM reporting cycle was altered in 2008 to follow the customary budget development process timelines and a new automated system is under development to replace the previous "paper" KPM reporting system and attendant forms.

In addition to these mechanical and systems changes, additional training is being provided by both BAM and LFO in the form of KPM Roundtables and formal training programs such as Best Practices for Boards and Commissions, and Business Case training for the Policy Option Package development process. These things are happening for one primary reason; to increase the overall utility and value of the KPM process, both to agencies and various consumers of the information generated in the system.

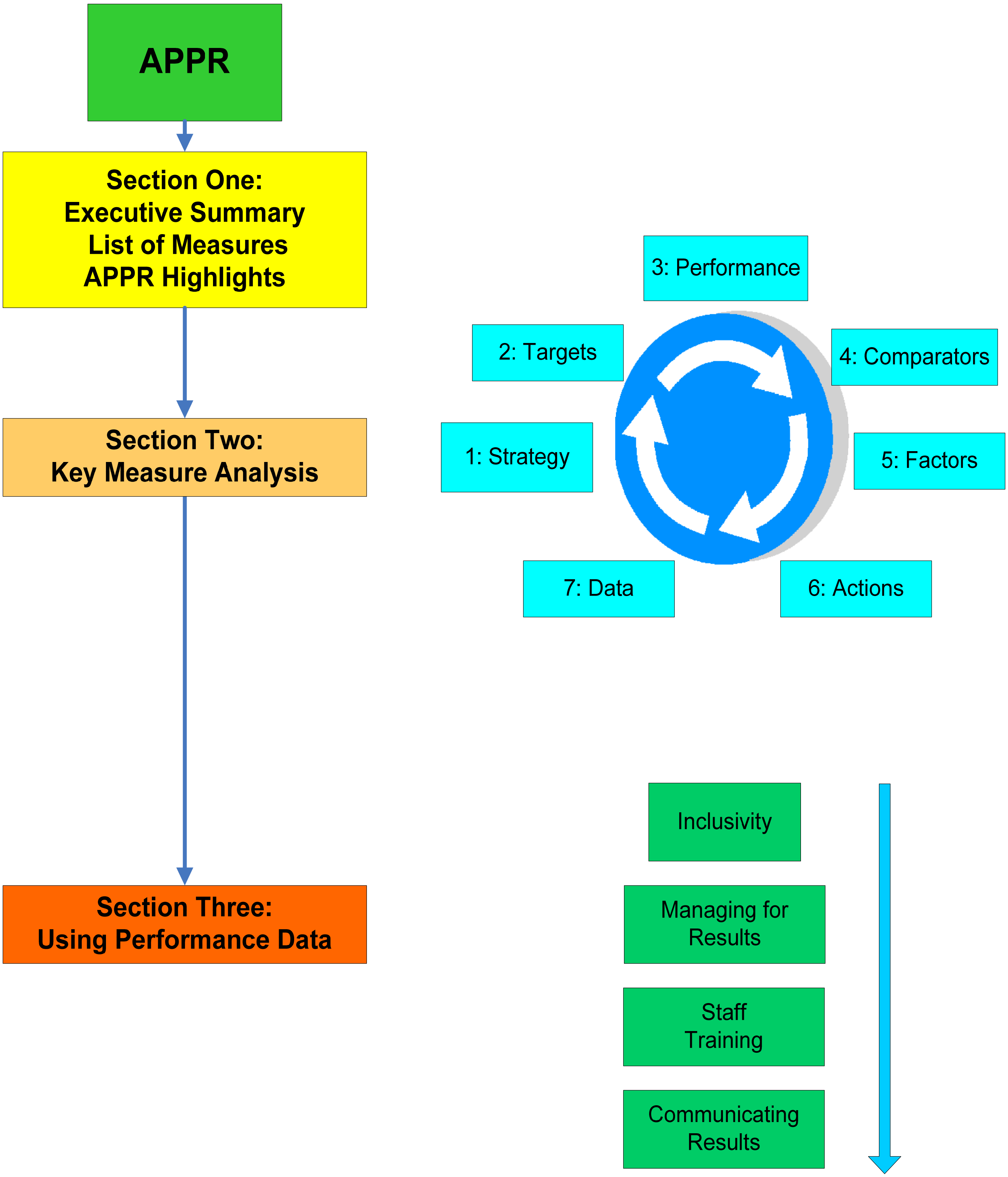
The APPR is the "expression" of outcomes for each agency's Key Performance Measures. As such, it is one of the best opportunities for agencies to tell their story in a compelling and data-driven way.

The following "tips" are not process instructions issued for compliance purposes.

These are suggestions and ideas for improving the *effectiveness* of the APPR. There is little question there will be an increasing emphasis on data-driven planning and decision-making, and a concomitant increase in expectations for agencies to provide more, and more useful data about operations and outcomes.

The APPR should be seen as a primary tool in informing on agency activities and accomplishments against mission and operational objectives.

APPR Development Process



KPM “System” Brief

This section addresses issues specific to the new electronic reporting system.

- **Generate APPR “drafts” off-line**: By generating working drafts in Word, using the historical section headers from previous APPR’s there is less risk of losing data with the new system and it is easier to circulate materials for input and review prior to entering them into the system, where editing will initially be significantly more cumbersome than in Word. Version 2.0 of the system will allow for greater access and editing capability.

- **The system will automatically generate section headers and footers**: No more fussing with section headers and such.

- **The system will automatically generate a list of measures to be reported on**: Previously approved measures will be populated and waiting for you. This makes certain you are reporting on the correct measures, with the correct wording.

- **The system will <u>automatically</u> generate a list of proposed measures for 09-11**: To facilitate ease of reading the APPR report, the list of proposed measures you previously entered into the system will be automatically generated as an “appendix” (with detail) to the report and a table of proposed measure titles will be automatically generated as the first page of the APPR, just below the table of measures to be reported on for this cycle.

- **Off-Year Reporting**: The second year of the biennium reporting has always presented some issues. We will be addressing at least some of these after the close of this reporting cycle. Stay tuned.

- **Manual “adds**:” Agencies have always customized the APPR. At this point, these adds will have to be done outside the system.

Section One—List of Measures

The system will automatically generate a list of legislatively approved measures for the reporting period, in this most current case the 2007-09 biennium. Below this list of approved measures is a list of proposed changes, those that you have entered into the system. These two lists of measures form list of proposed measures for the next biennium, currently 2009-11. Information about proposed changes will also be included as an appendix to the APPR.

Section One—Executive Summary

The Annual Performance Progress Report should provide the reader with an improved understanding for agency strategies, accomplishments, and areas for performance improvement. The Executive Summary is a place to concisely highlight key report take-away messages.

Scope of the Report (boundaries of the APPR)

- **To what degree do the performance measures provide a comprehensive understanding of agency performance**? Currently, there is a variety of scoping within agency KPM's. In some cases the currently approved KPM's are fairly representative of overall agency functioning and performance, and in other cases they are not. It is important the reader has a clear sense for the degree to which the KPM's being reported are representative of primary agency functions and programs, and where key areas are *not* represented in the measures. This section should answer the basic questions: What is represented and is not represented? What are the limitations of the report?

- **The Oregon Context - higher-level linkages and context:** To what higher-level outcomes measures or Oregon Benchmarks does the agency link? What are the key partners with whom the agency collaborates to achieve results? What are the key drivers and the trends related to those drivers?

- **Performance Summary:** Key results and areas for improvement: Looking at the information detailed in the Analysis Section, what are the most important results achieved over the last year (this may include things beyond achieving the target)? What areas are in need of attention? What opportunities exist?

- **Challenges - Obstacles to Watch or Overcome:** Looking across challenges detailed in the *Analysis Section*, what are the overarching obstacles the agency faces? How is the agency positioned to confront these overarching obstacles? What actions or strategies are used to confront and either mitigate or remove obstacles?

- **Resources Used and Efficiency - Investments and Efficiencies**: What's your agency's bottom-line budget? What changes were made in your budget that will influence performance? What other resources are available to your agency? What efficiency improvements have been made over the last year?

Strategy	Targets	Performance (How are we doing?)	Compare	Factors	Actions (What needs to be done?)	About the Data
CONTENT	CONTENT	CONTENT	CONTENT	CONTENT	CONTENT	CONTENT
What is being done **How** it is being done	**Rationale** for the target—why is it used; what meaning does it have?	Interpreting results: What does this result ***mean***? Normal" range of variation (historical, or statistical)	**Direct:** Equivalent comparisons with similar measures in public or private settings	Primary Drivers for the intended outcome	**Summary Analysis**: Effectiveness / Cost-Benefit	**Data Source**
Relationship of measure to agency **mission** or **goals**	**Methodology**—How the target is calculated	**Trending**—Getting better, staying the same, declining	**Indirect:** Approximate comparisons to similar outcomes (but different measures)	Factors **positively** contributing to achieving the outcome	Immediate **corrective action(s)** for less than optimal results	**Methodology** ("type," degree of aggregation, methods of analysis, etc.)
How the measure is **used** to inform/direct agency decision-making and planning	**Interpretation**—how to interpret (increase/ decrease = improvement/ decline)	De-aggregated data (data **detail** and **analysis**).	**Best practices:** Comparison to cited references of identified "best practices"	Factors **negatively** contributing to achieving the outcome	Continuous improvement actions—results	**Validity - Data limitations** (error rate, confidence levels, limitations, restrictions-caveats)
Stakeholders—participants—partners	Impact of target movement	Supporting Data (data not reported in primary measure, but **informing** on the measure)	**Leading**: Where we are setting the standard	Analysis of impact of positive and negative factors on summary outcome	Strategies for influencing drivers and factors: resource needs, policy issues, etc.	Reporting cycle
Assumptions within the measure		How the measurement results are being **used**.	**Other:** past performance or no appropriate comparisons.	Strategies for influencing drivers	Opportunities	Data audit results (if any)
		Graphics	**Draw Conclusions**	Identification of "cross silo" connections		

TYPICAL CONTENT BY SECTION

APPR *KEY MEASURE ANALYSIS* PREPARATION DETAIL

Section Two: Key Measure Analysis

Strategy

This portion of the APPR provides a "context" for understanding the information you are reporting on each individual measure: it gives you an opportunity to explain **what** you are doing operationally to achieve the intended outcome(s).

- **Describes the essential elements of "how" the measure functions**: Detail the mechanics of the measure and how the design fits into the strategy (if appropriate).

- **Identifies significant players and relationships**: Make sure to include who is involved/contributory to the measure (federal, state, and local governmental entities, private organizations and foundations, special interest groups, etc.). What is the population impacted most by the measure?

- **Places individual KPM's within the overall context of agency mission, goals and plans**: It is important to define how the agency "uses" the measure and data, and where it fits within the overall context of organizational functioning and objectives. What is the policy goal being measured?

Targets

- **<u>Remember, we are using the APPR to request Target Changes—clearly identify requested changes</u>!** The target narrative should contain clearly identified requests to modify current targets (if any). Incremental adjustments in targets based on actuals are discouraged. Target changes should only be requested when there are compelling reasons to do so. Targets are based on ERB. If you are submitting a Policy Option Package, the anticipated impact on existing targets should be detailed on the POP proposal.

- **All measures should have targets**: It is acceptable to not have targets for brand new measures where insufficient data or history exists to reasonably inform target setting. In virtually every other case a target value must appear. However, the agency has the option of "defining" the target … and in many cases the target may function more appropriately as a "forecast," and should be identified as such in the narrative.

- **Explain "why" you are using the target**: What are the assumptions that support the target? How did you set the target? Is it based on reaching the goal in a certain amount of time? Based on history? In many cases targets may be set by statute, rule, or legislative/executive direction, or by Federal requirements. When this is **not** the case, more explanation may be required as to why the target is an appropriate expression of measurement. What actions can you take to directly impact the target? What actions can you take to indirectly impact the target? Are there other programs within the agency or otherwise that may also impact the target? If so, are data sets from that program being reviewed or considered in this KPM? Will investments or disinvestments in those other programs impact the target? If so, were those considered in setting the current target? If no, what *does* impact the target? Are there national/industry/best practice standards or measures in this area? If so, is this measure based on those? If not why not? If you have been consistently meeting the target, have you considered raising it or changing the goal? If you have not been meeting your targets. Why? Which assumptions were not accurate?

- **Explain how to interpret the target**: Always draw conclusions for the reader, and provide context for readers to understand what the target actually *means*, and how to interpret it within the frame of reported actuals. For example, the target may actually be a point within a range, and small variations between the target and actuals may be insignificant, and reflect normal process variation over time. Don't assume the reader will automatically interpret correctly, without this detail.

How we are doing (performance)

- **Identify underlying assumptions**: Results always exist within a context. In order to understand performance results, the reader must be provided with a framework for *interpreting* the data within a specifically defined context. A brief discussion of operational assumptions is preferred. *For example: Although results appear flat, the slowing of the economy and resultant job losses suggest this outcome is more positive than might reasonably be expected under the circumstances*.

- **Explain what the data "means**:" Always draw reasonable conclusions for the reader. Try to anticipate any likely misinterpretation or erroneous conclusions which might be drawn. *For Example: In total, this measurement shows a modest but meaningful improvement in residential fire safety, state wide*; or … *While there is a 2% variation between target and actuals, this variation is not significant and reflects normal variation in the process*.

- **Additional data expressions** (visual displays): ***Version 1.0 of the electronic system will <u>not</u> support multiple graphs***. However, the agency always has the option of simply generating additional data expressions along with explanatory text and physically inserting them into the APPR in the appropriate place. Next generation of the KPM reporting system will have significantly more robust charting capabilities. The most typical approach to the APPR has been a single, column/line graph of the primary metric and supporting narrative. Most often the primary KPM metric is expressed in highly aggregated ordinal form. Such expressions are useful for "at a glance" review, but they may not speak effectively to building a more complete understanding of the measure results.

  Additionally, the single basic reporting metric expression may be greatly enhanced by additional charts and graphs which either show de-aggregated data used in the primary chart, and/or provide **additional** data which serves to add richness to the report. For example, a chart which shows distribution of an outcome (such as healthcare access) by ethnic group can be very effective in answering a reasonably anticipated question, such as "*how are more vulnerable populations represented in healthcare services*?" Another chart which shows the improving cost-benefit ratio in a program (doing more with less) can be very powerful in showing the results of improvement efforts in an easily digestible manner.

- **Additional Narrative**: The physical limitations imposed by a "paper" reporting system are substantially lifted with the new electronic process. This is both an advantage and a potential lure to create reports which are so narrative intensive they discourage reading. Remember, the people reading these reports often have relatively little time to wade through many pages of narrative. The more concise and well organized the report, the more likely it will be read and understood.

- **Describe the impact of anticipated/unanticipated effects**: If the target for performance is based on "x" and "x" changes, this needs to be noted and the impact addressed. *For example: An unanticipated drop in high school graduation rates and tuition increases in post-secondary schools have resulted in a lower than anticipated enrollment rate in post-secondary schools*.

- **Describe improvement efforts**: One of the most critical aspects of reporting performance is to detail what is being done on an ongoing basis to *improve* it. **Always** highlight agency activities around process and program improvement efforts and their results.

- **Note trends**: Data almost always shows at least some movement over time. Some of this movement may be a function of normal variation within the process but it is common that, over time, trends will appear. These trends need to be identified and explained. It is also a good choice to note any demonstrable correlations between the measure and other things such as downward trending in highway fatalities being positively correlated with increased seatbelt compliance, or decreases in subsequent child abuse rates when initial response to complaints is made within “X” timeframe. This can be one of the more informative parts of the APPR, especially when there are statistical correlations, such as the relationship between defunding education, and measurable increases in juvenile crime rates.

- **Identify any forecasts requiring target changes**: New legislation, broad economic trends, population shifts, initiatives, all can have significant impact on KPM measures. It is always preferable to identify these in reasonable anticipation of their impact, rather than waiting to assess actual impact, after the fact.

How we compare

- **Direct comparisons can sometimes be elusive but they are the most effective**: This element of the reporting process has been frustrating for agencies, because often it is difficult to find direct comparisons. However, if available they tend to have the greatest impact, with the least amount of effort expended.

- **Indirect comparisons require explanation** (is this a reasonable comparison?): When using “indirect” comparisons, it is important to clearly identify **how** the comparison is being made and why it is reasonable.

- **Use “best practices” if there are no reasonable numeric comparators**: It is not always possible to find reasonable metric comparisons. A great deal of governmental functioning is hypothetical in nature where a clear, scientifically valid “solution” is not known. When faced with this challenge, an agencies might create or work with known “best practices” as criteria for evaluating effectiveness.

- **Identify when the measure is unique/leading edge**: More often than is typically stated, Oregon leads the way among its sister states in various programs and practices. There may not be reasonable comparators, because we are the standard *others* use. When this is the case it is essential to identify this for the reader.

- **Without reasonable comparators, historical performance can inform**: This is an opportunity to use more sophisticated data analysis, such as regression analysis, plotting historical performance trends correlated against major events, etc. If no reasonable comparators exist, historical performance at least provides some context to interpret results.

What needs to be done?

- **Lessons learned**: This is an opportunity to strengthen the relationship between the KPM and **actual** agency decision-making and planning. If the measure does not inform the management process at least to some demonstrable degree, its value is legitimately suspect. It is important to acknowledge those times when a measure is simply not functioning as intended, and to set the stage for building a more informative and valid measure of the performance under consideration. Focus on highlighting "takeaways" generated by the measure.

- **Strategy revisions**: Learning from performance metrics often means mid-course corrections. Again, the emphasis here is showing how the measures are used, and agency responsiveness to data. There are always opportunities for improvement, especially by addressing cost reductions (producing the same or similar outcomes, for lower costs).

- **Process improvement efforts**: You will see this issue often reiterated in both the KPM and budget processes (most especially the POP development process) because of the expectation that government should be *continually* working to improve itself just as private companies do. Highlighting agency efforts in this regard is essential.

- **Resource analysis**: There is always a relationship between resources and results. When a process has been optimized and is still running short of desired levels, it may be necessary to direct more or different resources towards the outcome. Always precede any discussion of additional resource needs with a description of what has been done to get the most from existing resources.

- **Cost-benefit analysis of measure**: Not every measure functions as desired or intended. Sometimes the cost to set up, maintain, and report-out on a measure is disproportionate to its actual information value. The analysis of a measure, which shows it to be problematic in this regard is a good prelude to requesting deletion or significant change in a measure. It is not in anyone's best interests to expend resources to report data which is not useful in some significant way. Conversely, showing where the measure has added value (either by the process required to track and analyze, or because of outcomes managing the measure drove) is very useful information.

About the data

- **Source:** Data for a given measure may be sourced in various ways. Most often such data comes from internal systems, but this not always the case. A number of measures within the system are sourced externally. In any event, it is important to note how the data is obtained and especially to note the presumed "reliability" of externally sourced data. If you are using an external source, how confident is the agency as to the validity and reliability of data source? If the data is coming out of a complicated system, when was the last time the report query/programming was reviewed for accuracy? If a data set has under gone significant alterations in its composition and reporting, this is very important to note and explain. If significant changes are being made, but the report is not being updated, there may be data missing that is hard to discern without a specific data check process.

- **Reporting cycle**: Calendar, Fiscal Year, etc. In some cases it may be that data being reported is "interim" (not based on a complete cycle). Make certain that inclusive timeframes being reported are clear.

- **Methodology**: In order to understand data, it is essential to understand the *methodology* used to produce it. There is no such thing as "neutral" data; it is always impacted by methodology. The simple difference between using the *mean* or the *median* to determine "average" is a good example of how methodology will impact results. Additionally, it is likely that agencies will see an increased emphasis on auditing data integrity of performance measures. Documentation of methodology in a manner that is reproducible is essential.

- **Validity**: Such expressions as *reliability*, *error rate*, *confidence levels*, and various types of validity tests exist because "perfect" data does **not** exist. While there is an understandable expectation that scientific data be quite precise, it is tacitly understood by most that the bulk of data generated in non-scientific applications exists within a *range* of accuracy and validity, and that this is normal and to be expected. The range of reliability or validity is largely a function of the normal variation within a process (which can be very high in social programs where there are a host of known, unknown, and poorly defined drivers), and the methodology being used. While the operating assumption seems always to be that higher is better … this is not always the case. Validity and reliability levels should be a function of the measure itself, e.g., a 5%-10% variation in many measures is relatively inconsequential, such as the difference between a *targeted* mean of 10 minutes telephone wait time, and a 90% confidence level range of 9 to 11 minutes in *actuals* {median = 10 minutes +/- 1 minute}.

- **Context (how to interpret the data)**: Readers always draw conclusions from what they read, and especially from what they see in graphic displays of data. Do not assume they will reach the same conclusions you have reached. Always draw reasonable conclusions for the reader and provide support for your conclusions.

Section Three—Using Performance Data

While this section of the APPR has often received the least attention, it is potentially quite powerful in providing a high-level summary of the preceding information, by emphasizing and focusing on some key areas.

- **Inclusivity**: **Who is involved, and how are they involved**? Transparency and collaboration are two primary operational values for Oregon state government. We want to make certain citizens have access to, and are encouraged to examine and comment upon government results. APPR's are always posted and available to the public. At a minimum detail it is important to note how agency staff, elected officials, various stakeholder groups and Oregon citizens at large are a part of the development of agency measures, and consumers of reporting on performance.

- **Managing for results**: How are performance measures used for management of the agency? What changes have been made in operations as a result of performance metrics over the past year?

- **Staff Training**: Agencies are expected to continually add value to their workforce through training and development activities. Detail agency training and development activities in such areas as: process improvement, problem-solving, quantitative analysis, and other areas specific to improvement efforts based on Key Performance Measures.

- **Communicating Results**: Detail specific actions taken to communicate performance results to: Agency staff, elected officials, various stakeholder groups and general communication to Oregon citizens.

Summary

There are two basic ways of approaching creating the APPR, the first is simply to pursue compliance with known requirements. The second is to view the APPR as a potentially important tool in communicating and building understanding for agency efforts and accomplishments.