"Citizen-Based Performance Measurement
-- the Iowa Experience and Lessons for Eastern European Countries"

by

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Abstract
At the turn of the 20th Century, municipal researchers in the United States had already begun to advocate the value of "performance measures" in ensuring the public accountability of officials and the efficiency and effectiveness of public service delivery. However, for many decades, municipal performance measurement was a managerial exercise, with limited citizen participation in the development and usage of performance measures. In 2001, nine municipal governments of the state of Iowa in the United States began to implement a model of "citizen-initiated performance assessment" (CIPA), which integrates the participation of citizens, elected officials, and city staff in the development and usage of performance measures. This paper examines the Iowa CIPA model and uses survey data to analyze empirically why some cities were receptive to the idea while others were more resistant. Based on the Iowa experience, this paper discusses the transferability of the CIPA model to Eastern European countries and the implications for future administrative reforms in the region.
1. Introduction

Performance measurement in government involves the use of quantifiable indicators to measure the efficiency, effectiveness, and results of public services, so that citizens, elected officials, and managers can be better informed about the effort and accomplishments of government in making policies and program decisions. Since the early 1990s, there has been a renewed effort by both academics and professional organizations in the U.S. to promote performance measurement in state and local governments. A similar trend can also be found in some European countries. Since the early 1990s, more European governments have begun to pay attention to performance measurement and require government departments to use the tool in budgeting, program implementation, and the auditing process. For example, the National Audit Office of the British government is now required to not only audit financial accounts, but also to conduct performance auditing to assess the effectiveness of operations and the efficiency of resource usage by departments (Butler 1999). Other countries, such as Slovenia, Portugal, and Sweden, also encourage the "value-for-money" movement and require departments to conduct performance measurement and performance-based budgeting (Pecar 2001; OECD 2001). More countries are now required to conduct performance auditing on projects that receive funding from the European Community.

One of the reasons why performance measurement has become more popular is because many policymakers and analysts believe that the tool can help increase the productivity, accountability, and cost-effectiveness of public programs. However, many studies have also found that despite the claimed benefits, policymakers actually pay little attention to performance measures when they make budgetary or program decisions.
To make performance measurement more relevant in the decision-making process, policymakers need political incentives to encourage them to pay attention to the measures. Otherwise, they are likely to "conduct business as usual" and make budgetary or program decisions based on incremental changes, personal preferences, or information provided by special interests.

One of the necessary political incentives is to involve voters and elected officials in the design of performance measures, so that these measures have political credibility. In 2001, nine Iowa municipal governments in the U.S. began to implement a model of "citizen-initiated performance assessment" (CIPA), which integrates the participation of citizens, elected officials, and city staff in the development and usage of performance measures. This paper examines how the CIPA model works, and uses survey data to analyze empirically why some cities were receptive to the idea while others were more resistant. It then concludes by discussing the implications for Eastern European countries and their future administrative reforms.

2. Why Should Government Involve Citizens in Performance Assessment?

Advocates of performance measurement and budgeting suggest that integrating performance measures into budgeting and management helps increase the productivity and cost-effectiveness of public programs (Hatry and Fisk 1971; Richards and Shujaa 1990; Sample 1992; Tracy and Jean 1993). Performance measurement and budgeting also holds public officials accountable for the results and improvement of services (U.S. GAO 2000), helps them think more strategically about goals and priorities, and encourages them to allocate resources more effectively to serve the public.
Despite extensive efforts to promote the usage of performance measures, encouraging politicians and policymakers to actually use performance measures in decision-making still presents a challenge. For example, the experience in Portugal shows that managers and policymakers seldom pay attention to performance targets and goals in budgeting and decision-making (Vitorino 2001). Similarly, a recent study of U.S. county governments by Wang (2000) finds that in the process of legislative budgetary review and consideration, only 53.3 percent of the counties responding to his nationwide survey use performance measurement to help determine funding priorities, and only 57.6 percent of the counties use it to set funding levels for individual programs. In addition, only 32.5 percent of the counties report that legislators are involved in performance measurement. Broom and McGuire (1995) also make a similar observation that state legislators in the U.S. are not highly interested in using performance measurement in decision-making. Citing examples in Texas and other states, the authors remark, "Including performance measure information in the budget does not appear to change the way budget decisions are made" (14).

The lack of sufficient attention to performance measures by elected officials often strips performance measures of needed political support. As a result, many administrators view their efforts to collect performance data and report the measures as a fruitless and wasteful exercise. Over time, they may gradually develop resistance to the tool since they see little impact from their time investment (Lee 1997).

One of the major reasons why elected officials lack significant interest in performance assessment is that citizens are seldom involved in its design and implementation. Elected officials often look to citizens for guidance in decision-making. When citizens voice their concerns, elected officials usually pay close attention to them because they recognize citizens as
the voters and owners of government. Unfortunately, public managers and departmental staff seldom seek citizen input when they develop performance measures for public services. For instance, a survey study of U.S. city governments by Poister and Streib (1999) reports that only 3 percent of the U.S. cities with a population of 25,000 or more involve citizen groups in developing performance measures.

This lack of citizen involvement in performance measurement not only reduces the political significance and credibility of performance measures, but also defeats a major purpose of performance measurement -- providing citizens with useful information to hold government more accountable and improve government transparency. Since citizens do not participate in making performance measurements, they are often unaware of the measures and seldom use them to make inquiries about public service delivery or to make informed decisions in voting.

The lack of citizen involvement also contradicts the premise of the citizen engagement movement in the U.S. and many European countries, which acknowledges citizens as the owners of government (Schachter 1997). While public managers may apply business-like techniques to enhance the efficiency and cost-effectiveness of a program, they must begin to operate in a wider context by recognizing that citizens have the right to influence decisions, evaluate policies and program outcomes, and partner with public officials to create and implement policies (Box 1999).

From an official's perspective, citizen involvement in performance measurement is also necessary and beneficial. Based on data from a national survey of city managers and administrators, Berman (1997) finds that citizen engagement methods, such as informing citizens of the performance of public services, involving them in policy dialogues and discussion of controversial issues, and using surveys to solicit their preferences, reduces cynicism and builds
stronger trust in government. Glaser and Hildreth (1999) analyze citizens' willingness to pay taxes and find that a tax increase is more acceptable if a local government expends greater effort to honor citizens' values and priorities, and explain to them how the government spends tax dollars. Putnam (1993) also suggests that citizen engagement enhances the effectiveness of government and the quality of public services.

The above findings suggest that performance measurement and citizen participation should be integrated. The resulting integration would involve citizens in the following ways (Callahan and Holzer 1999; Epstein, et al. 2000):

- Citizens identify the programs to be measured,
- Citizens state the purpose and desired outcomes of the programs,
- Citizens select the measures or indicators of the programs,
- Citizens set standards for performance and outcomes,
- Citizens monitor and report results and program accomplishments.

3. The Iowa Model of "Citizen-Initiated Performance Assessment"

In the summer of 2001, nine Iowa cities received financial support from the Alfred P. Sloan Foundation to implement "Citizen-Initiated Performance Assessment" (CIPA). Their goal is to engage citizens in the design and use of performance measurement, thus making it more politically credible and increasing its value in the decision-making process. Figure 1 illustrates the conceptual framework and process of the CIPA program.

**Figure 1.**

The Iowa CIPA Framework
The first action is the formation of a “citizen performance team” comprised of city council members, administrators, and citizen representatives. These citizen representatives are culled from a variety of sources. Some of them are current members of various citizen advisory boards. Some are leaders in their respective neighborhoods. Others simply responded to public announcements about the project, eager to have a say in the effort to enhance service delivery and accountability.

In the first stage of the project, members of the citizen performance team learn about city operations and the major responsibilities of the different departments. They also examine the demographic characteristics of the city, evaluate the representativeness of their team, and develop strategies to recruit additional citizen members, if needed. Once this is accomplished, they select a number of public services as candidates for citizen-initiated performance measurement, identifying the critical elements of these services and any major citizen concerns related thereto. The team solicits additional public input through formal feedback mechanisms, such as focus groups, public meetings, and citizen surveys. Based on this analysis, the citizen performance team develops performance measures that reflect the concerns and priorities of citizens, and reports the suggested measures to the city council and senior management officials.

In the second stage of the project, the citizen performance team participates in the design of a data collection system, often helping city staff collect the data. Once the CIPA framework is in place, the team continues to help institutionalize citizen-based performance measurement into the daily operations of city government. It regularly reports performance information to the city council, helping elected officials understand and evaluate the information in the budget and policymaking process. At the same time, departmental officials develop strategic plans and
implement activity-based management based on performance measures and citizen concerns. Figure 2 summarizes the activities of the CIPA project.

**Figure 2.**

Activities of the CIPA Project

The Iowa CIPA model differs from the traditional model in three significant respects:

- It emphasizes collaboration among citizens, elected officials, and city staff in developing performance measures, thereby enhancing the political credibility of performance measurement and increasing the likelihood that the information will be used in the decision-making process,
- It emphasizes the citizen perspective in the development of performance measures so that performance measurement is not totally oriented toward managerial needs,
- It emphasizes the dissemination of performance measurement information to the public so that citizens can use the information to hold their government accountable.

4. Factors Affecting the Involvement of Citizens in Performance Assessment

There are many reasons why the nine cities in Iowa decided to adopt citizen-initiated performance measurement and others did not. One of the motivating factors for participants was the opportunity to gain a citizen perspective on performance measurement to ensure that the city governments are measuring the "right" things. For example, Chris Johansen, a representative from one of the CIPA cities, stated that,

"The city [of Des Moines]'s [existing performance] measures were often missing a crucial piece of the story: Are the measures of our services capturing what our customers are interested in? Are we meeting or exceeding the expectations and
the satisfaction levels of our customers? These were two questions the City was struggling with. Trying to develop a process, led by citizens, to develop performance measures they desire is difficult for City staff to accomplish. This project creates the process and brings the citizen's perspective to performance measurement. I feel performance measurement by staff is important with regards to measures of efficiency; however, the measures of effectiveness of programs and services need citizen involvement."

A similar view is shared by other cities in the project. They believe that citizen involvement is critically important to give a more complete picture in evaluating the cities' performance.

Political concerns seem to be the biggest barrier to CIPA. In the summer of 2000, a survey was sent to the finance directors of Iowa cities with populations between 10,000 and 200,000, including all nine cities in the CIPA project, to test their perception of performance measurement and citizen participation. A comparison of the cities in the CIPA program (the CIPA cities) and those that are not in the program (the non-CIPA cities) shows that the latter expressed more serious concerns about the possibility that performance measures would be used for political purposes in election years (see Table 1). Post-survey interviews with some of these finance officials showed that they were concerned that some city council candidates might use the results of performance measures to criticize the efficiency or performance of government and launch an anti-bureaucracy campaign to raise voters' support. Others believed that elected officials might also share a similar political concern and worried that opponents would use the results of performance measurement to launch political attacks and policy criticisms during elections. As a result, these cities were more resistant to the idea of "citizen-initiated performance assessment."
Past studies have also suggested that a major hurdle to performance measurement and reporting is the time and cost commitment required of public officials (Melkers and Willoughby 2001; Tigue 1994; Wholey and Hatry 1992). Since CIPA requires even more significant time and resource commitment of officials than an internal exercise of performance measurement because of the citizen engagement component, it can be expected that resource concern should be a major hindering factor. However, the results shown in Table 1 reject this hypothesis. In both groups of cities, the finance directors were equally split between having and not having the time and resource concerns. The difference between the two groups of cities was statistically insignificant.

Table 1 also shows that both group of cities were equally positive about the usage performance measurement. They believed that performance measurement was useful for departmental performance auditing, accomplishment reporting to citizens, improvement of managerial efficiency and effectiveness, and priority setting. While the CIPA group was relatively even more positive compared to the non-CIPA group, the difference was insignificant, except in relation to perceptions about priority setting. Hence, the positive perception of performance measurement was generally an insufficient motivation to support citizen-initiated performance measurement.

6. Implications for Eastern European Countries

The results discussed above emphasize the role of politics in administrative reforms and highlight the complementary nature of politics and administration in the pursuit of sound
governance, as pointed out by James Svara in his recent discussion of the development of public administration (Svara 2001). Administrative reforms, such as the introduction of citizen-initiated performance assessment, do not operate in a political vacuum. Even though performance measurement is often viewed as a managerial exercise, its adoption and usage have strong political implications for elected and non-elected officials. This is especially true if citizens are involved in the design and usage of performance measures. To ignore the political dynamics in citizen-initiated performance assessment may create long-run challenges to sustaining the mechanism and using it to make a difference in decision-making.

The fact that political concerns are a major determining factor in adopting CIPA poses some potential difficulties in transferring the CIPA model to Eastern European countries. Although more countries in the region have begun to pay closer attention to the "value-for-money" movement in recent years, many elected officials and citizens still do not understand what performance measurement is and how it can help improve the decision-making of government. Despite mounting complaints and criticisms of corruption, fraud, and malpractice in government, the mass media, the public, and many public officials who are interested in reforming the government have not recognized the potential benefits of performance measurement in making the government more transparent and accountable to citizens.

Furthermore, many Eastern European countries are still building their democratic institutions. Many do not have non-partisan citizen boards or commissions to help officials make decisions. Local elections are often dominated by special interests and partisan politics. Also, concepts such as "citizen ownership" of government and citizen-initiated reforms are not yet rooted in society after decades of authoritarian rule. All these institutional constraints pose additional challenges to the implementation of CIPA in the region.
However, the future is not totally pessimistic. More Eastern European countries have begun to encourage citizen involvement in public policymaking. As the trend of decentralization to self-governments continues, citizens may recognize that there are more direct opportunities to influence government decision-making. As a result, they may replace their political apathy with more grass-root campaigns and non-partisan participation in community affairs. Some elected officials in self-governments who are close observers of the trend in the United States and Western European countries may also be interested in improving democratic governance and may lend their support to citizen-initiated reforms, such as the CIPA model, to make their local governments more accountable and transparent. Hence, even though the integration of performance measurement and citizen participation may face tremendous challenges in the current political environment, there may be stronger political support in the future.

7. Conclusion

This paper presents the CIPA model in Iowa, United States as a possible avenue to integrate performance measurement and citizen participation, so that performance measurement reflects the perspective of citizens and their elected officials. However, its adoption and success depend on the political will of all participants in the political system. Observers of Eastern European countries may find that it is still premature to experiment with the model in the current environment of the region. However, as democratization continues to take root at the community level and as greater pressure is put on policymakers and officials to make government more accountable and transparent to the public, the CIPA model may become more politically feasible in the future.
**Endnotes**

1. As early as the turn of the 20th Century, some scholars in the U.S. had already proposed the need for performance measurement in government, especially in state and local governments. However, it was not until the late 1980s and the early 1990s that a national campaign began in the U.S. to institutionalize the tool in government. For example, the Governmental Accounting Standards Board (GASB) of the U.S., which establishes accounting standards for state and local governments, issued *Concepts Statement No. 2 on Service Efforts and Accomplishments Reporting* in 1994, which elaborated the importance of reporting performance measures in annual financial reports (GASB 1994).

2. The finance officials were selected because they were expected to have wide exposure to the concept of performance measurement through professional development and daily operation. Moreover, the nature of their job requires them to have close interaction with city administrators, elected officials, and departmental staff. This is especially true for smaller cities, where a finance director also assumes the responsibilities of a city administrator.
References


Figure 1. The Iowa CIPA Framework

- **City Council**: 1 or 2 members
- **Citizenry**: Majority members
- **Administrative staff**: 1 or 2 members

**Citizen Performance Team**

- Solicit citizen input about perceivable outcomes of public services
- Develop performance measures based on citizen input
- Collect performance data
- Work with officials to use citizen-initiated performance measures in decision-making
- Assist officials to disseminate performance measurement information to the public
Figure 2. Activities of the CIPA Project

1. Formation of citizen performance teams in each pilot city
2. Selection of service area(s)
3. Solicitation of citizen input about selected service area(s)
4. Development of citizen-based performance measures
5. Integration of performance measures into budgeting
6. Data collection and establishment of activity-based management
7. Performance reporting using citizen-initiated performance measures
8. Regularization of citizen performance teams and CIPA in the budget process
9. Expansion of CIPA to other service areas
10. Performance benchmarking based on citizen-initiated performance measures
11. Project evaluation
Table 1. Perceptions of Performance Measurement by Finance Directors

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<th>N (3)</th>
<th>A (4)</th>
<th>SA (5)</th>
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Note: * One of the CIPA cities did not respond to the 2000 survey, which was conducted a year before the project. ** The difference is significant at the 5% level using the Wilcoxon Rank-sums test.