

## **SUBJECT: Federal Transit Administration Policy on Performance Measurement**

### **PURPOSE**

This policy establishes a framework for improving and refining the content and quality of FTA's performance measures, and for ensuring consistency in performance measurement and reporting across the agency's strategic planning and budgeting documents. FTA's performance measurement framework and processes will be based on benchmarked, best-in-class performance, commensurate with its reputation for being a high-performing organization.

Further, this policy clarifies the terminology, definitions, and criteria for effective performance measures, and includes examples of good and unacceptable performance measures.

### **BACKGROUND**

Improving and striving for maturity in our performance measurement systems is not only a requirement of the President's Management Agenda, but is also simply a good business practice. No organizational entity can claim to be well-managed in the absence of a system to align its practices and processes with the outcomes and impacts it is trying to achieve.

The purpose of FTA's performance measurement framework is to assess the efficiency and effectiveness of programs; to show progress towards achieving the outputs and outcomes for which the programs were established; to evaluate and hold executives, managers and supervisors accountable for results; and to facilitate and support the process of informing the public of the benefits it receives from government activities.

### Performance Measurement Problems this Policy is Intended to Correct

Criticism of FTA's performance measures includes the following:

- Unclear, jargon-laden measures and results;
- Measures that do not support the goals to which they are matched;



- Goals that are not related to meaningful outcomes, instead measuring internal processes and activities that mean little to the general public;
- Measures that are process-oriented (i.e., describing how the activity is being done) rather than output/outcome-oriented (i.e., describing an empirically demonstrable results):
- A lack of explanation and follow-through for shortfalls in performance (e.g., an inability to transparently report on the agency's successes and failures): and
- An inability to accurately evaluate the costs and actual performance associated with achieving outputs and outcomes.

## **APPLICABILITY**

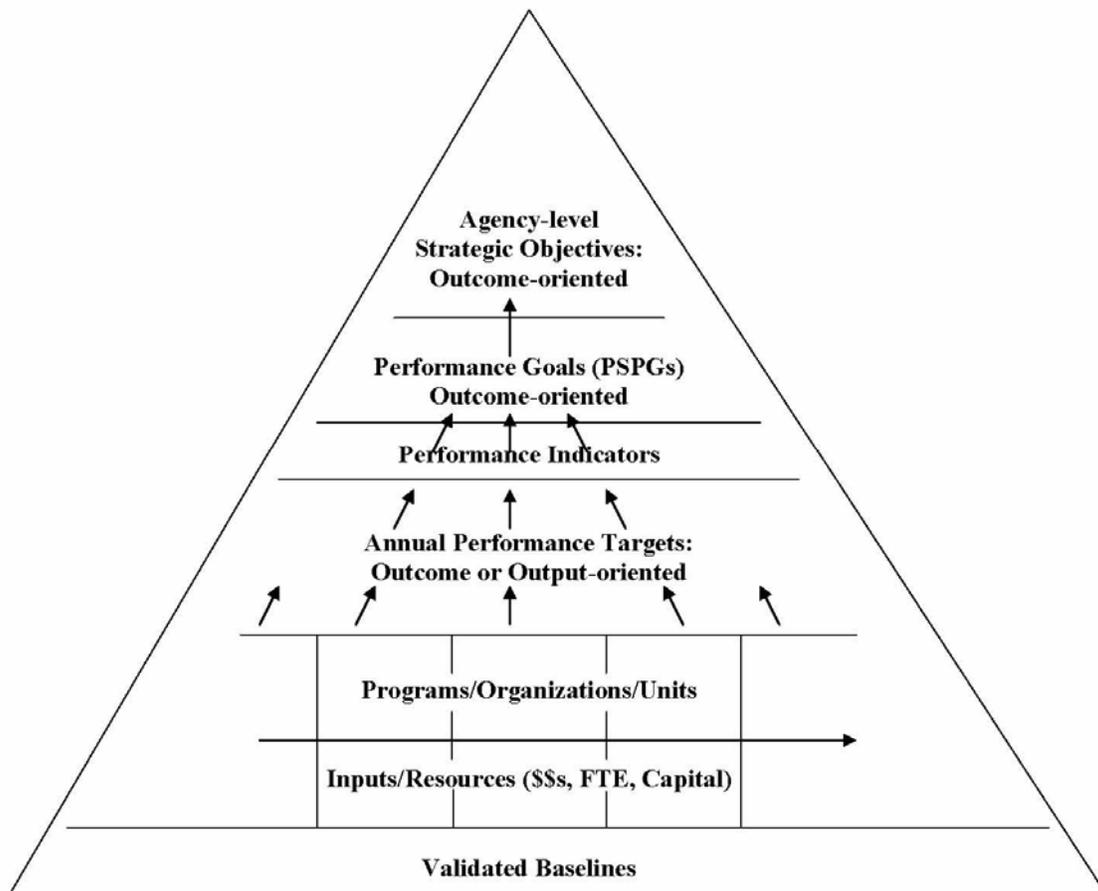
This policy is applicable to all agency elements, including the Regional Administrations. We must develop and use performance measures that are linked to the outcomes articulated by the President, the Secretary, and the Administrator. To do so, major program elements must map their performance measures to those outcomes. Outcome-oriented performance goals are the cornerstone of the agency's ability to integrate performance with the budget, a key requirement of the President's Management Agenda.

Performance Measures need to be written to demonstrate to the public the benefits received as a result of the agency's efforts, and need to be written in a plain language that provides clarity and accessibility to the public on the agency's mission, the results FTA expects to deliver for the resources provided, and leadership in identifying and correcting problems. Performance goals need to be outcome-oriented, clearly measurable, supported by validated baselines and annual performance targets, and defined to support agency-level strategic objectives.

Annual outputs must contribute to desired long-term outcomes. These outputs should produce a measurable effect or impact on the problem that is addressed under the performance goal. Evaluation efforts should be focused on refining an understanding of whether and how trends in outcomes are caused by program and organizational outputs. FTA's input to the Department of Transportation Performance and Accountability Report will provide documentation of the clarity, measurability, and acceptability of the results.

## Connecting Performance Measurement: A Fully Integrated Goal Structure

The pyramid below illustrates the relationship between levels of performance measurement. Each agency-level strategic objective must have at least one related outcome-oriented performance goal, and at least one (and usually many) output-oriented annual performance targets, which are measured against a validated baseline.



Consistency in performance measures from one year to the next, and over multiple years, will permit useful trend analysis. For this reason, OMB mandates that our performance measures must be consistent with DOT's Strategic Plan, the Annual Program Plan, and the DOT and FTA Budgets.

Goals and objectives can be characterized by whether or not they are either output or outcome-oriented. An output type measure describes the level of activity or effort that will be produced or provided over a period of time or by a specified date, including a description of the characteristics and attributes (e.g., timeliness) established as standards in the course of conducting the activity or effort (Asks the question: What will you achieve now?). An outcome measure is a description of the overall intended result,

effect, or consequence that will occur from carrying out a program or activity (Asks the question: What will happen as a result?)

## **PERFORMANCE MEASUREMENT TERMINOLOGY**

FTA has implemented the use of a consistent performance measurement terminology, as reflected below:

### **Performance Goals**

Performance goals are meant to express a target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

### **Performance Indicators**

The term “Performance Indicator” means a particular quantitative value or characteristic used to measure output or outcome toward the performance goal. Indicators demonstrate the effectiveness or efficiency of achieving intended outcomes; they help answer the question, “How would we recognize the results in measurable terms if we tripped over them?”

### **Annual Performance Targets (Activities, Inputs and Outputs)**

Annual performance targets provide us with annual measures of program/sub-program outputs towards our strategic objectives and goals; they are specific statements of fiscal year goals.

### **Inputs vs. Outputs**

Inputs are programmatic investments (what we invest for our resources); outputs are the activities and participation (what we do and who we reach, sometimes referred to as out beneficiaries) resulting from the investment of inputs.

#### **Examples:**

**Inputs** – Staff, Money, time, Equipment, Technology

**Outputs** – Activities and Participation

Activities: Number of Workshops, Facilitations, Product Development, Trainings/Conferences

Participation: Number of Participants, Clients, Customers, Users

Activities and outputs are useful at the tactical level, but not at the strategic level.

### **Validated Baselines**

The fundamental starting point for any performance management framework is a solid, documented basis as a starting point, i.e., a baseline. Baselines must be validated by the program or reporting entity, and when used properly, demonstrate a clear linkage from where the program is at the beginning of a reporting cycle and what it hopes to achieve in the future.

### **FTA PERFORMANCE MEASURE CRITERIA**

The following criteria should guide the development of performance measures at the program office level:

<b>SPECIFIC</b>	Performance measures should plainly and precisely state what will be accomplished.
<b>QUANTIFIABLE</b>	State in objective terms the level of achievement (measured with accuracy and certainty). It is possible to assign a numeric value on a scale to the results. Percentages without a quantified base are not acceptable. When we state we are “improving” something, we must then specify (in quantifiable terms) the baseline from which we are improving, and the level to be achieved.
<b>COMPLETE</b>	The description of the performance measure must provide a basis for evaluation and should stand alone without reference to another plan or document.
<b>SUPPORTING</b>	State how the measure supports the performance goal or the Agency-level strategic objective, and how the planned outcome will achieve the desired results.
<b>ACHIEVABLE</b>	The performance measure is a firm statement, in quantifiable terms, of what the responsible program manager is committing to accomplish with the resources provided within the program’s budget. The

	expectation is that 100% of the objective/goal/target will be accomplished with the requested resources. An office’s program goals must be restricted to those that are under their manageable interest.
<b>CONCISE</b>	Descriptions of objectives, goals and targets should be short, direct, and to the point (ideally, not more than 40 words).
<b>WRITTEN FOR EASE OF UNDERSTANDING</b>	Performance measures should be written in plain language, requiring only newspaper-level knowledge of DOT, FTA, and world events. Absolutely no acronyms should be used, and the use of jargon or technical terms must be avoided.
<b>COMPREHENSIVE</b>	The performance measures for an office or program must reasonably represent all of the resources with which it has been entrusted to support accomplishment of the Agency’s mission for the fiscal year.
<b>AUDITABLE</b>	Each performance measure should be based on factual information, in order that the DOT IG, OMB and GAO can satisfactorily conduct program audits/reviews, and TBP or the program office can conduct formal evaluations. Justification and/or empirical evidence documentation must be available and can be provided in a timely manner to verify the stated results.
<b>PROPORTIONAL</b>	The size and scope of the program should dictate the number of performance measures.
<b>PRECISE/ACCURATE</b>	All readers using the data should arrive at the same conclusion on performance.
<b>MEANINGFUL/RELEVANT</b>	The output must contribute significantly to the Agency-level strategic objectives.

### **The “Do-Nots” of Performance Measure Writing**

- 1) Avoid at all times use of the words “continue,” “support,” “assist,” “evaluate,” “assess,” and “initiate”;
- 2) Do not use the terms “improve” or “increase” without describing quantitatively the condition at the beginning and end of the performance;
- 3) Do not use the terms “minimize” or “maximize” without providing a quantitative baseline (beginning) and quantified end-state (output/outcome result). There is a consistent theme running through Items 1-3: these words are subjective, meaning it is up to us to decide when we have met our goal. This is, of course, inappropriate.

### **The “Dos” of Performance Measure Writing**

- 1) Do examine your measures within the context of your overall program; well-written performance measures flow easily and logically and are consistent between the baseline and the ultimate strategic objectives of the agency;
- 2) Do focus on what is strategically important about the measures for your program; this means avoiding the things that are easy to count, but are not meaningful in the context of larger mission objectives;

- 3) Do focus on the aspects of your program which demonstrate public benefit;
- 4) Do ask for help when you need it; developing performance measures should be a collaborative process, informed by staff input and expert assistance when required.



