

What Killed Alabama's Performance Measurement Plan?

Less than a decade after the state enacted its first real performance measurement plan, it -- like a number of other similar programs in the states -- has fallen on hard times.

BY: [Katherine Barrett & Richard Greene](#) | October 2012

Awhile back, we uncorked some journalistic champagne bottles and toasted a step forward for the state of Alabama. In 2004, it embarked on its first real statewide foray into performance measurement. The program was dubbed SMART. The acronym stood for Specific results, Measurable key goals, Accountable to stakeholders, Responsive to customers and, finally, Transparent to everyone. As we wrote in the February 2005 issue of *Governing*, "This is the first significant effort ever launched in Alabama to encourage strategic planning or performance budgeting."

Less than a decade later, we see that SMART, like a number of other similar programs in the states, has fallen on hard times. As of October 2011, agencies were no longer required to submit SMART budget request forms. For agencies, there didn't seem to be much to connect the initiative to budgeting results. Agencies "did all the paperwork and reporting, but no one actually saw their amount of money change," says Gail Traylor, director of the state's audit division.

The removal of the budget request forms effectively unties the state's efforts to develop and meet goals from the budgeting side of the equation. Most nonbudgetary elements of SMART, however, are being retained.

While regular readers of this column know that we're big fans of performance measurement efforts, we have to admit that there were some rational reasons for this change. The incoming governor decided that the agencies' goals weren't in sync with the state's scarce resources. Agency budgets were being cut anyway. "Agencies would ask for money to meet their goals," Traylor says, "but we are so strapped for cash in Alabama that it didn't work out."

That makes some sense, right? But in our minds one of the most significant uses of performance data isn't in deciding how to spend new dollars, but in determining the most effective and efficient way to cut back dollars when times are tough. The Alabama Department of Forensic Sciences, for instance, had experienced a 40 percent reduction in its budget over the last few years and was forced to close three labs in the state. Michael Sparks, the department's director, used SMART to help him identify which three he should close. "It gives you the justification," he says.

Beyond perceptions of the utility of SMART, it's rather clear that there were at least a few elements that may have led to the current state of affairs. Looking forward, these can be lessons for other states that want to use performance information for budgeting:

- States need deep-seated legislative buy-in. It's not enough to send a whole stack of measures to legislators if they're disinclined to accept their utility. "There was no real significant buy-in from the legislative branch to use it as part of their discussion in the budget," says Jon Barganier, senior consultant for the Auburn University-Montgomery Center for Government and Public Affairs. "That was probably the missing link in this thing."
- The measures need to be deeply instilled enterprisewide with strong leadership "Even ... years down the road certain departments and agencies never fully bought into the process," Barganier says. "The successes had more to do with the agencies buying into it and seeing it as a tool for them to manage internally."
- The technology that permits this information to be used easily is critical. Some in Alabama have long complained that the basic step of feeding information into the computer system could be a challenge. At the other end of the equation, even proponents confess that it wasn't easy to see how the yearly goals related to the big picture strategy for the state.

But before we jam the cork into the bottle we opened nearly a decade ago, we think it's worthwhile exploring the debate over whether SMART, without its performance budgeting component, still has value. There are, one state leader argues, "concepts that can be derived from the planning -- and that can be just as important as the budgeting function, especially in state government where we have a revolving door of leadership. It is important to have articulated roles. In my personal opinion, the management tool is priceless."

It's not easy to find people who are inclined to disagree with this notion entirely. But some observers, in Alabama as in other states, believe that without the budget staff's powerful carrots and sticks, the management tool won't be used. "People don't like to plan," says Anne Evans, who served as the executive assistant to the director of the Department of Mental Health in the early years of SMART. "The most effective way to get this done was to tie

planning to the budget. Without tying to the budget, it is of no value.”

Based on our experience over the years, we believe that the truth lies someplace in between. To be sure, tying measures to the budget gives them force they wouldn't otherwise have had. By the same token, the benefits of the measurement process to agencies -- in setting goals and making changes to achieve them -- are very real. Alabama should provide an excellent petri dish to see just how much good this can accomplish, even without throwing the budget office into the dish.

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