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Why Measure Performance?

A constant challenge facing the Chair, the Board, and staff during the budget process and beyond is meeting the expectations of the community within available resources. There is an inherent tension between improving service while minimizing financial impacts to taxpayers. Growing citizen expectations, reduced state funding, an economy in crisis, property tax limitations, increasing state requirements, and the rise in the overall cost of doing business has contributed to this concern. There are no easy or magic solutions, and careful consideration will have to be made of County operations in order to continue to provide excellent, yet affordable service. We are constantly seeking to improve our operations and services; Performance Measurement is one of the tools we use to do this. Performance measures are integrated into Multnomah County's annual budget to ensure accountability and to establish the link between resources and results.

Measuring Performance in the Budget

Overall, the Multnomah County Budget Office received 417 program offers for the FY 2010 requested budget, comprising \$387.5 million in General Fund expenditures, \$1.2 billion in total funds, and close to 4,350 FTE. 403 of those program offers (97%) included performance measures. Each program offer included an average of 2.8 measures with 4 being the maximum number allowed. There were 1,121 performance measures for review and discussion during the FY 2010 budget process.

Almost half of the Countywide performance measures were outputs (a measure of workload or process), reflecting the work done to educate staff about the use of operational measures at the management level. Almost half of the performance measures were outcomes (a measure of results or effectiveness), reflecting the continued emphasis by Budget Staff on the need for sound outcome measures as an essential measure of success for programs. The other 8% of measures were a combination of input measures (not a focus for programs when only 4 measures could be listed), quality measures (many programs submitted these as outcome measures because the definitions overlap), and efficiency measures (the most difficult measure for programs to create, and one that needs more training throughout the agency). Most of the program offers included one output and one outcome measure that were tied together in order to tell a fuller story of the amount and quality of services provided.

Sample data from each of the 9 departments (including Nondepartmental offices), each of the 6 priority areas, each of the 5 measure types, and each of the measure value types (#, %, \$) are listed in the table below.

Performance Measures

fy2010 adopted budget

DEPT.	PRIORITY AREA	MEASURE	TYPE	FY 2010 TARGET
Sheriff's Office	Safety	Average daily inmate population	Output	712
District Attorney	Safety	Felony cases reviewed	Input	217
Community Services	Thriving Economy	Cost (\$) per mile (lane mile) to manage county roads	Output	\$14,575
Human Services	Basic Needs	% of families entering w/unstable housing that are in permanent housing at exit	Outcome	75%
County Management	Accountability	Accounts appraised per FTE appraiser	Efficiency	1,100
Non-Departmental	Basic Needs	Number of citizens engaged as volunteers	Output	500
Community Justice	Safety	Annual number of jail beds saved	Efficiency	4,800
Health Dept.	Education	# of high school teen leaders trained	Output	260
Library	Vibrant Communities	Patrons who found books and items they wanted	Outcome	91%

Benchmark Indicator Trends

The Budget Office works with agency partners to update high level benchmark data that reflect overall trends for the citizenry. An example of one of our marquee indicators in each of our six functional areas of government is included below. These benchmark trends help to align program measures to common County goals, and to show at a high level how individual programs contribute toward expected community outcomes. Policymakers also use these benchmarks to see what areas need more focus for future resources.

1. **Basic Living Needs** (health and mental health, housing, and services for seniors and people with disabilities)
2. **Safety** (emergency management, sheriff, parole & probation services, domestic violence prevention, juvenile justice, and prosecution)
3. **Accountability** (auditing of program effectiveness, elections, and the Citizen Involvement Committee)
4. **A Thriving Economy** (high paying jobs, a resilient business climate, and high quality infrastructure)
5. **Education** (school readiness programs, after-school programs, school-based health centers, and early childhood intervention)
6. **Vibrant Communities** (safe and healthy neighborhoods, library services, and land use planning)

Basic Living Needs

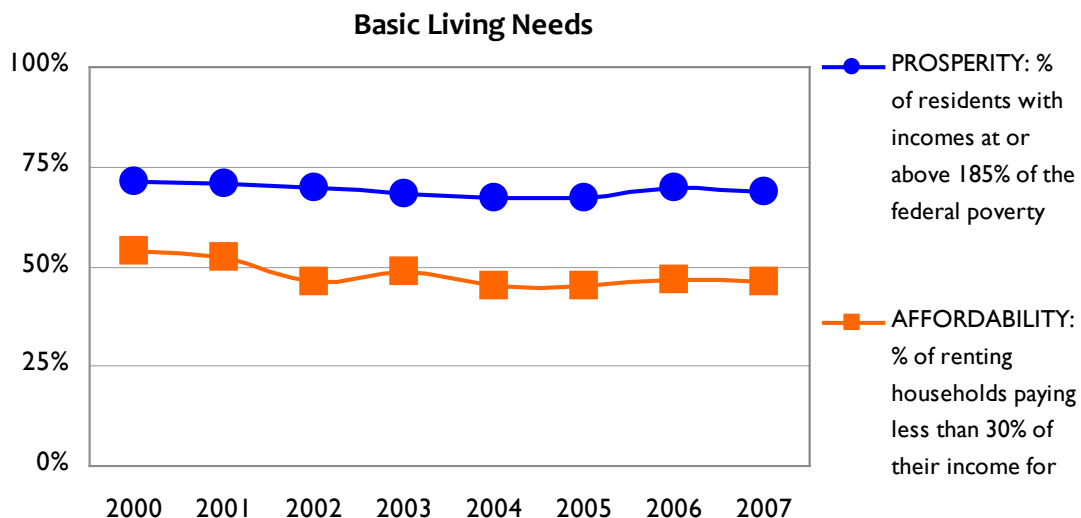
Health, housing, food, and the income to obtain and maintain these basic living needs provide the foundation for people to create a vibrant community, a thriving economy, and other societal benefits. Both of the indicators below align with a new Multnomah County initiative during FY 2009 which attempts to refocus the discussion about eliminating POVERTY to a discussion about creating PROSPERITY.

Indicator 1: Percentage of people in Multnomah County with incomes above 185% of the Federal Poverty Level.

This indicator establishes an income standard consistent with federal guidelines and at least approaches what might be considered a living wage. The chart below shows the percentage of Multnomah County residents whose earnings put them at 185% of the federal poverty level or above. It is intended to show the percentage of residents with adequate means for basic living.

Indicator 2: Percentage of renters who pay less than 30% of income for housing

This indicator is intended to measure the affordability of local housing, with particular focus on rentals, the type of housing where the majority of the County's clients live. Spending less than 30% of income on housing is a national benchmark to approximate affordability of housing.



Safety

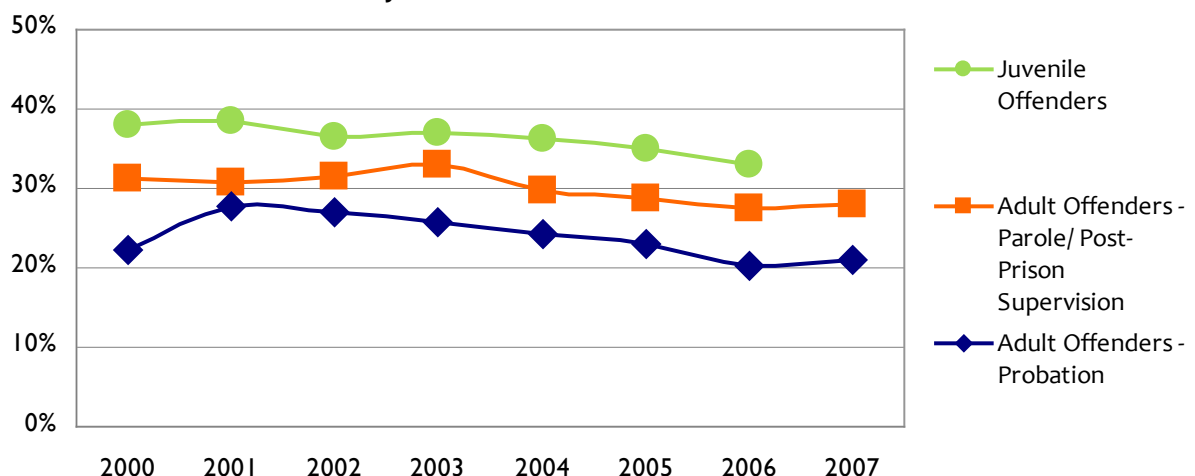
All Multnomah County citizens deserve to feel safe and protected at home, school, work, and play. This can be achieved by preventing crime, and by dealing appropriately with crimes that have occurred so they can be prevented in the future. Although many measures of safety are published monthly in our Public Safety Brief, the primary measure used in the Budget shows recidivism rates for three different populations. Reducing the rate at which criminals repeat their actions is a goal for all three Multnomah County safety agencies.

Indicator: Percentage of adults and juveniles convicted of a crime who commit additional crimes (i.e. recidivism rates).

This measure shows the percentage of adult offenders convicted of a new felony crime in the 3 year period after supervision began. Probationers are those who have been assigned supervision as a sanction for their offenses rather than going to jail. Parole/post-prison supervision offenders are those who are released conditionally from jail. The adult recidivism rate has declined since 2003 for both probation and parole/post-prison supervision but is showing a slight increase from 2006 to 2007.

The chart also shows the percent of juvenile offenders under the jurisdiction of Multnomah County who were referred on a new criminal offense within 1 year of their initial offense. The delay in data availability is due to this lag between the initial offense and the 1 year re-offense point.

Safety - Recidivism Rates

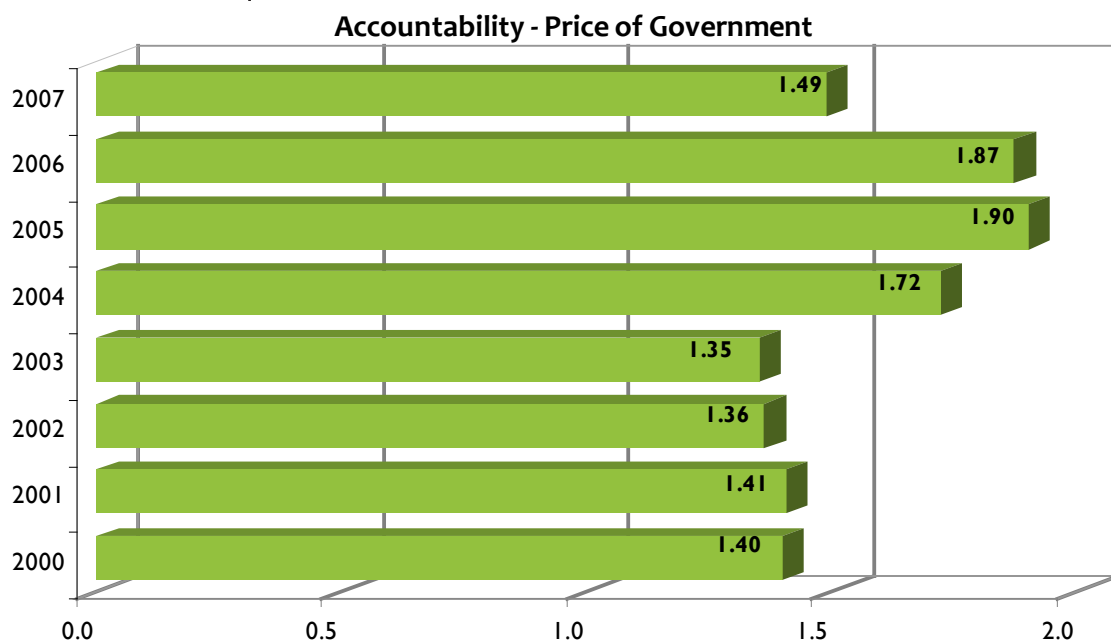


Accountability

Being accountable to the community is a primary goal of good government. Citizens must understand what, why, and how the government is spending their tax dollars and whether results are being achieved. Multnomah County measures accountability in many ways, including customer service surveys, billable hours as a percentage of work time, cost per document produced, and various output measures. The benchmark measured in the Budget addresses a core issue voiced by constituents: keeping the cost of government low.

Indicator: Price of Government.

The Price of Government indicator allows Multnomah County to track the “burden” of its cost on the economy. The price is calculated as the sum of taxes, fees, and charges (local own source general fund) divided by the total economic resources of the community (aggregate personal income of the community). The price represents the number of cents out of every dollar in the community committed to pay for government services. The increase in the price of government from 2003 to 2006 is likely explained by the County’s temporary income tax, most of which was passed along to local schools as directed by voters, and the Price of Government for 2007 shows a return to pre-tax rates even though some back taxes are still being collected. The price is reflected in real dollars, so flat or declining rates over time show great accountability to the residents of Multnomah County.

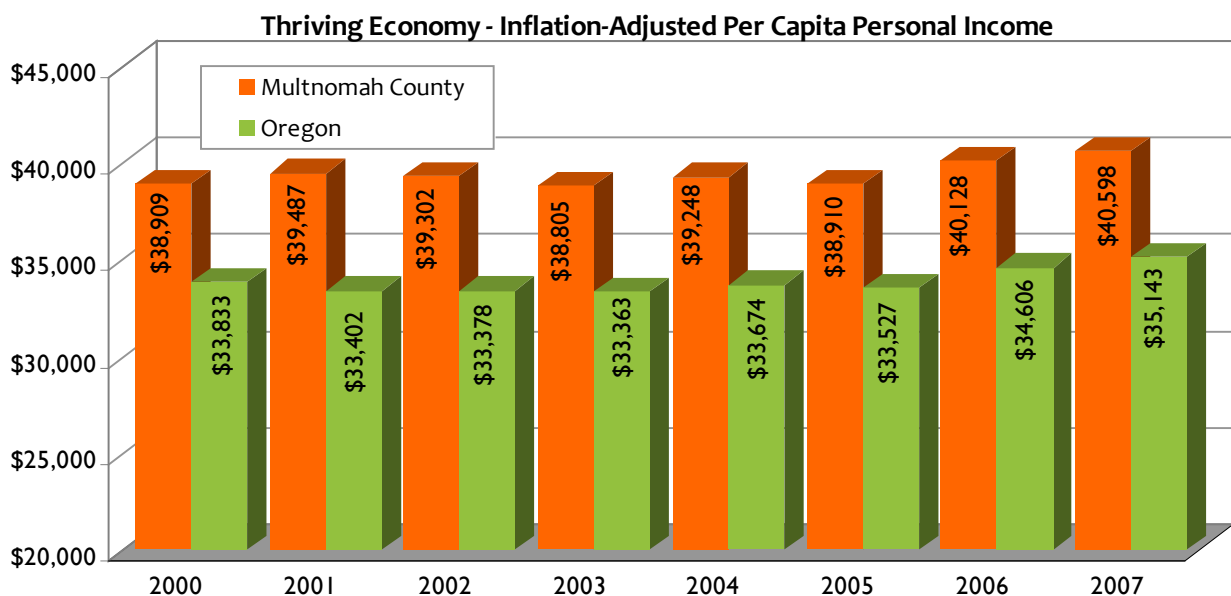


Thriving Economy

Individuals who can support themselves in well-suited and well-paying jobs contribute more in tax revenue, require less in social services, and generate goods and services that benefit the entire economy. Bringing new businesses, activities, and ideas into the County creates the jobs necessary to keep the economy thriving. Fiscal Year 2009 was marked by one of the worst economic recessions in decades. The County and Oregon have been hit hard during economic downturns, and this year was no exception. At the time the budget was published, Oregon had the second-highest unemployment rate in the Country, behind Michigan which suffered the loss of two major automobile manufacturers. In June 2009, Portland's unemployment rate was the highest in the nation, even above Detroit.

Indicator: Percent of working age Multnomah County residents who are unemployed. Analysis of this indicator is included in both the Budget Director's Message and the Meet Multnomah County section of the budget, so another performance measure has been included.

Indicator: Inflation-Adjusted Per Capita Personal Income
Multnomah County is the largest urban area in the state of Oregon, with many of its suburban cities ranking among the largest cities in the state. Per capita personal income in the County, therefore, is higher than the state average. The real dollar per capita personal incomes for states and counties has been adjusted to account for inflation over time. For the two years following 2005, both Oregon and Multnomah County showed an increase in per capita personal income, even when adjusted for inflation. However, it is expected that personal income will decline for 2008 and 2009 when the data reflects current high unemployment rates.

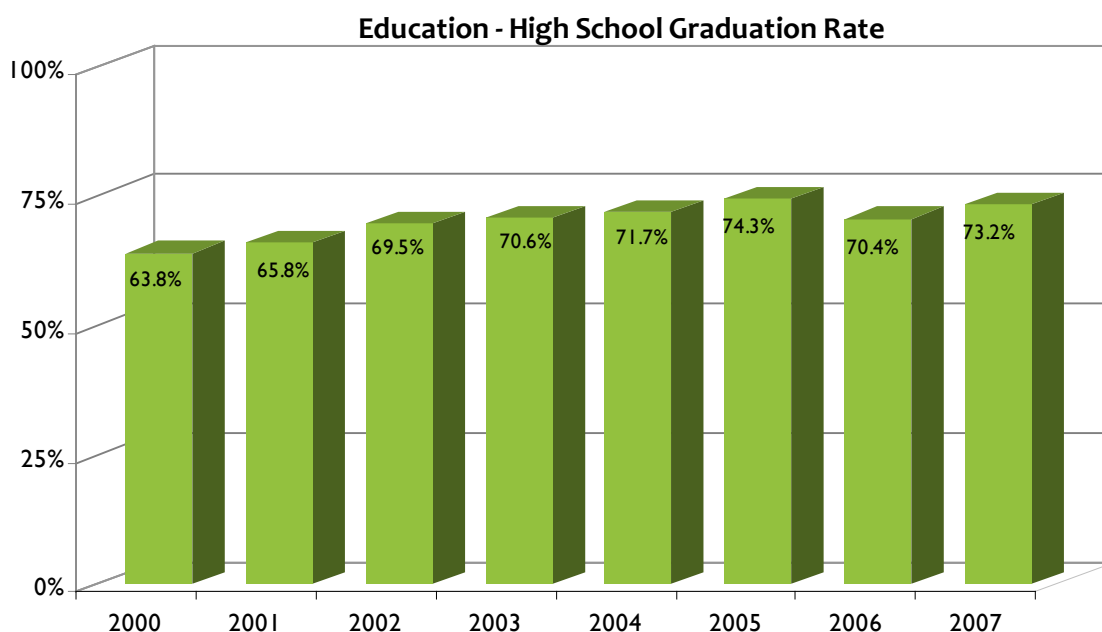


Education

A solid education gives children the skills, training, and opportunity to be successful and contribute in their communities. An investment in education is an investment in the future. Two major benchmark indicators used in the County are reading/math assessment scores, and the high school graduation rate. These measures make sense to County residents and show at a high level whether the educational system is achieving its goal of preparing students for school, work, and life.

Indicator: Percentage of students at 3rd, 5th, 8th, and 10th grade that meet or exceed standards on state assessments (reading and math). These tests are used to determine individual students' mastery of a specific subject. These results are also used to benchmark a school's performance. Significant changes to the assessment in 2006 and 2007 mean that test scores cannot be compared during these two years of data. Starting in 2008, data will return to comparable patterns.

Indicator 2: High school graduation rate. Throughout the nation, high schools are struggling to keep students engaged in school so they can graduate and move on to achieve lifelong goals. The percentage of students graduating from high school has been steadily increasing over the last two decades, and is now close to 75% of students in Multnomah County graduating. Graduation rates typically follow economic cycles: a thriving economy lures students away from schools into jobs.



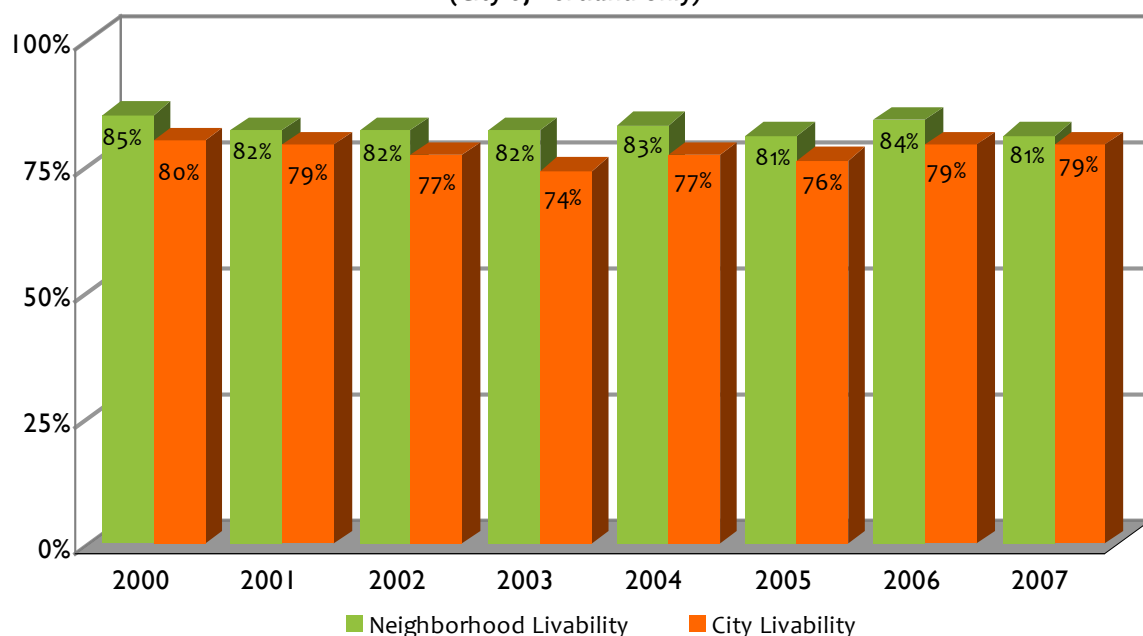
Vibrant Communities

Vibrant Communities exist where citizens are proud to live, thrive, and connect to others in their neighborhoods. For many years, the Multnomah County Auditor deployed a community survey which included a question about citizens' perception of their own personal involvement in neighborhoods. This question was used as our benchmark for Vibrant Communities until the past year when Multnomah County and the City of Portland worked together to create a community survey that would leverage public dollars in a more efficient way. Starting next year, data will be available for all of Multnomah County (at a significant reduction in total cost to taxpayers) from the resident survey.

Indicator: Percentage of residents who answer “good” or “very good” about Overall Neighborhood Livability and Overall City Livability.

Satisfaction with Neighborhood and City Livability has not changed significantly in the last ten years. Residents are slightly more satisfied with Neighborhood Livability than City Livability, and although the chart doesn't show this measure, residents are even less satisfied with regional and state issues. This trend of rating things closest to you as more favorable is common in survey analysis.

Vibrant Communities - Satisfaction with Livability
(City of Portland Only)



Performance Measurement Moving Forward

In an era of perpetually rising costs and stable or declining revenues, governments must be accountable to citizens for how each dollar is spent. Aligning funding dollars from the annual budget to outputs and outcomes of services provided from the program offers is the most effective way to create a unified system of accountability.

During difficult economic times, however, many jurisdictions are cutting back on the amount of administration and support programs in favor of maintaining critical core services for residents. Multnomah County is no exception. The FY 2010 budget reflects the loss of the Budget Office Evaluation unit which was the single centralized unit responsible for measuring performance across departments and agencies. After many years of using this unit to train staff, analyze results, and report progress on performance measurement throughout the County, performance measurement has become ingrained in Multnomah County operations. The Budget Office staff, even without this evaluation unit, will be able to keep performance measurement as an integral part of the annual budget process in years to come. In addition, performance measurement has infiltrated everyday operations in such a way that departments and agencies are creating their own capacity for evaluation and measurement to drive internal policy discussions.

When revenues increase back to stable levels over the next few years, the County will be able to reinstate its central capacity for performance measurement, but until then, the improvements and trainings throughout the organization will sustain the progress that has been made in using data to make informed decisions for the County. Multnomah County has long been a leader in the area of performance measurement, and we embrace the challenge of continuing to find new ways to incorporate performance measurement as part of the daily business of making our County work for the residents we serve.