

Conclusions

The observations included in this section are not presented as final conclusions. Rather, these comments represent a starting point from which additional questions must be asked and analysis conducted.

In general, DHS provided comprehensive data that provides insight related to the performance of DHS programs and activities. Areas where additional efforts are needed include the following:

- **Compensation:** To provide needed information, DHS should provide information that shows how Personal Services expenditures are distributed according to the categories defined in the Council legislation. Also, changes in Personal Service budgets do not always appear to make sense when compared to changes in FTEs. For example, at times FTEs attributed to a program are decreasing significantly while Personal Services budgets are increasing. Such inconsistencies suggest that FTEs and/or Personal Service expenditures are not properly allocated to programs and activities.
- **Expenditures:** The allocation of expenditures according to the DHS FY 2006 activity structure should be reviewed for accuracy. In some cases, activities only include personal services expenditures, without corresponding expenditures for supplies and equipment. In the context of performance budgeting, it is important to accurately allocate expenditures to each activity or service to reflect (as much as practical) the full resource requirements to achieve activity or service performance targets. Without this information, it is not possible to insure that budgeted resources are aligned with performance targets.
- **Beneficiaries and Services:** Many of the activity Output Measures currently defined do not reflect the full scope of individuals served or service units provided. Instead, these measures often reflect a subset of total Output, because they only count output that achieves a defined standard of quality or timeliness. Such standards are better reserved for activity Result Measures. DHS should review the definitions of its output measures to insure that they reflect the total number of individuals served or units of service provided, reserving quality or timeliness standards in defining result measures. Another issue concerns Output targets. In some programs and activities, targeted Output is declining even though resources (dollars and FTEs) attributed to the program are increasing. In the context of performance based budgeting, resources need to be aligned with performance targets. The data submitted by DHS suggests that this alignment needs improvement.

- **Efficiencies/Unit Costs:** DHS is currently unable to report costs (or expenditures) per beneficiary or service unit (i.e., Output). As the District continues to implement performance based budgeting, Efficiency Measures will become increasingly important. To obtain quality Efficiency information, DHS will need to resolve some of the problems identified above in its allocation of expenditures across activities. Also, to accurately reflect costs (or expenditures) per output, DHS needs to redefine its Output Measures to better reflect the *total* number of beneficiaries served or service units delivered in an activity, not a subset that meets defined quality or timeliness standards.
- **Benchmarks:** DHS is doing a solid job of collecting and reporting benchmark information for its activities, particularly those that are federally funded such as Food Stamps. Activities without benchmarks are generally those without readily available information that would allow a reasonable comparison between the District and other jurisdictions. To leverage other best practices and performance measures already available, in addition to currently defined measures, DHS should consider using federally defined measures to track activity Outputs and Results, instead of defining new output and result measures. This approach has several advantages: first, DHS is already required to collect and report data on federally defined measures, so using these for performance budgeting may avoid additional measurement and reporting for locally defined measures; second, federally defined measures are collected by all states, providing readily available benchmark data for activity Outputs and Results; finally, many federally defined measures are used to allocate performance awards to the District and other jurisdictions, so focusing on and improving performance on these measures helps the District earn additional federal revenue. Some federal measures may not be appropriate for the District or DHS, and appropriateness needs to be taken into consideration when defining measures that will be useful for the District's performance based budgets.

The agency should also consider benchmarking with other District agencies on comparable internal data from the Agency Management Program (e.g., personnel management expenditures per FTE, facility maintenance expenditures per square foot, etc.).

It may prove beneficial to obtain assistance with national benchmark research.