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The "O'Malley Model" of Performance Measurement and Its Possible Applications to Federal Government

Testimony of Governor Martin O'Malley before the Subcommittee on Federal Financial Management, Government Information, and International Security
Senate Committee on Homeland Security and Government Affairs

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Introduction

Senator Carper, Ranking Member Coburn, and distinguished members of the Committee, it is my distinct honor and privilege to speak with you today about my experiences with performance measurement at both the local and state levels of government. It is my sincere belief that our approach to tracking and measuring progress can be applied universally—not just in the realm of state and local governance, but to federal government, or for that matter, to any large organization.

StateStat and CitiStat

When I campaigned for Governor, I pledged to implement performance based management on the state level in Maryland. In fact, the first three points of the ten point plan of our campaign offered to voters were: Number 1, make government work again. Number 2, make government work again. And, Number 3… make government work again. Making our government work again is what I find exciting about public service. Amid all the cynicism and against a current of popular thinking that government should be made as weak as possible, we advanced our governing philosophy—a philosophy based on the revolutionary idea that government could work.

That is why within a month of taking office in January 2007, we launched StateStat, and like its parent initiative in Baltimore, CitiStat, it can be summed up in a simple phrase: the rational application of human effort to the solving of human problems. Our guru in Baltimore was a man named Jack Maple. Mr. Maple was the brains behind a system used at the New York City Police Department during Mayor Rudy Giuliani's administration called ComStat, which revolutionized crime fighting. The NYPD used computer pin-mapping to drive crime down – putting the crimes on the map, deploying the cops to the dots, and demanding relentless follow-up. Working with Mr. Maple and

evaluating ComStat helped us realize that if you could use data collection and mapping technology to improve law enforcement, you can also use it to improve the other things that government does – whether it is garbage collection, or housing inspections, or removal of dead trees, or repairing traffic lights or streetlights. When I became mayor of Baltimore City in 1999, a 16,000 person corporation with $2 billion annual budget, there was no one who could tell us even the most basic information. For example, city managers did not know how many vehicles were in our public works fleet or how quickly our emergency services are responding to 911 calls. It was clear that the city was used to managing by feel, not by fact. They were laboring under old city government mantras: well, this is way we have always done that; we tried that and it didn't work; and other similar excuses.

That is where CitiStat stepped in – and that is why today we have brought the same governing philosophy to State government. The four tenets[1] of CitiStat and StateStat are:

1. Timely, accurate information shared by all.
2. Rapid deployment of resources, so that we can respond in real time.
3. Effective tactics and strategies; and
4. Relentless follow-up and assessment.

Today, CitiStat remains in place in the city of Baltimore. The CitiStat system been fully institutionalized, at first because of executive commitment, but over the long term because we were successful. Over the seven years in which our administration ran CitiStat, the City experienced an overall violent crime reduction of nearly 40%. After a decade of seemingly irreversible population loss during the 1990's, the turn of the century saw gradual slowing of that loss and then actual growth by the end of our administration in 2007. Better overall financial management of our City's resources resulted in a quadrupling of the City's Rainy Day Fund and positioning the City for its first bond rating upgrade in decades. The significant reductions in violent crime, growth in population and better overall management inspired people to invest in Baltimore, leading to impressive boosts in property values throughout the City. Furthermore, it is conservatively estimated that the CitiStat program produced over $350 million in positive financial impacts for the City of Baltimore—representing well over a 100-to-1 return on investment given the program's operating costs.

In short, we turned a city where many neighborhoods were considered ungovernable and made them function again. Like all cities, Baltimore still has a long way to go, but it is finally moving in the right direction. Less than a year after the

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[1] It is noteworthy that the General Accountability Office, in its September 2005 report entitled "Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making" (GAO-05-927), identifies four major decisions that should be made by management in order to guide successful data-driven improvement of government. These management decisions mirror the four tenets of the "Stat" model.

implementation of CitiStat, *Governing* magazine said that we were tracking performance on a scale never seen in local government. In 2004, CitiStat was selected as one of just five winners (from approximately 1,000 applicants) of the $100,000 Innovations in Government award sponsored by the Ash Institute for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government. In 2005, CitiStat was named a recipient of the Government Finance Officers Association's annual Excellence in Government Finance award. However, CitiStat was not created to win awards; we implemented intensive performance measurement to survive. As a City, our collective backs were against the wall. With very little money, we had to think differently and we had to apply our creative energies to the problems we faced.

In many ways, our backs were also up against the wall when we took the reigns of State government some 16 months ago. We inherited a $1.7 billion structural deficit and had to operate under the backdrop of a national economic downturn – not to mention decreasing levels of assistance from the federal government. We also found that our state government, not unlike the City government, was not very geared to performance measurement and service delivery. Therefore, we have now fully adopted the CitiStat model on the State level. Now, approximately a year and half into the StateStat process, performance is being tracked and progress monitored on a level never experienced in Maryland's state government. Several examples of initiatives being driven through StateStat are:

1. We have created a program called BayStat to target our efforts to restore the health of the Chesapeake Bay. We are making use of GPS technology and pulling together all of the key stakeholders to better target our collective efforts. For example, recognizing cover crops as the most cost-effective and efficient way for farmers to prevent soil erosion and absorb excess nutrients before they can run into the Chesapeake Bay and its tributaries, we are now targeting our limited resources for cover crops to farms that have the largest runoff impacts on the Bay. Also for the first time, we are targeting our land acquisition efforts to protect the open space that is most critical to the future health of the Bay and its tributaries.

2. We have taken an aggressive approach to public safety and reforming our long-troubled public safety agencies. The very first StateStat meeting resulted in a quick closure of the House of Correction in Jessup, Maryland, at the time our most troubled and violent correctional facility. This action not only eliminated our most violent facility, but it is also saving taxpayers approximately $3 million per year in overhead and overtime costs.

3. Information collected by StateStat has also allowed us to re-vamp our criminal risk assessment instrument to identify our most at-risk individuals and assign them to a new intensive supervision status. We found, upon taking office, that some of our worst criminal offenders weren't in prison but instead were walking the streets under the supervision of our State Division of Parole and Probation. In 2006 and 2007, nearly one in three people arrested in the City of Baltimore were

under the state's supervision—including 37% of those arrested for murder. The StateStat team reviewed the homicide arrestee profiles and found that the average age was very young and that most had at least ten previous arrests. The risk assessment tool being used by our Parole and Probation agents to assign the level of supervision to these offenders did not adequately account for either of these factors. Therefore, we have modified our risk assessment tool to allow us to identify these individuals and assign specialized agents to them who hold them accountable for absolute compliance with the terms of probation. Agents are required to request violation of probation warrants within a day of the offense, and we track their performance of this duty at StateStat.

4. In addition, StateStat has allowed us to identify several areas where lack of communication with our neighboring jurisdictions has impeded our ability to make progress. For example, Maryland's Parole and Probation now gets a list of offenders arrested in Washington, D.C. each morning and automatically identifies any parolees or probationers on that list. Our partners in the District of Columbia now do the same with Maryland's list. Since this information sharing effort began in November 2007, we have been able to hold around 200 supervisees a month accountable for their illegal behavior across border lines.

5. Through intense scrutiny during StateStat, our Department of Juvenile Services has reversed over 100 documented facility and programmatic deficiencies at its Hickey and Cheltenham detention facilities, earning the State's release from a federal consent decree that oversaw these long-troubled facilities.

Since this subcommittee also exercises jurisdiction over homeland security issues, I wanted to briefly mention how we are applying the StateStat approach to Maryland's homeland security and emergency management needs. Shortly after taking office, we identified a set of 12 homeland security core capacities for the State of Maryland. We wanted to avoid several potential pitfalls—the danger that local jurisdictions would buy incompatible equipment, or going in the other direction, that our 26 local jurisdictions would separately buy, 26 times, the same rarely needed and expensive piece of equipment that we would be better off sharing regionally. We also wanted to avoid the danger that in our desire to do everything, we would accomplish too little—moving in too many directions at once, instead of ensuring that as a State we built out the most basic, but sometimes most difficult, capacities for homeland security. So, we identified a set of twelve basic core capacities that every region in Maryland needs to have, and described them in clear, plain, specific, and measurable language. For example, our first and most important goal, communications interoperability, began by stating that every first responder in Maryland should have access to a digital radio system, and it was stressed that this system must be digital, not analog. We were careful to use simple, specific language to describe our critically important goals in measurable terms. And now, we continue to measure ourselves against these 12 goals and invest our local, state, and federal funding to fill the gaps.

These and other examples demonstrate how the State of Maryland is using the tenets developed through CitiStat—timely, accurate information shared by all. Rapid deployment of resources. Effective tactics and strategies. Relentless follow-up and assessment. The "Stat" model was revolutionary because, for the first time, government set goals and measured its own performance on a regular basis – not just on an annual basis as is required under the Government Performance and Results Act or under some of the models currently being employed in many federal agencies. "Stat" was a departure from the traditional tendency of governments to obsess so much about inputs that we forget about outputs. It does not do us much good to ask: "what is the funding level for environmental protection?" without following up by asking "how much nitrogen did we really take out of the water stream this year compared to how much we took out last year?" Spending resources in our priority areas does not mean that we are spending them well. Good intentions are not enough, compassion without competence is not enough. The only things that matter are results—tangible, quantifiable results. As Maryland's Governor, I must ask, "Is our government making a consistent and positive difference in the lives of the people we serve?"

This is the philosophy behind performance based management. It worked with the NYPD. It worked in Baltimore. Today, we are making it work at the state level in Maryland. It is my understanding that the Government Accountability Office will release a survey today that will indicate that some Federal agencies are doing better than others at collecting performance measures. However, like we experienced in Baltimore and in Maryland state government, that the information being collected by the Federal agencies is not being used to hold government accountable or drive decision in a comprehensive manner makes government ineffective and inefficient.

Conclusion

Members of the committee, in closing, I submit that same philosophy we used in Baltimore and now in state government would work for the Federal government. The strategies we are applying in the State of Maryland can be relevant to governments anywhere and of any size. In fact, interest in the CitiStat and StateStat programs has led thousands of local, state, federal, and international governmental entities to send delegations to Baltimore to attend the sessions and learn more about the workings of the program. CitiStat replication efforts are now underway worldwide. Particularly relevant for this hearing, we have just recently learned that the federal Environmental Protection Agency has launched an "EPAStat" program, calling it a "banner for all of the U.S. EPA's comprehensive performance management system information." As the EPA is demonstrating, the same strategies which we implemented to help ignite Baltimore's comeback can be put to use by our federal government to track everything from implementation of agency strategic plans to its ability to effectively handle another emergency situation like Hurricane Katrina. I strongly believe that government performance management is a non-partisan issue; it is the responsibility of every public official to provide the most effective government service possible. Therefore, we have been consistently willing to reach across party lines and work with any entity seriously

interested in learning about our model. The fact that individual agencies such as the EPA are embracing the program; that the GAO has focused its work toward encouraging more performance management in the federal government and identifying it as a critical first step; and for this subcommittee to conduct this hearing adds value and enhances awareness of this important conversation. So, I would like to thank the Committee for its leadership, and I am privileged to be a partner in this effort. Thank you.