



2011 Innovations Award Application

Infrastructure and Economic Development, Transportation



Submitted by
Idaho Transportation Department
March 25, 2011



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2011 Innovations Awards Application

ID# 2011-

State: Idaho

Assign Program Category (applicant): **Infrastructure and Economic Development, Transportation**

1. Program **Performance Management Program**
2. Agency **Idaho Transportation Department**
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9. **Two-sentence description of the program.**
The Performance Management Program changed the focus of the Idaho Transportation Department to re-establish political and public credibility, provide transparent accountability, and assure that it delivers on all its promises.

The program focuses 100 percent of the department's activities and resources toward achieving four tangible results, (1) the system is safe, (2) the system is in good condition and unrestricted, (3) the users are satisfied, and (4) services are timely and cost effective.

10. How long has this program been operational?

The Performance Management Program began in July 2009.

11. Why was the program created? What problems or issues was it designed to address?

The department had lost much of its credibility with the Governor's Office and the Idaho Legislature due to changing goals and unclear priorities. Rapid population growth increased demands on the transportation system at the same time the recession and rapid inflation placed increased pressure on the department to do more with limited funding. Idaho had not increased its fuel tax or vehicle registration fees—the primary sources of state transportation revenue—since 1996.

Due to their eroding confidence, the Idaho Legislature ordered an in-depth audit of the department in 2008. At the conclusion of the Legislative Audit, Governor Butch Otter issued Executive Order 2009-08, requiring the department to:

- Provide quarterly accountability reports on the progress made toward addressing the findings of the Legislative Audit and the findings of a peer review that had been requested by the department.
- Develop an integrated statewide system plan and establish strategic performance-measure goals.
- Purchase, develop, and integrate a Pavement Management System, a Maintenance Management System, and a Project Scheduling System.

12. Describe the specific activities and operations of the program, in chronological order.

The Idaho Transportation Department (ITD) developed and implemented a performance management program that:

- Develops plans
- Targets investments
- Measures what matters
- Assesses and reports progress

Developing Plans

ITD sought early input in the planning process from the public, elected officials, and businesses on how the department could best serve their interests and meet their needs. Based on this input, ITD established three overriding goals:

- Improve Safety
- Enhance Mobility
- Support the Economy

The department then established four tangible results (desired outcomes) against which all progress and employees would be measured:

- The System is Safe
- The System is in Good Condition and Unrestricted
- The Users are Satisfied
- Services are Timely and Cost Effective

To assure achievement of the four tangible results and provide a transparent way to measure progress, ITD established the following performance measures:

- Five-year fatality rate
- Percent of pavement in good or fair condition
- Percent of bridges in good condition
- Percent of highway projects developed on time
- Construction cost at award as percent of construction budget
- Highway congestion
- Administration and planning expenditures as a percent of total expenditures
- Motor vehicle title processing time
- Motor vehicle internet transactions

Targeting Investments

ITD acquired a combined pavement and maintenance management system and a project-scheduling system to link investments and performance. The three systems will be fully integrated into the department's financial management system by 2012.

The integrated systems directly link the department's goals and performance measures with planning and work activities and with investments in materials, equipment, and labor. The systems provide valuable data allowing ITD to strategically target its investments and predict the results of those investments on the State Highway System.

These systems provide a framework that ties the department's long-range goals to performance and system data. Due to the weak economy, the department's current long-range goals now focus on maintaining Idaho's existing roads and bridges rather than expanding the system.

Measuring What Matters

Based on input from stakeholders, management, and employees, ITD selected nine performance areas to measure. All nine measures are linked to the tangible results identified during the planning process.

The department assigned personal performance measures to each employee. These employee performance measures are designed to assure achievement of ITD's tangible results. All employee annual reviews now include an in-depth assessment of their personal performance measures to assure that each employee is helping the department achieve its tangible results.

Assessing and Reporting Progress

ITD uses the performance data to analyze the effects of its targeted investments and the potential for improvement. If performance measures do not work, they are modified or replaced. If targeted investments do not achieve the performance desired, they are modified accordingly.

The department published a long-range plan detailing the process used to develop the goals and measures. It also publishes an annual accountability report to summarize the year's progress; and provides an accountability dashboard to the public on its web site.

The dashboard is updated monthly to provide the public and Idaho legislators with the latest data on all nine performance measures, as well as a comparison of how Idaho is doing on those performance measures compared to surrounding states. The ITD Accountability Dashboard is located at <http://www.itd.idaho.gov/dashboard>.

ITD's assessment process also allowed management and supervisors to take a fresh look at how the department is organized. The assessment indicated that a department-wide reorganization would be necessary to fully achieve the department's goals and tangible results.

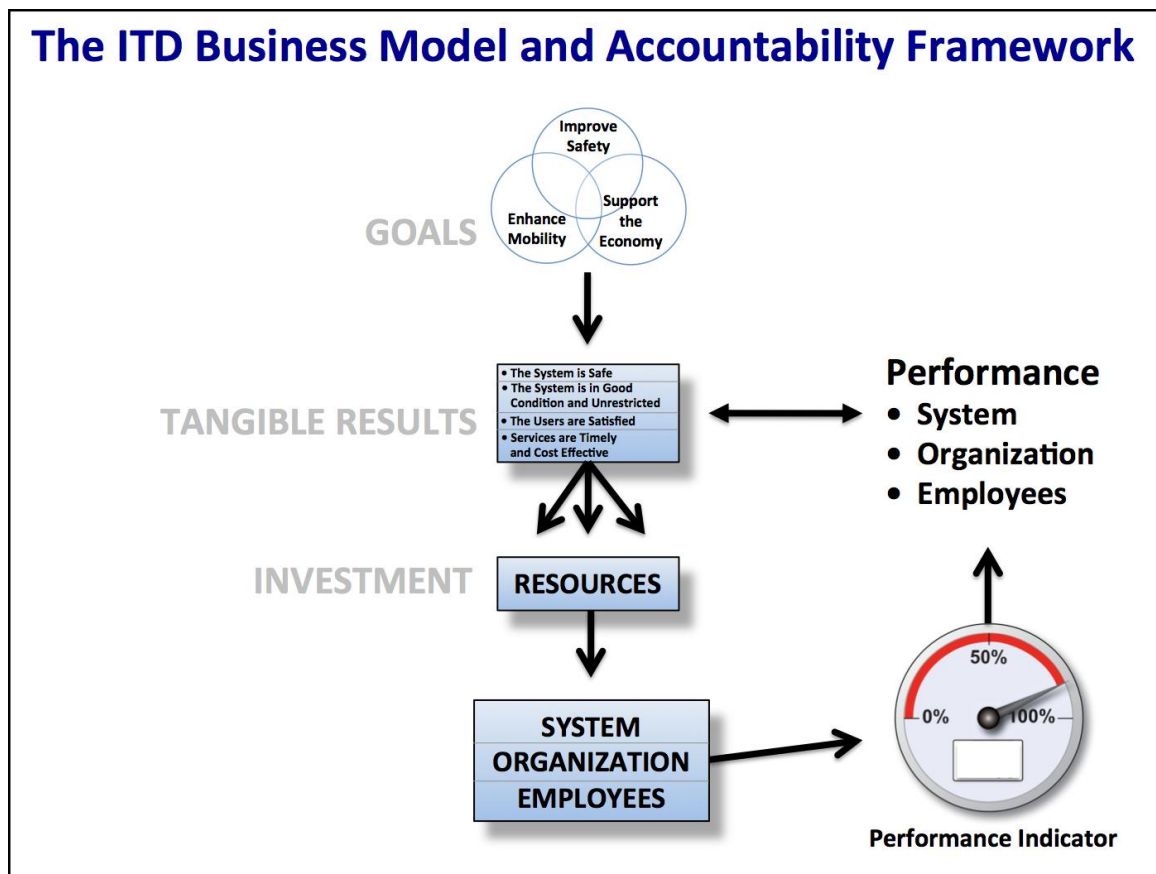
As a result, a major reorganization is underway to better align employees and functions with the department's goals and tangible results. The layers of supervision between front-line employees and the Director are being reduced from nine layers to a maximum of five layers.

To assure the success of ITD's Performance Management Program, the department developed a new circular business model. First, the department's three goals are supported by the four tangible results (the system is safe, the system is in good condition and unrestricted, the users are satisfied, and services are timely and cost effective).

Based on the desired outcomes of the tangible results, the department strategically targets its investments and resources into three areas—the transportation system, the organization, and the department's employees.

Once the investments are made, the results are tracked via nine performance measures. Those measures are then assessed to determine if the targeted investments achieved the desired results.

If the desired results are not achieved, investment levels are adjusted accordingly to assure attainment of the tangible results. At that point the cycle begins anew, with investments being made in the system, the organization, and employees based on what the performance measures indicate. This is performance-driven investment.



13. Why is the program a new and creative approach or method?

Other DOT and state government agencies have performance-management programs. ITD reviewed and learned from these examples. The unfortunate truth is that most state agencies do not have the integrated tools in place to make well-informed program and budget decisions. The Idaho Transportation Department's program can serve as an example of how to successfully transition to performance-driven budgeting.

14. What were the program's start-up costs?

The Idaho Legislature authorized \$8.3 million for ITD to purchase an integrated maintenance and pavement management system. The legislature authorized an additional \$800,000 for a project-scheduling system. No additional staffing or computer equipment was required for either system.

15. What were the program's annual operational costs?

Pavement and Maintenance Management System:	\$345,660
Project Scheduling System:	\$40,925

16. How is the program funded?

The Idaho Legislature appropriated funds from the department's Fiscal Year 2009 budget for purchase of the management systems, and authorized ongoing funding from the department's operating budget.

17. Did this program require the passage of legislation, executive order or regulations?

Yes. Governor Butch Otter issued Executive Order 2009-08, requiring ITD to:

- Provide quarterly accountability reports on the progress made toward addressing the findings of the Legislative Audit and a peer review that had been requested by the department.
- Develop an integrated statewide system plan and establish strategic performance-measure goals.
- Purchase, develop and integrate a Pavement Management System, a Maintenance Management System, and a Project Scheduling System.

The Idaho legislature authorized funding for the management systems in the 2009 Legislative Session with House Bill 334.

18. What equipment, technology, and software are used to operate and administer this program?

The Pavement and Maintenance Management System uses four Hewlett Packard servers, one data-storage device, and two software modules from Agile Assets.

The Project Scheduling System uses one server, one data storage device, and one Microsoft SharePoint/Project Server 2010 application.

19. To the best of your knowledge, did this program originate in your state?

Yes. Idaho's Performance Management Program is unique to Idaho. The goals, tangible results, and performance measures were developed internally through teams of subject-matter experts and managers. The software for the management systems for pavement, maintenance, and project scheduling was purchased from a vendor and then highly customized to meet ITD's specific needs for performance management.

20. Are you aware of similar programs in other states?

Other DOT and state government agencies have performance-management programs, but most do not have the integrated tools in place to make well-informed program and budget decisions. The Idaho Transportation Department's program can serve as an example of how to successfully transition to performance-driven budgeting.

21. Has the program been fully implemented? What actions remain to be taken?

The Performance Management Program is not yet fully implemented. The department-wide reorganization is underway, and due to be completed in 2012. The pavement, maintenance, and project-scheduling systems are being used now, but will not be fully integrated with the financial planning system until January 2012.

22. Has the program effectively addressed the defined problems or issues?

Yes. The department's Performance Management Program has re-established credibility with the Governor, elected officials, the public, and news media.

In January 2011, Governor Otter listed ITD as one of the model agencies to follow in his "State of the State" address.

In February 2011, the department's legislative budget hearing was reduced from three hours to 75 minutes due to newly restored confidence in the department's ability to transparently manage its revenue and meet clearly identified objectives.

A February 2011 legislative hearing on ITD's request for Grant Anticipation Revenue Vehicle (GARVEE) bonds was completed in less than 15 minutes with only three no

votes—the fewest in the program’s history. In the past, the hearings lasted 90 minutes and narrowly passed.

In its Fiscal Year 2012 budget, the department requested and received a recommendation from the legislature’s appropriations committee for its first ever “lump sum” budget rather than a specified line-by-line spending plan. The appropriations committee accepted ITD Director Brian Ness’ recommendation the department be judged on how it achieved stated goals, rather than line-item accounting.

Developing Plans

Refocusing the department’s goals was critical as a first step in creating a detailed picture of how ITD serves its customers and how it is aligning itself with the state’s long-term strategic goals.

As the goals, tangible results, and performance measures fall in place, the department will be in a stronger position to engage the public, elected officials, and businesses in focused discussions on funding priorities and trade-offs.

Measuring What Matters

Measuring what matters allows data-driven decisions, and improves policy debates. Transparent performance measuring is allowing ITD decision makers to determine if programs are making progress towards goals, identify where improvement is possible, and strategically adjust investments accordingly.

Assessing and Reporting Progress

ITD is using its performance data to analyze the potential for improvement and is adjusting measures that do not work.

Sharing the information and progress in easy-to-understand terms and formats with legislative leaders, businesses, and the public is increasing ITD’s credibility.

The announcement of the debut of ITD’s performance dashboard received extensive coverage by the state’s media and was recently featured in *Governing Magazine*.

Assessing goals, tangible results, and performance measures allowed ITD managers to take a fresh look at the department’s organizational structure. The resulting major reorganization of the department is improving customer service, efficiency, and accountability, and will save a minimum of \$1.5 million over the next two years.

23. How has the program grown and/or changed since its inception?

Existing performance measures have been refined.

Features and appearance of the performance dashboard have been improved and expanded based on continuous user feedback.

The department is collecting data from surrounding states and reporting it on the performance dashboard to show Idaho's performance in comparison to its neighbors.

New performance measures are being evaluated.

Personal performance measures have been added to all employees' annual reviews that assure they are helping to achieve ITD's tangible results.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

All branches of state governments are under intense scrutiny and must make sound policy decisions to serve their customers and contribute to economic recovery.

Increased demand on transportation systems and soaring construction and fuel costs are problems shared by all states. Those issues are compounded by uncertainty about the future of federal transportation funding levels, which is prohibiting all states from making long-term investment decisions.

These factors must be taken into consideration by any state seeking to implement a Transportation Performance Management Program. In addition, states will achieve more success if they actively seek and listen to input from stakeholders, legislators, businesses, and the public on what they expect from their transportation system in a time of economic difficulty and budget shortfalls. Transparency and accountability are the keys to success.