



Rockingham County Policies & Procedures

PERFORMANCE MEASUREMENT PROGRAM GUIDELINES

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1.1 OVERVIEW

The Performance Measurement Program (PMP) is Rockingham County's version of performance-based budgeting. PMP aims to provide excellent service outcomes through efficient use of resources and save county dollars. PMP offers two incentives to achieve both: financial rewards and managerial flexibility. In return for not spending down end of year budgets and meeting pre-defined performance targets, participants in the program are able to keep some of these pooled unspent funds each year and spend them with increased flexibility. To be eligible, participants must track and report performance data throughout the year, which increases accountability and attention to high standards of service.

1.2 KEY TERMS

Participants – Programs as defined by a department and not necessarily a department.

Performance Measure Reporting Form – The spreadsheets used by participants to enter and track data. To mitigate possible errors, these reporting forms are accessible only to a select number of users.

Shared Savings – The amount of pooled unspent funds that participants are eligible to earn a portion of each year.

1.3 HOW IT WORKS

Objective 1 – Excellent service outcomes through the efficient use of resources

1. Under the direction and guidance of the Strategic Management Director, participants must formulate departmental goals and measurable objectives that contribute to the success of priorities established by the Board of Commissioners. These goals and objectives are adopted annually by the Board of Commissioners as a part of the budget process.

2. Participants are required to update and input performance data into their Performance Measure Reporting Form(s) by pre-established deadlines, typically quarterly.
3. The achievement rate of the measurable objectives is based on the number of objectives met divided into the total number of objectives, like the following examples:
 - 3 out of 6 = 50 percent success
 - 4 out of 5 = 80 percent success
 - 5 out of 6 = 83 percent success
 - 4 out of 4 = 100 percent success
4. The Strategic Management Director meets with participants at least annually near the close of the fiscal year to discuss performance data and any possible revisions for the next year.
5. Failure to comply with the standards and reporting requirements may result in dismissal from the PMP and forfeiture of Shared Savings earnings.

Objective 2 – Save County dollars

1. Pooled savings is calculated as the difference between the adjusted operating and capital budget totals and the actual dollars spent by all PMP participants at the close of the fiscal year.
2. The Strategic Management Director has discretion to omit any unspent operating or capital dollars from pooled savings when it is determined that they were simply not spent, delayed, or significantly over budgeted. Personnel costs are not included in pooled savings calculations.
3. For most participants, new earned Shared Savings is based on three factors: pooled savings (amount saved across all participants), number of employees, and objective achievement rate.
 - a) From the total pooled savings generated, 80 percent is eligible to count towards Shared Savings for participants. The other 20 percent returns to County Fund Balance. If the amount of pooled savings is less than the amount earned by participants, Shared Savings will be dispersed proportionately to available resources. Conversely, if the amount of pooled savings exceeds the Shared Savings earned, the excess remains in Fund Balance.
 - b) Participants may bank up to \$500 per permanent full-time employee and \$100 per permanent part-time employee (max Shared Savings). *Note: In cases where employees work across participants, FTE is used to calculate potential Shared Savings.*

- c) The participant's objective achievement rate is then multiplied by the max Shared Savings amount described in item b) above to determine new earned Shared Savings.
- d) A fourth factor, County funding percentage, is applied to participants within Social Services, Public Health, Youth Services, and Head Start to account for their large percentage of non-County (State/Federal) funding. For these participants, the percentage of their department that is County funding (as of the most recent adopted budget) is then multiplied by the amount described in item c) above to determine their new earned Shared Savings.

1.4 SHARED SAVINGS PROCESS

1. New Shared Savings is requested to the Board of Commissioners as a transfer from Fund Balance near the completion of the annual audit.
2. Shared Savings is held in the General Fund and managed by the Strategic Management Director. Shared Savings is accessible to participants from August 1 through May 30. Unspent totals simply roll to the next year unless they are transferred into a participants' budget.
3. Enterprise Fund participants (Landfill, Water, Sewer) do not contribute to or in any way determine pooled savings in the General Fund. Shared Savings for these participants is based on the viability of using their own funds.
4. To access their Shared Savings Funds, participants must submit a memo outlining the intended use of the money and the precise dollar amount needed. Following verification of available Shared Savings and approval of concept, participants submit a budget transfer to the Strategic Management Director. Participants are responsible to spend the money in the year it is transferred because it will not roll at the end of the year.

1.5 SPENDING SHARED SAVINGS

While participants enjoy some flexibility in how to use their Shared Savings, several important guidelines are detailed below.

1. Shared Savings expenses may not increase the recurring liability of the County and any exceptions require County Manager approval.
2. Shared Savings may not be used to fund new positions.
3. Purchases made from Shared Savings dollars must follow the same laws, rules, and guidelines that pertain to any purchase made with County dollars.
4. The County Manager retains final approval/denial rights on all Shared Savings requests.