Tracking Performance
In Local Government Risk Management

A Catalog of Performance Measures

Institute of Government
University of North Carolina at Chapel Hill

David N. Ammons
Benjamin B. Canada

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Institute of Government  
Phone: (919) 966-4119
CB #3330, Knapp Building  
Web: www.iog.unc.edu
University of North Carolina-Chapel Hill
Chapel Hill, NC 27599-3330

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North Carolina League of Municipalities  
Phone: (919) 733-1212 or 800-228-0986
308 West Jones Street, P.O. Box 1310  
FAX: (919) 733-3108
Raleigh, NC 27602-1310  
Web: www.nclm.org

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Public Entity Risk Institute  
11350 Random Hills Road, Suite 210  
Fairfax, VA 22030  
Phone: (703) 352-1846  
FAX: (703) 352-6339

Gerard J. Hoetmer  
Executive Director
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1. How *useful* is the information in this manual in helping your organization measure the performance of its risk management programs?

   __ Not useful
   __ Somewhat useful
   __ Useful
   __ Very useful

2. How *usable* is this manual?

   __ Difficult to use
   __ Somewhat difficult to use
   __ Easy to use
   __ Very easy to use

3. Overall, how would you rate Tracking Performance in Local Government Risk Management for its information, value, usefulness, and ease of use?

   __ Poor  __ Good
   __ Fair   __ Excellent

4. What aspect of this manual was most valuable to you? Why?

   ________________________________________________________________
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   ________________________________________________________________
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8. In which areas of your organization do you feel you most need to improve your risk management?

a. __________________________________________________________

b. __________________________________________________________

c. __________________________________________________________

About your organization:

9. Please provide the following information about your organization:

Type of organization:

__ City __ Special district
__ County __ Other government
__ Town __ Risk pool
__ Village __ Private firm
__ Township __ Community nonprofit organization
__ School/school district

If a local government, population served: _______________________
If a community nonprofit, annual operating budget: _______________

Individual completing this evaluation (optional):

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Title: __________________________________________________
Organization: ___________________________________________
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ACCOUNTABILITY has never been more important in local government than it is today. Citizens have the right to expect that local resources will be managed carefully, that services will be provided efficiently, and that programs will live up to their promises. Responsible elected leaders and managers in local government seek every opportunity to reassure their citizens that these expectations are being met. Performance measurement—the documentation of departmental and program accomplishments—is a key element of accountability. But it is more than that.

Local governments that are serious about managing and improving performance use performance measures to gauge their programs’ status and to judge the effectiveness of improvement strategies. For them, performance measurement is more than a public information device; it is an essential management tool.

As risk management emerges as an increasingly important function in local government, the need for adequate measures to gauge the efficiency and effectiveness of risk management programs becomes more pronounced. To address this need, the Public Entity Risk Institute, the North Carolina League of Municipalities, the City of Salisbury, NC, and the Institute of Government at the University of North Carolina at Chapel Hill have sponsored the research that underlies this report. Risk management performance measures and performance reports from selected local governments across the country—including many from highly regarded risk management programs—were examined in the preparation of this catalog of risk management performance measures. The product is a volume that will acquaint risk managers with the wide array of measures being used elsewhere and perhaps offer useful choices for improving their own sets of performance measures.

Acknowledgments

We are grateful to many persons for their help as we prepared this report. Individual risk managers across the United States and Canada responded to our inquiries and helped us identify outstanding risk management programs that subsequently shared their performance measures with us. We appreciate their help.

We are especially grateful to our advisory group of practicing risk managers who reviewed our work and offered suggestions on the catalog. This group included Richard L. Kelly, City of Salisbury, NC; Bill Lurvey, City of Washington, NC; Kathy McPhail, City of Fayetteville, NC; John P. Miall, Jr., City of Asheville, NC; and Daniel J. Pliszka, City of Charlotte, NC. We also appreciate the valuable advice and assistance we received from Robert Haynes of the North Carolina League of Municipalities.

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David N. Ammons
Benjamin B. Canada
PART I. INTRODUCTION

1. PERFORMANCE MEASUREMENT AND RISK MANAGEMENT IN LOCAL GOVERNMENT

The performance measures of a department or program reflect the array of services provided and, ideally, much more. A good set of measures also reveals the quality of these services, the efficiency with which they are delivered, and the effectiveness of the services in achieving their intended purposes. Unfortunately, many sets of performance measures in local government fall short of this ideal, often providing little more than raw counts of clients served and services rendered. Such limited sets of performance measures are of only modest managerial and policy value.

Seeking More Useful Performance Measures

Three types of performance measures may be found in the performance reports of local governments at the forefront of efforts to improve performance management and accountability:

- Workload (Output) Measures,
- Efficiency Measures, and
- Effectiveness (Outcome) Measures.

Workload Measures. Workload measures—also called output measures—provide information on how many units of service were provided. Such measures tell us, for instance, how many calls were received, how many claims were processed, how many clients were served, how many training programs were offered, and how many safety inspections were conducted. They tell us nothing about the efficiency with which these services were provided and nothing about the quality or effectiveness of the services. They might inform us of the demand for a given service, but in their raw form offer little else of managerial value.

Efficiency Measures. Ideal measures of efficiency relate outputs produced to resources consumed. Local governments that report, for example, unit costs for processing claims or claims processed per staff-hour have combined workload information (number of claims) with resource consumption information (costs or staff-hours) to create a measure of efficiency. Other measures included in this category address efficiency somewhat less directly than by output-to-input ratios, focusing instead on turnaround time or other aspects of process efficiency. The result in either case is a measure that reflects the stewardship of public resources to achieve a public purpose. Collecting measures of this type provides important operational feedback that challenges managers to consider whether their operation’s level of efficiency is satisfactory and, if not, to contemplate options for improving it.

1 A fourth category, productivity measures, combines efficiency and effectiveness in a single indicator. Although potentially useful, productivity measures are so rare in local government applications that they justify little more than a mention in a catalog of measures in use today.
Effectiveness Measures. Measures of effectiveness or outcome gauge the extent to which objectives are being met. Examples include accident and injury rates, loss ratios, and subrogation success rates. Typically, this category also includes measures of service quality. Like efficiency measures, effectiveness measures provide feedback that challenges managers to assess the adequacy of their services and to consider ways to improve service quality and effectiveness.

Risk Management in Local Government

The goals of risk management in local government are, first, to minimize the threat of accidents and other forms of risk and, second, to minimize the impact on the local government when losses do occur. Typical efforts to minimize the likelihood of losses include safety, inspection, and other loss prevention programs. A central feature of impact minimization efforts is the securing of appropriate insurance protection. Effective risk management programs pursue their objectives with sensitivity to local resources, monitoring program costs carefully and advising the community to accept only prudent levels of risk.

Risk Management and Performance Measurement

Risk managers offer a service that holds considerable value for local governments. But if challenged, how well can most risk managers document that value? If challenged to demonstrate the value of their training and inspection programs, for example, can they do it? With a good set of performance measures, they can.

A good set of performance measures can also be used to identify areas of vulnerability or aspects of the local government operation that threaten to undermine risk management efforts—potential problem areas that deserve special attention and perhaps additional resources.

Risk managers wishing to upgrade performance measurement in their operation will find guidance in this volume.
2. Using This Volume

The following pages contain lists of risk management performance measures drawn from the performance reports of selected local governments across the country. Many of these jurisdictions have risk management programs that are among the most respected in the nation.

The performance measures in this volume have been categorized—first, by the various functions and activities associated with risk management programs and, second, by types of performance measures. Separate chapters of this volume have been devoted to each of the following functions:

- Administration of the Risk Management Program
- Drugs and Alcohol
- Education and Training
- Fleet Risk Management
- General Liability
- Health Plans and Benefits
- Inspections
- Property
- Public Safety Risk Management
- Public Works Department Risk Management
- Risk Funds Resource Management
- Self-Insurance
- Torts
- Workers’ Compensation

Performance measures pertaining to a given function have been clustered in the section devoted to that function. In some cases functions overlap one another and performance measures used in one function may also be suitable for another. For that reason, we advise risk managers to look beyond a single section of this volume. By checking related sections, they might find other measures they also will want to use.

Within each chapter, performance measures used by various local governments have been categorized by type—i.e., workload measures (also called output measures), efficiency measures, and effectiveness measures (outcome measures). In more than a few cases, the task of categorizing a given measure was far from simple. The particular measure in such instances may not fit especially well in any of the three categories. Nevertheless, the choice of categories was forced, with the measure inserted into the category that fit best.

Modification might be necessary to adapt a measure to fit the needs of a given local government. As it appears here, the measure emphasizes an element of performance deemed a priority in the government from which it was drawn. Other governments with different operating roles for their risk managers and different priorities may choose to
adapt the measures to fit their needs. Some measures will adapt easily to the context of their use. For example, a generically labeled measure will reflect different timeframes in the context of monthly, quarterly, or annual performance reports, unless a particular timeframe is specified in the wording of the measure. “Claims processed” as an entry in a quarterly report implies a three-month total, unless an alternative timeframe (e.g., “average claims monthly”) is specified. When developing a comprehensive set of performance measures, it is important to decide upon an appropriate timeframe for each measure and to specify that timeframe if it differs from the context of the report in which it is found.

Readers are cautioned to recognize this catalog for what it is and what it is not. It is simply a listing of performance measures used in a collection of prominent local governments, arranged to the extent possible by function and type. It is not an endorsement of particular performance measures or even a declaration that a given measure is a good example of the category within which it is listed. Furthermore, it is not presented as a recommended set of measures to be collected and reported in its entirety by an individual risk manager of a single jurisdiction. This catalog is simply a menu of performance measures from which choices appropriate to a given operation may be made.

Risk managers will find the lists of performance measures to be a helpful source of ideas as they develop their own sets of measures. Although some measures are better than others, each has been drawn from a well-respected program. By choosing carefully from these measures and adapting where necessary, risk managers can assemble excellent sets of performance measures for tracking and improving their operations.

Finally, a few suggested measures have been added at the end of some sections. Although not included among the performance reports examined for this volume, these measures warrant consideration.
PART II. ADMINISTRATION AND MANAGEMENT

3. ADMINISTRATION OF RISK MANAGEMENT PROGRAM

Although managing risk is not the responsibility of the Risk Management Department alone, this department is the main provider of some risk services and the catalyst for most government-wide initiatives. The department is expected to conduct these duties promptly and thoroughly. This chapter offers measures that address several of the services commonly provided by risk management programs. These services include counseling, contract review, and claims processing, among others. Various other functions are addressed in separate chapters.

PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS

Workload Measures

- Number of documents reviewed for risk transfer or assessment
  - Requests for proposals (RFPs)
  - Contracts
  - Certificates of insurance
- Number of meetings with department heads to discuss risk management and recommend changes
- Risk assessment consultations conducted
- Number of hours for risk assessments conducted
- Number of risk management service responses to departments (insurance bid specification)
- Ombudsman services
  - Number of case reviews
  - Number of information and referral services
  - Number of home visits
- Number of insurance reports monthly
- Cases pending recovery from negligent third parties
  - Number
  - Dollar value of pending recoveries
- Number of cases in litigation
- Number insurable asset submissions to insurance companies

Efficiency Measures

- Cost per risk assessment

Process Efficiency

- Percent of all accidents reviewed within . . .
  - 30 days, 60 days, 90 days
- Percent of claims processed within 30 days
• Average claims processing time (days)
• Percent of claim questions answered within 2 days
• Percent of assets inventoried and valued within 10 days of acquisition
• Percent of risk assessments conducted within 3 days of request
• Average number of days insurance renewals and enrollments are completed before deadlines
• Percent of contracts out within 24 hours
• Percent of loss control and insurance issues resolved within an average of 24 hours for all requests
• Percent of non-litigation citizen claims to the Board of Insurance administration within 30 days of official listing

Effectiveness Measures

• Percent of incidents in which responsible party (for damage to city property) is identified and collection proceedings commenced.
• Amount recovered from negligent third parties.
• Percent of value recovered from negligent third parties.
• Cost of risk (e.g., premiums, safety programs, deductibles, retentions, uninsured losses, risk management administration) per capita.
• Cost of risk per $1000 taxable value.
• Cost of risk as percent of total budget.
• Fines and penalty fees paid.

Quality Measures
• Percentage of first-report-of-injury forms submitted to Risk Management Department on time
• Percentage of direct customers surveyed who rate risk management services as “good” or better
• Percentage of insurance renewals and enrollments completed before deadlines
• Variance between insurable assets reported to insurance companies and insurable assets reported by agencies during inventory
• Years elapsed since most recent RFP/quotes for coverages

OTHER MEASURES WORTH CONSIDERING

Efficiency Measures
• Cost (or staff-hours) per claim processed

Effectiveness Measures
• Third-party receipts, as a percentage of the amount sought
4. **RISK FUNDS RESOURCE MANAGEMENT**

As the risk management program endeavors to protect the locality from financial loss, it must be a conscientious steward of resources devoted to this effort. This chapter lists financial performance measures that supplement balance sheets and operating statements for the risk management fund and provide valuable information to risk managers. Included in this list are measures that gauge the cost of risk management programs and sub-programs.

Although these measures have been clustered in their own “Resource Management” chapter, they are often incorporated into other functions of risk management—for example, general liability.

**PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS**

**Workload Measures**
- Total investments (risk fund)
- Total reserves (risk fund)
- Actual unreserved retained earnings (risk fund)
- Dollar amount cost of insurance coverage for 12-month policy period
- Group health fund cost
  - Annual
  - Increase/decrease compared to last year
- Reports processed for collection of monies due
- Number of subrogation claims handled
- Number of in-house subrogation claims
- Amount collected from in-house subrogation claims
- Third-party collections (subrogation)
  - Number of claims
  - Amount of collections

**Efficiency Measures**
- Cost per insurable asset submitted to insurance company
- Cost per claim opened
- Cost of claims administration, using staff adjusters
- Cost of claims administration, using contract adjusters
- Total cost of claims administration (tort, federal, and misc. claims)
- Risk management costs per capita
- Average claim costs
  - Claims with payments
  - All claims
- Risk management budget as a percentage of the local government’s operating budget

**Process Efficiency**
- Percentage of assets inventoried and insured within 10 days of policy renewal
Effectiveness Measures

- Subrogation success
  - Number of subrogation claims successful (restitution received)
  - Percent of subrogation claims successful
- Subrogation recoveries
- Cost of property and casualty premiums
  - Annual
  - Increase/decrease compared to previous year
- Anticipated dollar value of claims (per employee)
- Anticipated dollar value of claims (per participant)
- Annual savings from self-funded general operations
- Percent dollar increase in unemployment compensation claims
- Premium rates by insurance type
  - General liability
  - Auto liability
  - Auto physical damage
  - Property/boiler
  - Police
  - Public officials
  - Crime
  - Other
- Total dividend by insurance type
  - General liability
  - Auto liability
  - Property insurance
- Total cost of risk (e.g., premiums, safety programs, deductibles, retentions, uninsured losses, risk management administration) as a percentage of total local government operating expenditures
- Cost of risk per $1,000 taxable value
- Cost of risk per capita
- Cost of risk as percent of total budget

Miscellaneous

- Ratio of assets to liabilities
- Reserves as a percent of claims payments
- Actual unreserved retained earnings as a percentage of current operating expenses (risk fund)
- Total of property and casualty premiums
- Third-party claims administration cost
- Fund balance as a percentage of the actuarially projected funding requirement
PART III. LIABILITY

5. GENERAL LIABILITY AND OTHER NON-AUTO LIABILITY

Despite precautions taken to prevent accidents, every locality will eventually suffer losses. Risk management programs exist to help localities minimize losses and deal with them efficiently when they occur. General liability covers a broad range of risk areas—virtually everything not covered in specialty categories. The measures listed in this chapter enable risk managers to track overall performance in broad terms. They also provide details for specific categories of claim.

PERFORMANCE MEASURES USED
BY SELECTED LOCAL GOVERNMENTS

Workload Measures

- Number of incidents reported
- Incident reports processed
- Number of claims handled by city
- Number of legitimate non-auto liability claims
- Number of claims closed
- Liability claims closed with no payment
- Number of claims closed without litigation
- Number of claims associated with indemnification from third parties
  - Annual
  - 3-year average
- Number of claims associated with trip and fall
  - Annual
  - 3-year average
- Number of claims associated with street defect
  - Annual
  - 3-year average
- Number of claims associated with tow away
  - Annual
  - 3-year average
- Number of claims associated with other bodily injury
  - Annual
  - 3-year average
- Number of claims associated with other bodily injury/property damage
  - Annual
  - 3-year average
- Number of claims associated with other
  - Annual
  - 3-year average
- Number of new legal claims (i.e., lawsuits)
  - Pending legal claims
- Number of legal claims pending
<table>
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<tr>
<th>Category</th>
<th>Number of claims</th>
<th>Notice of claims</th>
<th>Lawsuits</th>
<th>Loss ($)</th>
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<td>Road defects</td>
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<td>Mowing/weed cutting</td>
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<td>Water/sewer</td>
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<td>Engineering/construction</td>
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<td>City buildings</td>
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<td>Miscellaneous liability</td>
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<tr>
<td>Open lawsuits (total)</td>
<td>10</td>
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</tr>
</tbody>
</table>
• Closed lawsuits (year to date)

**Efficiency Measures**

• Cost per general liability claim: personal injury
• Cost per general liability claim: property damage
• Legal fee per closed lawsuit
• Average legal cost per closed lawsuit
• Cost per claim processed
• Third party administration fees per liability claim

**Process Efficiency**

• Average number of days to respond to general liability claim
• Percent of claims questions answered within 2 days
• Percent of claims investigated within 60 days
• Percent of liability claims closed within 3 days
• Percent of liability claims processed within . . .
  • 30 days
  • 4 days
  • 2 days
• Percent of prospective claimants to whom instructions were distributed within 24 hours of inquiry

**Effectiveness Measures**

• Percent of general liability claims closed with no payment
• Percent of general liability claims resolved before lawsuit
• Percent of general liability claims resulting in lawsuit
• Percent of claims closed without litigation
• Average loss paid on claims closed without litigation
• Dollar amount of reinsurance recovery
• Total general liability claims costs
• General liability claims per $1 million of city operating expenditures
• General liability losses per $1 million of city operating expenditures
• Settlements favorable to the city, as a percentage of all cases seeking monetary damages
• Percentage of liability claims closed without payment
• Percentage of claims closed without litigation

**Miscellaneous**

• Cost of legal services for general liability (city attorney)
• Cost of legal services for general liability (outside attorney)
• Third party administration fees for general liability
• Excess liability premium costs for general liability
• Broker fees for general liability
6. **Fleet Risk Management**

Fleet risk management encompasses more than automobile liability alone. It pertains not only to damage caused by government vehicles and/or drivers while in the course of government business, but also to damages sustained by the government fleet. Many local government programs designed to reduce vehicle-related losses focus extensively, but not exclusively, on the high-risk departments of fire, police, and public works. Safe driving practices and the mechanical reliability of vehicles are key components of such programs.

**Performance Measures Used by Selected Local Governments**

**Workload Measures**

- Number of vehicle accidents
- Total number of vehicle accident claims
- Number of auto liability claims processed
- Vehicles totaled in accidents
- Auto liability losses
  - Projected losses
  - Actual losses
- Number of loss inspections
- Auto accidents per month
  - Total
  - Preventable auto accidents
- Number of auto liability claims investigated
- Number of claims paid
- Number of incidents reported during non-working hours
- Number responses made for non-working hour incidents
- Total number of miles driven
- Combined insured value of vehicles/mobile equipment
- Number of claims caused by vehicle collision (annual/3-year average)
  - Bodily injury
  - Property damage
  - Collision loss
- Automobile liability—bodily injury
  - Number of claims
  - Notice of claims
  - Lawsuits
- Automobile liability—property damage
  - Number of claims
  - Notice of claims
  - Lawsuits
- Breakdown of auto accidents by accident type
  - Not moving
  - Moving forward
  - Turning
  - Backing
  - Parked vehicle
  - Off street
  - At fault
- Number of vehicular accidents by department
  - Police
  - Fire
  - etc.
- Number of vehicular accidents by day of week
  - Monday
  - Tuesday
  - etc.
- Number of vehicular accidents by time of day
  - 6:01-9 a.m.
  - 9:01-noon
  - etc.
- Total number of vehicles insured (includes trailers)

**Efficiency Measures**

- Cost per liability claim

**Process Efficiency**

- Average number of days to respond to auto liability claim
- Percent of auto liability claims closed within 3 days
- Percent of auto liability claims closed within 12 months
- Percent of auto liability claims processed within 96 hours

**Effectiveness Measures**

- Vehicle accident rate per 1 million miles driven
- Average cost per claim for automobile
- Average vehicle collision repair cost
- Cost per auto liability claim submitted
- Preventable vehicle accidents as a percentage of total
- Percent of city vehicle collisions in which driver of city vehicle is at fault
- Percent of at-fault city vehicle collisions that are not appealed
- Claims settled by mediation
  - Annual
  - Percent of all claims
Miscellaneous

- Cost of legal services for auto liability (city attorney)
- Cost of legal services for auto liability (outside attorney)
- Third party administration fees for auto liability
- Excess liability premium costs for auto liability
- Broker fees for auto liability

OTHER MEASURES WORTH CONSIDERING

Effectiveness Measures

- Automobile liability losses ($) per 1 million miles, by department
  - Police
  - Fire
  - Etc
7. **PROPERTY**

Risk management programs attempt to protect a local government’s facilities, infrastructure, and real property. Although this section includes many measures related to this function, the task of protecting property also includes safety inspections. Measures for the inspection function are included in a separate chapter.

**PERFORMANCE MEASURES USED**
**BY SELECTED LOCAL GOVERNMENTS**

**Workload Measures**

- Value of property covered under property program
- Total insured value—all city property
- Combined insured value
  - Buildings
  - Business personal property
  - Vehicle/mobile equipment
  - Miscellaneous
- Buildings insured
- Buildings under construction
- Number of incidents resulting in damage to city property or personnel
- Reports processed for property claims
  - Projected number of reports
  - Annual number of reports
  - 3-year average
- New property claims processed
- Property damage claims by department
- Number of claims paid for property damage
- Number of property/auto losses subrogated
- Vehicles totaled in accidents

**Effectiveness Measures**

- Property loss as a percentage of property value
- Average cost per property damage claim
- Average vehicle collision repair cost

**Miscellaneous**

- Cost of legal services for property liability (city attorney)
- Cost of legal services for property liability (outside attorney)
- Third party administration fees for property liability
- Excess liability premium costs for property liability
- Broker fees for property liability
OTHER MEASURES
WORTH CONSIDERING

Effectiveness Measures

- Percentage of losses subrogated
- Monies received by subrogation

☐  ☐  ☐
8. Public Safety Risk Management

Risk management can be subdivided by risk type (liability, workers’ compensation, etc.) or by department. Because of the high-risk nature of police, fire, and emergency medical service departments, some risk managers find it useful to analyze risk exposure and risk performance for these departments separately.

Performance Measures Used
By Selected Local Governments

Workload Measures

Police
- Police vehicle accidents
- Emergency run accidents
- Accidents with fleeing vehicles
- Number of injuries from police vehicle accidents
- Number of police liability claims received
- Police workers’ compensation claims
- Workers’ compensation indemnity claims
- Number of injuries caused by suspects
- Stress related claims
- Heart/lung claims
- Expected total cost of workers’ compensation claims
- Non-duty disability claims
- Police liability claims, by claim type
- Police professional liability
  - Number of claims
  - Notice of claims
  - Lawsuits
  - Loss ($)  

Fire/EMS
- Fire vehicle accidents
- Number of fire emergency run accidents
- Fire department claims
  - Number of workers’ compensation claims
  - Claims involving exposure to illness
  - Injuries from lifting
  - Stress related claims
  - Heart/lung claims
  - Non-duty disability claims
  - Fire liability claims
- EMS liability claims
General
- Expected total cost of workers’ compensation claims

Efficiency Measures
- Cost per liability claim

Process Efficiency
- Average number of days to respond to public safety liability claim
- Percent of liability claims closed within 3 days
- Percent of liability claims processed within 96 hours

Effectiveness Measures
- Damage to police vehicles (dollar amount)
- Police liability claims costs
- Damage to fire vehicles (dollar amount)

Miscellaneous
- Cost of legal services for public safety liability (city attorney)
- Cost of legal services for public safety liability (outside attorney)
- Third party administration fees for public safety liability
- Excess liability premium costs for public safety liability
- Broker fees for public safety liability

OTHER MEASURES
WORTH CONSIDERING

Effectiveness Measures
- Police vehicle losses as a percentage of police fleet value
- Fire vehicle losses as a percentage of fire fleet value
- EMS vehicle losses as a percentage of EMS fleet value
- Claims/losses per 1,000 population
  - Police
  - Fire
  - EMS

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9. **PUBLIC WORKS DEPARTMENT RISK MANAGEMENT**

As with police, fire, and emergency medical service departments, public works departments often have greater exposure and higher accident rates than many other city departments. For this reason, some risk managers choose to examine risk exposure and risk performance for this department separately.

**PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS**

**Workload Measures**

- Number of motor vehicle accidents (public works)
- Number of claims pertaining to storm response activities
- Sewer backup claims received
  - Number
  - Amount of claims
- Sidewalk claims received
  - Number
  - Amount of claims
- Public Works Department claims
  - Workers’ compensation claims
  - Workers’ compensation indemnity claims
  - Injuries from lifting
  - Injuries from motor vehicle accidents
  - Non-duty disability claims

**Efficiency Measures**

- Cost per liability claim

**Process Efficiency**

- Average number of days to respond to general liability claim
- Percent of liability claims closed within 3 days
- Percent of liability claims processed within 96 hours

**Effectiveness Measures**

- Damage to DPW vehicles (dollar amount)
- Expected total cost of workers’ compensation claims
- Sewer backup claims
  - Percentage paid
  - Percentage denied
- Total cost of sewer backup claims (amount paid)
- Sidewalk claims
  - Percentage paid
  - Percentage denied

**Miscellaneous**

- Cost of legal services for public works liability (city attorney)
- Cost of legal services for public works liability (outside attorney)
- Third party administration fees for public works liability
- Excess liability premium costs for public works liability
- Broker fees for public works liability

**OTHER MEASURES WORTH CONSIDERING**

**Effectiveness Measures**

- Vehicle losses as a percentage of public works fleet value
- Claims/losses per 1,000 population
- Workers’ compensation claims/losses per 100 employees
- Backups per 10 miles of sewer main
- Backup claims/losses per 10 miles of sewer main
PART IV. OCCUPATIONAL SAFETY AND HEALTH

10. DRUGS AND ALCOHOL

Abuse of drugs and alcohol can result in tragic loss of life and property. One way to minimize the likelihood that such tragedies will impact local government operations is to screen potential employees for drug and alcohol use. Federal law requires most employees in driving-intensive occupations to undergo regular drug screenings.

PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS

Workload Measures

- Number drug and alcohol screens processed
- Average number of Commercial Driver’s License (CDL) drivers randomly tested
- Number of negative test results for department of transportation mandated test
- Random tests for safety sensitive positions
- "Reasonable suspicion/probable cause" drug tests

OTHER MEASURES WORTH CONSIDERING

Efficiency Measures

- Cost per screening
- Screenings per staff-hour

Effectiveness Measures

- Percentage of samples properly collected/labeled/tested

☐  ☐  ☐
11. Education and Training

One way to reduce losses is to educate employees in proper safety procedures. Safety training can lead to a safer working environment and healthier lifestyles for employees.

Performance Measures Used by Selected Local Governments

Workload Measures

- Total number of education/training classes
- Number of formal safety programs conducted
- Number of hours devoted to training per employee
- Employee training hours
- Number of participants at wellness/training programs
- Number of employees participating in federal/OSHA-required training
- Number training sessions conducted for federal/OSHA required training
- Number of state-level health department training sessions conducted
- Number of right-to-know training sessions conducted
- Number of safety training employee enrollments
- Number of employment physicals
- Number of employees certified in First Aid
- Number employees completing CPR certification
- Number of safety committee meetings conducted
- Number of safety meetings with department representatives
- Number of employee safety issues addressed
- Number of employees attending safety meetings
- Loss control meetings held
  - Number held
  - Average attendance
  - Percentage of roster in attendance

Efficiency Measures

- Average cost per class taught
- Cost per safety committee meeting

Effectiveness Measures

- Percent of hazards and deficiencies corrected as a result of training
- Percent of training participants demonstrating proficiency in course material
- Percentage of forklift operators receiving training as required by OSHA standards
- Percent of non-uniformed workforce attending safety training classes
- Percent increase in number of safety training programs
- Percent increase in number of employees trained
Miscellaneous

- Total direct and allocated costs of training

OTHER MEASURES
WORTH CONSIDERING

Efficiency Measures

- Cost per attendee

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12. Health Plans and Benefits

Some risk management programs are also responsible for administering the local government’s program of health insurance and employee benefits. This chapter lists the measures reported by selected departments.

Performance Measures Used
By Selected Local Governments

Workload Measures

- Total claims processed
- Average number of covered employees
- Number of active employees covered
- Retirees covered
  - Total
  - Retirees under 65
  - Retirees at or over 65
- Number of retirees with health insurance
  - Total
  - Over 65
  - Under 65
  - With dependents
- Number of companies contacted (for benefit cost-comparisons)
- Monthly tally of new participants processed
- Monthly number of employees trained on benefits
- Number of benefit changes processed
- Number of health claims processed
- Number of prescriptions dispensed
  - Generic
  - Name brands
  - Total
- Number of optional benefits promotions
- Indemnity benefits payments processed
- Medical payments processed
  - Number
  - Total amount ($)
- Number of employees seen by occupational nurse
- Number of wellness and benefits fair participants
- Number of claims over $5000
- Largest claim in this fiscal year
- Largest claim (historical)
- Total surgery-days in hospital
- Number of covered office visits
- Total persons covered under health insurance program
- Total hospital admissions
- Number of professional services
  - Inpatient
  - Outpatient
  - Physician’s office
- Mail order prescription claims
  - Number
  - Total dollar amount of prescriptions
  - Average amount per prescription
- Drug card prescription claims
  - Number
  - Total dollar amount of prescriptions
  - Average amount per prescription
- Mail order prescription claims as percent of total
- Short-term disability (STD) claims
- STD—average disability period
- Long-term disability monthly volume
- Long-term disability (LTD) claims
- Life insurance monthly volume
- Accidental death and dismemberment (AD&D) monthly volume
- Life insurance claims
  - Number
  - Amount of claims ($)
- Number of comprehensive wellness program participants

**Efficiency Measures**

- Health costs per employee
- Health costs per retiree
- Dollar savings achieved by in-house nurse
- Annual health insurance cost per employee/retiree
- Hospital charge per day

**Process Efficiency**

- Percent of indemnity payments processed within 14 days
- Percent of medical payments processed within 45 days
- Percent of claims processed within 14 days
- Percent of claims for which benefits are provided within 10 days of notification

**Effectiveness Measures**

- Percent increase/decrease of participation in the health plan
- Health insurance/network hospital discount (%)
- Average stay in hospital (days)
- LTD premium rate per $100 payroll
- Life and AD&D rate per $1000/coverage
- Cost of risk per $1000 taxable value
- Health insurance stop-loss recovery as a percentage of stop-loss premiums paid
Miscellaneous

- Professional discount
- Network utilization
- Total health insurance cost to city
- Health insurance administrative fees paid
  - Claims handling fees
  - Network access fee
- Total STD cost to city
- Total LTD cost to city
- Total life insurance cost to city
- Cost of risk per capita (health and benefits)
- Health insurance administrative fee per contract/month
- Health insurance stop-loss premium per contract/month
- Health insurance stop-loss premium paid
- Health insurance stop-loss recovery
13. Inspections

Safety inspections, like education and training, will not prevent all accidents and injuries, but can reduce their frequency and severity. Inspections are sometimes conducted by risk management staff, and in other cases by fire marshals, private safety consultants, or insurance officials.

PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS

Workload Measures

- Inspection reports produced and disseminated
- Number of safety inspections
- Number of ergonomic evaluations
- Number of potential exposures identified
- Number of identified exposures reduced by risk management team
- Number of employee-hours spent in safety training
- Total number of loss control and safety inspections
- Facility safety inspections conducted with insurance company

Efficiency Measures

- Cost per safety inspection report

Process Efficiency
- Percent of reports disseminated within 10 days of inspection

Effectiveness Measures

- Number improvements implemented as a result of a safety inspection
- Estimated reduction in loss exposure from identified hazards
- Exposure reduction changes as a percentage of exposure reduction elements identified by risk manager
- Average number of workdays lost per workers’ compensation claim
- Workers’ compensation cost per $100 of payroll
- Average work-hours lost per workers’ compensation claim
- Cost per workers’ compensation loss
- Number of citations received
- Amount of fines received
- Number of safe driver awards
- Percentage of hazards and deficiencies corrected within 60 days

Quality Measures
- Employees’ opinion of Risk Management/Safety Division (letter grade)
- Employees’ opinion of home department safety behavior (letter grade)
Miscellaneous

- Safety surveys
  - Number of questionnaires sent out
  - Number returned
- Employee safety check-lists
  - Number sent out
  - Number completed and returned
- Safety consultant-hours of service
- Safety consultant-fees paid

OTHER MEASURES
WORTH CONSIDERING

Efficiency Measures

- Inspector-hours per inspection
- Inspections per inspector-day

Effectiveness Measures

- Rate of compliance with inspector recommendations
  
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14. Workers’ Compensation

Workers’ compensation programs are a large part of risk management in local government. Workers’ compensation requires employers to pay for medical expenses and lost wages of employees injured in the course of employment. Training and inspections can reduce the incidence of employee injuries, but even the best programs are not failsafe. Employees in some departments, such as police, fire, and public works, simply are more prone to injuries than others.

PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS

Workload Measures

- Number of workers’ compensation claims processed
- Number of employees with multiple workers’ compensation claims within one year
- Number of lost-time workers’ compensation claims where employee is contacted (by Risk Management Department)
- Workers’ compensation claims by department
  - Police, Fire, etc.
- Workers’ compensation total claims recovered (subrogated)
  - Total amount recovered
- Dollar amount of outstanding workers’ compensation claims
- Number of disability cases not related to workers’ compensation
- Number of workers’ compensation bodily injury cases
- On-the-job injury medical expense payments
- Number of lost time claims filed
- Number of lost workdays
- Number of reports submitted to department head regarding workers’ compensation (new claims filed)
- Workers’ compensation incidents resulting in no claim filed
  - Number
  - Percent of all claims
- Workers’ compensation incidents resulting in claim with no lost time
  - Number
  - Percent of all claims
- Workers’ compensation incidents resulting in claim with lost work time
  - Number
  - Percent of all claims
- Workers’ compensation incidents resulting in subsequent litigation
  - Number
  - Percent of all claims
- Claims paid for bodily injury
  - Number
  - Average cost per claim
- Workers’ compensation incurred losses ($ amount)
- Number of workers’ compensation claims closed
- Number of claims closed without litigation
- Benefits paid on claims closed without litigation
- Number of participants in light duty/modified work
- Light duty/modified work program ($ amount)
- Average number of employees on "no-duty" injured-on-duty status
- Average number of employees on "limited duty" injured-on-duty status
- Workers’ compensation costs
- Workers’ compensation costs incurred per employee
- Injuries by type
  - Sprain/strain injuries
  - Injuries to hand/fingers
  - Injuries to the back
  - Injuries from lifting
  - Vehicle accident injuries
  - Injuries using tools/machines
  - Fractures of bones
  - Exposures to diseases
  - Injuries relating to the heart
  - Repetitive use injuries
- Open medical-only claims (all years)
- Open wage-loss claims (all years)

**Efficiency Measures**

- Average handling cost for workers’ compensation claim
- Third party administration fees per medical-only claim
- Third party administration fees per wage-loss claim
- Risk control (safety) fees per hour
- Average per claim cost—medical only
- Average per claim cost—wage loss

**Process Efficiency**

- Percent of workers’ compensation claims reviewed within 5 days of receipt
- Average turnaround time for workers’ compensation claims
- Percent of claims processed within . . .
  - 30 days
  - 3 days
  - 24 hours
- Percentage of workers’ compensation claims processed within state mandated time frame

**Effectiveness Measures**

- Percentage reduction in workers’ compensation cases
- Ratio of claims closed to new claims opened during period (mo./qtr./year)
- Percentage reduction of on-the-job injury lost workdays
- Personal injury rate (all workers’ compensation claims)
  - Per 100 employees (annual)
  - Per 200,000 hours worked
- Line-of-duty-injury absence rate (percent)
- Employee accidents per 1 million hours worked
- Lost-time injury claims
  - Per 100 employees (annual)
  - Per 200,000 hours worked
- Percent of workers’ compensation accidents judged OSHA recordable
- Workers’ compensation modification factor
- Percent of claims closed without litigation
- Average loss paid on claims closed without litigation
- Percent of light duty participants returned to pre-injury assignment without restrictions
- Percent of light duty participants returned to alternative positions
- Percent of employees returning from workers’ compensation within six months
- Workers’ compensation cost per 100 employees
- Workers’ compensation cost per $100 of payroll
  - For jurisdiction
  - By department
- Average number of workdays lost per workers’ compensation claim
- Cost increase of workers’ compensation as a percentage of medical CPI-inflation
- Annual savings from workers’ compensation self-insuring
- Average number of sick days
- Perfect Attendance Awards
- New claims per workers’ compensation case closed
- Cost per work-related employee injury
- Average number of days participation in light duty
- Cost of risk per capita (workers’ compensation)
- Cost of risk per $1000 taxable value
- Percent of medical expenses saved due to bill review
- Average worker-hours lost per workers’ compensation claim
- Average lost work days for workers’ compensation cases as a percent of all lost work days

**Miscellaneous**

- Annual amount paid for workers’ compensation
- Total program costs of workers’ compensation
- Third party administration fees
- Risk control fees—total
- Fees paid to clinic
- Cost of legal services
- Medical case management fees/other cost containment fees
- Internal cost of claims administration—i.e., staff adjusters and associated expenses
- Other uninsured costs associated with accidents
15. Other Occupational Safety and Health Measures

Occupational safety and health covers a broad range of activities, only some of which fit neatly into traditional risk management program categories. The measures featured here represent the variety of activities encompassed by the risk management field, including ombudsman services and ergonomics.

Workload Measures

- Ombudsman services
  - Number of case reviews
  - Number of information and referral services
  - Number of home visits
- Number of hours of risk assessments conducted
- Number of risk assessment consultations
- Number of ergonomic computer workstations set up
- Number of computer-related injuries
- Number of exposure reduction changes accomplished by all departments
- Number of potential exposures identified
- Number of identified exposures reduced by risk management team
PART V. OTHER FORMS OF RISK

16. SELF-INSURANCE

Self-insurance programs are a large part of many risk management programs. Localities can self-insure their own liability, health plans, workers’ compensation, and disability coverages. Localities then choose whether to purchase excess insurance to cover catastrophic losses.

PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS

Workload Measures

- Total incurred amount by category
  - General liability
  - Auto liability
  - Law enforcement
- Liability and property net income (loss)
- Health care net income (loss)
- Short-term disability net income (loss)
- Workers’ compensation net income (loss)
- Self-insurance fund net income (loss)
- Self-insurance fund—retained earnings
- Health care expenditures
- Total self-insurance fund expenditures

Efficiency Measures

- Dollar amount of cost savings by self-insuring health coverage (compared to commercial coverage)

Effectiveness Measures

- Subrogation recoveries
- Total cost of risk
- Cost of risk per $100 taxable value
- Cost of risk per capita
17. Torts

Torts are wrongful acts for which damages may be recovered. They may arise from any claim type, including liability, workers’ compensation, and benefits.

PERFORMANCE MEASURES USED BY SELECTED LOCAL GOVERNMENTS

Workload Measures

- Tort claims
  - Total tort claims recovered
  - Amount recovered ($)
- Number of tort claims filed
- Percentage of tort claims adjusted in-house
- Number of tort claims closed

Efficiency Measures

Process Efficiency
- Percentage of tort claims responded to within 45 days
- Percentage of tort claims closed within 12 months

Effectiveness Measures

- Percentage of legal/formal resolutions producing favorable outcome for local government
- Settlements favorable to the city, as a percentage of all cases seeking monetary damages
REFERENCES

The performance measures listed in this catalog were drawn from performance reports produced by 52 cities, towns, counties, and other government entities.

Cities and Towns
Albuquerque, NM; Ames, IA; Ann Arbor, MI; Asheville, NC; Bellevue, WA; Boca Raton, FL; Chesapeake, VA; Corpus Christi, TX; Danville, KY; Deerfield Beach, FL; Eugene, OR; Flagstaff, AZ; Fort Collins, CO; Fort Worth, TX; Hurst, TX; Jacksonville, FL; Kalamazoo, MI; Lincoln, NE; Longmont, CO; Lubbock, TX; Manhattan Beach, CA; Memphis, TN; Oak Park, MI; Oak Ridge, TN; Palo Alto, CA; Philadelphia, PA; Plano, TX; Reno, NV; Salisbury, NC; San Antonio, TX; San Diego, CA; Santa Barbara, CA; Santa Monica, CA; Savannah, GA; Scottsdale, AZ; Sterling Heights, MI; Tucson, AZ; West Hartford, CT; White Plains, NY; Windsor, CT; and Winston-Salem, NC.

Counties
Arapahoe County, CO; Chesterfield County, VA; Fairfax County, VA; Harris County, TX; Montgomery County, MD; St. Louis County, MO; and Washoe County, NV.

Other Governmental Entities
Contra Costa County Municipal Risk Management Insurance Authority; Denver Public Schools, Denver, CO; New York City Housing Authority; and the State of Minnesota.

SUGGESTED READING

The following is a list of readings in performance measurement. Some of these readings provide an overview of local government performance measurement, while others provide detailed information on specific governmental functions.


Patricia Tigue and Dennis Strachota, *The Use of Performance Measures in City and County Budgets* (Chicago, IL: Government Finance Officers Association, 1994).

The *Service Efforts and Accomplishment Reporting* series, published by the Governmental Accounting Standards Board, includes short books on various local government functions such as:

- Water and Wastewater Treatment
- Mass Transit
- Sanitation Collection and Disposal
- Fire Department Programs
- Public Health
- Police Department Programs
- Road Maintenance