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# Performance Indicators

## APPENDIX D

**T**he process of developing goals, objectives, and performance measures can help departments evaluate and measure the level of service they provide. Measures of performance provide quantifiable information on an organization's impact, efficiency, and effectiveness. They allow agencies to make better, more informed decisions about service delivery. Performance measures can show what value a department is getting for the dollars it spends on assessment services. Departments that evaluate their assessment performance over time can track both achievements in service delivery and areas needing improvement. They can also justify spending requests by demonstrating real needs of the assessment system. Moreover, information obtained from measuring a department's efforts and accomplishments can improve communication with elected officials and the public by focusing on assessors' actual results.

This appendix describes yardsticks we used to measure the effectiveness and efficiency of assessment jurisdictions. We used the information to determine which jurisdictions currently employ especially effective or efficient assessment practices and which ones we would visit to gather more in-depth information. Beyond this, the measures also serve as tools that local governments can use to ensure that the organization of their assessment services and the appeals procedures they follow are effective. While most assessors' offices can use the performance measures we list here, they may also develop other performance measures appropriate to their particular circumstances.

### GOALS AND OBJECTIVES

Typically before measuring performance, agencies define and adopt goals for their work. Goals describe in broad terms the desired outcomes of the agencies' services. Having adopted goals, agencies

set objectives, which are clear targets for specific actions that explain what their service will accomplish and by when. After setting goals and objectives, agencies can evaluate their performance and determine whether they are meeting their goals.

We relied on state statutes to set two goals for Minnesota's assessment system:

1. To consistently assess real property at its market value, that is, the selling price which could be obtained through an arm's length transaction.
2. To view and determine the market value of each tract or lot of real property at maximum intervals of four years.

To determine how well assessment agencies meet these goals, we developed seven objectives:

1. To improve assessment uniformity each assessment period, resulting in reduced inequities.
2. To respond objectively and professionally to disagreements about valuation.
3. To annually assess properties at levels within the parameters of the Department of Revenue's sales ratio studies.
4. To complete assessment duties in a timely manner.
5. To minimize tax roll changes that occur after the levy due to tax court orders or as a result of abatements approved for clerical errors or hardship.
6. To annually increase the percentage of property owners who are satisfied with the amount of information received regarding their property assessment, the clarity and understandability of

that information, the ease of the assessment process, and the objectivity of the assessment.

7. To annually increase the percentage of property owners who accept their assessment as fair and equitable.

The goals and objectives we selected might differ somewhat from those an individual agency would develop. Agencies with different goals and objectives would likely have different performance measures than those we describe below. Nonetheless, we believe our goals and objectives are generally applicable to all assessment jurisdictions.

## PERFORMANCE MEASURES

Defining the goals and objectives of Minnesota's system of property assessments allowed us to develop 68 measures of efficiency and effectiveness, or performance measures, for areas of the assessment system specifically within the scope of this best practices review: the organizational structure of assessors' offices and the appeals processes they follow. The performance measures either (1) describe an outcome or (2) are an indication of either efficiency or cost effectiveness. Outcomes are the actual results of an agency's actions, such as assessments that accurately reflect market value as measured by the median sales ratio. Efficiency measures are the costs per unit of service that an agency provides, such as cost per total number of parcels assessed. Cost-effectiveness measures reflect the cost per unit of an agency's outcomes, such as cost per assessment system with acceptable sales ratios.

We grouped the 68 measures of performance into six categories: (1) levels of satisfaction, (2) time resources, (3) personnel resources, (4) measures related to the assessment, (5) measures specific to the appeals process, and (6) cost and cost effectiveness. Because we believed that some of the performance measures were stronger indicators of efficiency and

effectiveness than others, we weighted those measures we considered more significant.<sup>1</sup>

## Levels of Satisfaction

Levels of satisfaction are outcome measures that indicate how well the users or recipients — county and local assessors, boards of review and equalization members, and taxpayers — of a particular assessment service believe that service works. Some of the measures apply to assessors' satisfaction, others to board members' satisfaction, and others to taxpayers' satisfaction. We developed 19 satisfaction measures:

### Assessor

- Level of assessor satisfaction with the process for resolving property owner questions prior to local board meeting.\*
- Level of assessor satisfaction with the board process.\*<sup>2</sup>
- Level of assessor satisfaction with the abatement process.\*
- Level of assessor satisfaction with the tax court process.
- Level of assessor satisfaction with the effectiveness of board member training.

### Board Member

- Level of board member satisfaction with the effectiveness of board member training.\*
- Level of board member satisfaction with the level of professionalism and knowledge displayed by assessors during the board meeting.\*

<sup>1</sup> We weighted performance measures with lower priority a value of "1" and performance measures with higher priority a value of "2." We indicate those measures with high priority for our site visits with an asterisk (\*) in the lists presented in the remainder of this appendix. Although measures related to taxpayer opinions may have high priority, data from our survey of taxpayers were not available when we planned our site visits.

<sup>2</sup> Unless otherwise specified, board refers to both local boards of review and county boards of equalization.

- Level of board member satisfaction with the user-friendliness of the appeals process for board members.\*
- Level of board member satisfaction with the overall fairness and ease of the appeals process for board members.\*
- Level of board member satisfaction with the ease of the appeals process for taxpayers.
- Level of board member satisfaction with the board members' overall understanding of the issues and fairness in appeals decision.

### Taxpayer

- Level of taxpayer satisfaction with the clarity and understandability of information received from assessor's office.
- Level of taxpayer satisfaction with the information contained in property valuation notice.
- Level of taxpayer satisfaction with the treatment and professionalism of the board.
- Level of taxpayer satisfaction with the treatment and professionalism of assessor.
- Level of taxpayer satisfaction with the understandability of the board process to appeal property assessments.
- Level of taxpayer satisfaction with the user-friendliness of the board process.
- Level of taxpayer satisfaction with the overall fairness of the board process.
- Level of taxpayer satisfaction with the tax court process.

### Time Resources

Time resources are outputs that indicate the hours spent by an individual or agency on an aspect of the

property assessment and appeals system. To look at these outputs as measures of efficiency, we contrasted the actual hours spent by the individual or agency with the median hours spent by that particular group or level of local government. We compiled ten measures of time spent on various assessment activities:

- Hours spent by assessors per parcel appealed.\*
- Hours spent by assessors on appraisal per percentage receiving interior inspections.\*
- Hours spent by board members preparing for board meetings.\*
- Hours spent by assessors on answering questions, per number of owner questions.
- Hours spent by assessors per number of parcels questioned by owner prior to board of review.
- Hours spent by assessors on tax court appeals, per number of tax court appeals.
- Hours spent by assessors per number of board appeals.
- Hours spent by assessors per number of abatements.
- Hours spent by assessors on appraisal per number of parcels appraised.
- Hours spent by appellants preparing for board meetings.

### Personnel Resources

Personnel resources are outputs that indicate the labor devoted by an agency to an aspect of the property assessment system. To look at these outputs as measures of efficiency, we contrasted the actual personnel level of an agency per parcel or other output with the median personnel level of other local jurisdictions we surveyed. This allowed us to compare

the number of personnel with the median personnel in the sample. We constructed nine personnel measures:

- Full-time equivalent (FTE) assessors per number of parcels.\*
- FTE assessors and other assessment staff per parcel appealed.\*<sup>3</sup>
- FTE assessors and other staff per number of parcels.
- FTE assessors per parcel by property class.
- FTE assessors per percentage of interior inspections.
- Number of Certified Minnesota Assessors per total parcels.
- Number of Certified Minnesota Assessor Specialists per total parcels.<sup>4</sup>
- Number of Accredited Minnesota Assessors per total parcels.
- Number of Senior Accredited Minnesota Assessors per total parcels.
- Acceptable sales ratio of property values for homesteads, agricultural land, commercial-industrial, and seasonal-recreational residential.\*
- Acceptable coefficient of dispersion for property values by property classification.\*
- Acceptable price-related differential of property values by property classification.\*
- Use of computer-assisted mass appraisal system.\*
- Completeness of assessment maps.\*
- Adequacy of equipment and training.\*
- Notification of property owners prior to parcel visitation.\*
- Use of geographic information system.\*
- High percentage of properties receiving interior inspection.
- Frequent (annual) adjustment of parcel value.
- Completeness of value notice information.

## Measures Related to the Assessment

Measures related to the assessment are general effectiveness measures. Based on our review of current literature and conversations with experts in the field, we chose these measures to identify agencies that meet professional assessment standards (such as acceptable median sales ratios) or use practices that are especially effective or innovative (such as geographic information systems). We formulated 11 general effectiveness measures related to the assessment:

## Measures Specific to the Appeals Process

Measures specific to the appeals process also measure general effectiveness. Based on current literature and interviews with members of the assessment profession, we chose these measures to indicate jurisdictions that use especially effective or innovative practices (for instance, explicit abatement policies that define hardship). We compiled 10 general effectiveness measures specific to the appeals process:

<sup>3</sup> Other staff refers to mapping, clerical, data processing, and additional support staff.

<sup>4</sup> We also looked at the number of city or township Certified Minnesota Assessors and Certified Minnesota Assessor Specialists with completion of courses on income-producing property.

- High percentage of property owner questions resolved prior to local board of review.\*
- Counties with explicit policy on abatements.\*
- Board member preparation for 1994 meeting.\*
- High percentage of total appellants that provided board members with information relating to their appeals.\*
- High level of property and assessment information provided to board members by assessor.\*
- Ratio of appeals stayed or denied to those approved is at or above the median.
- For those with appointed boards, high percentage of appointed board members with property-related background.
- Counties with "hardship" defined for abatement requests for two prior years.
- Board member training prior to 1994 meeting.
- Board's briefing of appellants before the appeal.
- Cost per parcel by community with acceptable sales ratios, coefficients of dispersion, and price-related differentials.\*
- Cost per parcel appealed.\*
- Cost per board member satisfied with the appeals process.\*
- Cost per parcel appraised.
- Cost per percentage of properties receiving interior inspections.
- Cost per percentage mix of homes built before W.W.II.
- Cost per distance from office to parcels.
- Cost per appellant satisfied with the appeals process.
- Cost per taxpayer satisfied with the property assessment system.

## Cost and Cost Effectiveness

Costs measure the efficiency of an assessment system. These measures indicate the degree to which assessment agencies provide their services at minimal cost (such as cost per parcel appealed) when compared to median costs over time or other similar agencies. By contrast, cost-effectiveness measures show the costs of agencies whose actual results meet their intended results (such as cost per community with acceptable sales ratios). We developed nine cost and cost-effectiveness measures: