

# MANAGING FOR RESULTS

Fiscal responsibility requires sound stewardship of taxpayer dollars. This means that once the Congress and the President decide on overall spending levels, taxpayer dollars should be managed to maximize results. The President's Management Agenda (PMA) is creating a results-oriented Government where each agency and program is managed professionally and efficiently and achieves the results expected by the Congress and the American people.

The PMA, launched with the broad goal of making the Government more results-oriented, focuses on achievement and accountability. Areas of emphasis, or sub-components, were identified for the Agenda, as well as expected levels of achievement, or Standards for Success. Implementation of the PMA has brought focus and attention to how the Government operates, and identified ways that it can be more effective. Agencies are improving—managing for and achieving better results. With increasing frequency and skill Government managers are asking the tough questions. For example:

- *Are programs working and efficient? If not, what can we do about it?*

The Department of Energy (DOE) has assessed 67 percent of its spending using the Program Assessment Rating Tool (PART), an instrument that helps to evaluate the performance of individual programs. DOE is using the information from these assessments to make day-to-day management decisions, inform the development of its budget, and direct improvements of program performance.

- *Are we making payments to the right people in the right amounts? If not, what can we do about it?*

By holding States accountable for their disbursement of food stamp benefits, the Department of Agriculture in 2002 prevented approximately \$70 million in erroneous Food Stamp payments.

- *What does it cost us to perform a particular function and how can we optimize performance while controlling costs?*

The Social Security Administration (SSA) has timely data that allows the agency to decide how and when to process cases based on the cost of processing different categories of cases, what part of its workforce can process the cases most effectively, and where those cases are in the backlog. This allows SSA to provide better service to beneficiaries by processing cases more quickly.

## Explanation of Status Scores

**Green**—Agency meets all the Standards for Success.

**Yellow**—Agency has achieved intermediate levels of performance in all of the criteria.

**Red**—Agency has any one of a number of serious flaws.

## Explanation of Progress Scores

**Green**—Implementation is proceeding according to plans agreed upon with agencies.

**Yellow**—Slippage in implementation schedule, quality of deliverables, or other issues requiring adjustment by agency in order to achieve initiative on a timely basis.

**Red**—Initiative in serious jeopardy. It is unlikely to realize objectives absent significant management intervention.

- *Are our information technology (IT) systems secure and well managed? How can they help us enhance service delivery?*

The National Science Foundation (NSF) has 100 percent of their systems secure, furthering agency mission to support research and education. An interactive, real-time, web-based system used by over 200,000 scientists, educators, technology experts and administrators allows NSF to conduct business in a secure environment over the Internet. And thanks to the Free File program, most Americans can now file their taxes over the Internet for free.

- *Do we have the proper number and quality of skilled people we need today and tomorrow? If not, what can we do about it?*

The Small Business Administration (SBA) has developed and is now implementing career development plans for employees who need specific skills to better accomplish their occupational goals.

The five Government-wide Management Agenda initiatives are discussed below.

## **STRATEGIC MANAGEMENT OF HUMAN CAPITAL**

The focus of the Strategic Management of Human Capital Initiative is to help the Government maximize the value of its most important resource, its workforce. Agencies are now establishing and implementing practices to manage their personnel to better achieve their missions.

SSA, for instance, assesses whether it has enough workers in various field locations at a given time to ensure the timeliness of case processing. If not, SSA shifts work to ensure that cases are handled quickly. To minimize service impacts, SSA also focuses on replacement hiring in advance of losses, so that experienced employees, before they retire, train and mentor new employees. These human capital management strategies are additional steps SSA takes to provide better service to SSA's customers.

Agencies are making sure their employees understand how their work contributes to the achievement of the agency's mission and what is expected of them. Appraisal systems are making clear how employees will be evaluated and distinguishing between high and low performers. Proper implementation of strong performance appraisal systems will provide the necessary foundation for establishing pay for performance systems where an individual's pay is more directly linked to his or her performance and achievements instead of longevity. Agencies like the Departments of Transportation, Health and Human Services, and Labor are among those agencies using accountability contracts. These contracts are results-based management plans that provide clear, specific, and understandable expectations to link the performance and accountability of leaders to the agency's strategic plan.

In order to meet current and future leadership needs, agencies are making certain they have sufficient talent pools to meet those needs. Over the past year, several agencies have established programs to strengthen their management and Senior Executive Service leadership ranks. These programs aim not only to ensure that potential future managers are waiting in the wings, but that those individuals have the proper skills to work in today's changing work environment. Several agencies have established management development programs to build a new cadre of potential leaders. For instance, this summer the Department of Health and Human Services hired 63 highly skilled professionals from a pool of 2,000 applicants into the second class of its Emerging Leaders Program. In addition, SSA has developed leadership training programs targeted at employees in different GS levels.

The Administration sought and the Congress recently provided some Government-wide flexibilities that will enhance the Administration's ability to manage its human capital. For instance, changes to the pay system for the Senior Executive Service will allow agencies to link performance more directly to pay in ways that will drive and reward better performance. The Administration is again proposing

funding for a Human Capital Performance Fund so agencies can reward top employees and those with unusually important skills.

In addition, the Congress recently granted the Departments of Homeland Security (DHS) and Defense (DOD) unprecedented flexibility in the area of personnel management. By demonstrating that increased flexibility can lead to better management, we hope to use the DHS and DOD experiences to explore the potential for Government-wide flexibilities.

A number of agencies are closing their critical skill gaps, ensuring a pipeline of quality leaders into the future, and increasing the capacity and commitment of employees to do their very best. Next year, most agencies will be doing these things, thereby maximizing the value of their human resources and providing better value to the taxpayers.

## **COMPETITIVE SOURCING**

The Competitive Sourcing Initiative has seen the greatest improvements over the past several months. Before this initiative was launched, too few agencies regularly assessed the efficiency and effectiveness of the commercial activities they performed. Today, by contrast, a steadily increasing number of agencies are looking aggressively to competition to help lower their costs and improve overall customer satisfaction.

Agencies are establishing the infrastructure necessary to conduct public-private competitions, identifying those positions that are suitable for competition, and conducting competitions. They are finding the most effective and efficient way for their employees to perform commercial activities and comparing this to private sector solutions to determine which sector can provide the greatest results at the best value to the taxpayer.

Through public-private competition, agencies are able to lower the cost and increase the value of the commercial activities they need to carry out their missions. For example:

- The Office of Personnel Management expects to realize cost savings of roughly \$9 million over a five year period for a nationwide test administration by relying on a reorganized in-house provider that has proved to be more competitive than private sector bidders.
- Employees will continue to provide services at the National Park Service's (NPS') Southeastern Archeological Center, but at significantly reduced costs, thanks to the steps they took to win a competition with the private sector. NPS estimates savings of around \$4.2 million in personnel costs over five years, a cost savings of approximately 40 percent.
- The Small Business Administration (SBA) has turned to a contractor for administrative services to support its disaster loan program after a competition revealed that the contractor could provide these services more cost-effectively than SBA. For similar reasons, the Treasury Department's Bureau of Engraving and Printing will rely on the private sector, rather than its in-house staff, to handle various tour operations.

Through public-private competition, agencies are performing commercial activities at a lower cost and greater value to the taxpayer.

## **IMPROVED FINANCIAL PERFORMANCE**

As recently as 1996, not only were just six agencies able to issue clean financial statements, but most agencies took at least five months to issue them. Before the launch of the Improved Financial Performance Initiative in August 2001, 18 of 24 of the Government's major agencies received clean opinions on their audited financial reports, but still took five months to prepare their statements.

Today, most major agencies are getting clean audit opinions and issuing them in a condensed period of time.

With a clean audit opinion, agencies can ensure they are responsibly accounting for the people's money. If it takes them five months to issue audited financial statements, however, it is a good indication they do not have timely and accurate financial information available to them on a regular basis. That is why the Administration is working with all agencies to close their books more quickly. Eight agencies have already issued audited financial reports in only 45 days, meeting the Government-wide requirement to issue financial statements earlier. One particular agency of note is U.S. Agency for International Development, which not only accelerated the reporting of its financial statement, but also received a clean opinion for the first time in its history. Additionally, agencies are now preparing quarterly financial statements rather than waiting until the end of the year.

Four agencies—the Department of Education, Environmental Protection Agency (EPA), NSF, and SSA—have demonstrated their ability to use timely and accurate financial information to make decisions about program management. For example, the Department of Education uses up-to-the-minute financial data to track whether schools are receiving the appropriate amount of Federal funds. Similarly, EPA's Leaking Underground Storage Tank program negotiates performance commitments with grantees and provides resources based on those commitments. If a grantee is not meeting its commitments, EPA may withhold some resources from the non-performers and redirect those resources to grantees that are meeting their commitments.

The PMA also focuses on reducing erroneous payments. Agencies are taking important steps to measure their erroneous payments, which are those payments made in an incorrect amount and/or to an ineligible recipient. Information we have today tells us that for programs that make almost \$1 trillion in payments annually, erroneous payments exceed \$35 billion annually. With the enactment of the Improper Payments Information Act, agencies are now developing and implementing improper payment plans that will eventually lead to the review of every dollar the Government spends. The Administration is determined to provide agencies with the tools they need to accomplish that goal. For instance, the Administration has worked for the enactment of authority for the Department of Housing and Urban Development (HUD) to gain access to information to verify the eligibility of recipients of housing assistance. Once implemented, this authority will enable HUD to reduce erroneous housing subsidy payments substantially.

By increasing the number of clean audit opinions in a shorter period of time, by using timely financial information for decision-making and program management, and by reducing erroneous payments, agencies are taking steps toward improving their financial performance and the overall management of Federal dollars.

## **EXPANDED ELECTRONIC GOVERNMENT**

The Expanded Electronic Government initiative focuses on two key areas—strengthening agencies' management of their information technology (IT) resources and using the Internet to simplify and enhance service delivery. The Government must get the most out of its \$60 billion annual investment in IT.

Most agencies have made significant improvements in IT management over the last year. For instance, of the Federal Government's major agencies:

- Over 97 percent of major systems include measurable program objectives in their justifications;
- 61 percent have IT systems that are secure, versus 47 percent two years ago; and
- 62 percent have modernization blueprints in place to ensure that their IT investments support overall agency goals and are not redundant of Government-wide IT investments.

These improvements have resulted in a more thoughtful, productive approach to IT investment across agencies.

Specific improvements in service delivery are already being achieved through the E-Gov Initiatives. For instance, Grants.gov makes it easier for potential recipients to obtain information about Federal grants by creating a single, online site for all Federal grants. Because of e-Travel, the new web-based, consolidated Federal travel management system, the Government expects to spend nearly \$300 million less over the next 10 years on travel-related activities.

The Government is investing significant resources in IT to assist it in achieving its mission and better serving the American taxpayer. Agencies are making sure these investments are well managed, more secure, and providing services to the American people more efficiently and effectively.

## BUDGET AND PERFORMANCE INTEGRATION

Many agencies are now using meaningful program performance information to inform their budget and management decisions. In particular, a third of the Government's major agencies meet regularly to use performance information to make program management decisions. Agencies are using the information gleaned from the PART to identify programs' strengths and weaknesses and take appropriate action. PART assessments have improved program results.

Agencies have now assessed the performance of approximately 400 Federal programs, representing more than one trillion dollars in Federal spending. In 2004, agencies will complete PART ratings for an additional 20 percent of Government spending. Summaries of PART findings for each program assessed, as well as the detailed PART analyses for those programs, can be found at the OMB website. Analysis of PART findings can also be found in the *Analytical Perspectives* volume.

These ratings are causing us to ask whether programs are working and, if not, how we can make them work. For instance,

- Last year, the Administration on Aging, which provides services and benefits to the elderly so they can remain in their homes and communities, could not measure its impact. This year, the program was able to show it was moderately effective after demonstrating that its services enable the elderly to remain in their homes and communities and setting goals for increasing the number of people served per each million dollars spent.
- The Broadcasting Board of Governors' efforts to broadcast to Near East Asia and South Asia could not demonstrate that they were achieving results last year. But following the recommendations in last year's PART, the program this year set goals for weekly audience, program quality, signal strength, and cost-per-listener. The program dramatically increased its reach to Arab-speaking countries to an estimated 10.5 million listeners each week, up from just 3.9 million in 2002.

PART assessments show that 152 of the rated programs can not demonstrate that they are achieving results. To first demonstrate and then improve results, agencies are working to adopt clear measures of performance for those programs and/or implement recommendations to improve program performance. For instance, the Davis-Bacon Wage Determination Program, which determines prevailing wage rates for construction-related occupations throughout the United States, cannot demonstrate that it is achieving results. In addition to identifying quantifiable measures of its performance, the program will implement a multi-year effort to reform the wage determination process and subject itself to an independent review of its performance. We will continually assess program performance to ensure that the remedies put in place are working to produce the intended improvement in results.

The Administration is also using the PART to compare the performance and management of similar programs across Government so that lessons about how to improve program performance can be shared among those programs. These analyses will tell us what steps we need to take to improve program performance for similar programs across Government.

The PART is a vehicle for improving program performance. As more and more program assessments are conducted, the vast majority of budget and management decisions will be significantly influenced by information about how programs are performing. Agencies will be better able to describe to the taxpayer what his or her funding is purchasing and will be managing so that each year improvements in efficiency and service delivery can be documented.

## **EXECUTIVE BRANCH MANAGEMENT SCORECARD**

As a result of the PMA, the Federal Government is better managed and achieving greater results. It is managing its finances and investments more professionally and efficiently. It is providing better service to the American people. The Government is getting the people it needs to accomplish its mission at the best value to the taxpayer. Most important, it is evaluating its performance; asking what works, what does not, and what to do about it. This discipline is a necessary part of the President's call for greater fiscal discipline.

The PMA measures the Government's progress toward these goals through the use of the Executive Branch Management Scorecard. As mentioned earlier, this Scorecard is used to assess both agencies' overall status in achieving the long-term PMA goals, as well as their quarterly efforts in working toward those goals. A copy of the Scorecard follows this chapter and more detailed discussion of the performance of specific agencies, as well as program specific initiatives, is included in the agency chapters. The Standards for Success and the scorecard ratings for each quarter are also available at *Results.gov*.

### Executive Branch Management Scorecard



























Current Status as of  
December 31, 2003

Progress in Implementing President's  
Management Agenda

	Current Status as of December 31, 2003					Progress in Implementing President's Management Agenda				
	Human Capital	Com- petitive Sourcing	Financial Perf.	E-Gov	Budget/ Perf. Integration	Human Capital	Com- petitive Sourcing	Financial Perf.	E-Gov	Budget/ Perf. Integration
AGRICULTURE	●	●	●	●	●	●	●	●	●	●
COMMERCE	●	●	●	●	●	●	●	●	●	●
DEFENSE	●	●	●	●	●	●	●	●	●	●
EDUCATION	●	●	●↑↑	●	●	●	●	●	●	●
ENERGY	●	●	●	●	●	●	●	●	●	●
EPA	●	●	●	●	●	●	●	●	●	●
HHS	●↑	●	●	●	●	●	●	●	●	●
HOMELAND	●	●↑	●	●	●	●	●	●	●	●
HUD	●	●	●	●	●	●	●	●	●	●
INTERIOR	●	●	●	●	●	●	●	●	●	●
JUSTICE	●	●	●	●	●	●	●	●	●	●
LABOR	●	●	●	●	●	●	●	●	●	●
STATE	●	●	●↑	●	●↑	●	●	●	●	●
DOT	●	●	●	●↑	●	●	●	●	●	●
TREASURY	●	●	●	●	●	●	●	●	●	●
VA	●	●	●	●	●	●	●	●	●	●
AID	●	●	●	●	●	●	●	●	●	●
CORPS OF ENGINEERS	●	●	●	●	●	●	●	●	●	●
GSA	●↑	●	●↓	●	●	●	●	●	●	●
NASA	●↑	●↑	●	●↑	●↑	●	●	●	●	●
NSF	●	●	●	●	●	●	●	●	●	●
OMB	●	●	●	●	●	●	●	●	●	●
OPM	●	●	●	●↑	●↑	●	●	●	●	●
SBA	●	●↑	●	●	●	●	●	●	●	●
SMITHSONIAN	●	●	●	●	●	●	●	●	●	●
SSA	●	●	●	●	●	●	●	●	●	●

Arrows indicate change in status since baseline evaluation on September 30, 2003.

### Program Initiative Scorecard

Initiative	Status	Progress
Faith-Based and Community Initiative:		
Agriculture		
Education		
HHS		
HUD		
Justice		
Labor		
AID		
Privatization of Military Housing		
Better R&D Investment Criteria		
Elimination of Fraud and Error in Student Aid Programs and Deficiencies in Financial Management		
Housing and Urban Development Management and Performance		
Broadening Health Insurance Coverage Through State Initiatives		
A "Right-Sized" Overseas Presence		
Coordination of VA and DOD Programs and Systems	