

**STATEMENT OF DANIEL A. TUCKER**

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**FOR PRESENTATION BEFORE THE  
SENATE COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT  
INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY**

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Mr. Chairman and members of the subcommittee, good afternoon. I appreciate the opportunity to be here today to discuss how the Department of Veterans Affairs (VA) uses performance information to improve service delivery to veterans and strengthen accountability for results.

In addition to serving as VA's Deputy Assistant Secretary for Budget, I am also the Department's Performance Improvement Officer (PIO). I was named the PIO in December 2007 in response to *Executive Order 13450: Improving Government Program Performance*. In this capacity, I represent VA on the interagency Performance Improvement Council led by OMB. I also have established a Performance Improvement Council at VA comprised of senior career officials responsible for planning, performance, and financial management throughout the Department. VA's council addresses a variety of performance management activities in the Department, including, but not limited to, the review, analysis, and development of performance measures to be included in the budget; setting aggressive but achievable performance goals; and monitoring progress toward achievement of the milestones included in the Performance Improvement Initiative within the President's Management Agenda.

Since the passage 15 years ago of the Government Performance and Results Act (GPRA), we have seen a major transformation in the manner in which performance information is used in budgeting, program management, and human resource management throughout VA. Our efforts to more fully utilize performance information continue to evolve and we still have a number of challenges to overcome. Nevertheless, VA has made noteworthy progress in using performance information to better justify our request for resources, monitor our programs throughout the year to help ensure key goals and objectives are achieved, and document our accomplishments and challenges in a transparent manner to veterans, our stakeholders, and the general public.

## Development and Implementation of Improved Performance Measures

In response to GPRA and other performance management initiatives, the Department has placed increased emphasis on developing a balanced set of program performance metrics linked to our strategic goals and objectives. These measures cover program outputs, efficiency, and outcomes.

The initial step in our annual budget and performance planning process is a reevaluation of the performance measures included in our Congressional budget justifications. We analyze each measure to ensure it is still appropriate and meaningful, develop new or improved metrics that present a better gauge of program outputs, efficiency, or outcomes, and eliminate those for which performance levels have been maximized. We use customer feedback to ensure that the performance metrics we employ are measuring those things most important to veterans and their families. The customer data we collect on how satisfied they are with the benefits and services we provide, including the timeliness of our service, are used to make appropriate adjustments to our program operations. At the same time we review our performance measures, we also reevaluate the strategic targets associated with these measures to ensure they represent the highest level of performance we can reasonably expect to achieve.

Program Assessment Rating Tool (PART) reviews have highlighted where further emphasis is required to ensure appropriate efficiency and outcome measures are developed and implemented. Following each PART review, we constructed a program improvement plan, which we update twice a year, that includes specific actions we need to take in order to make sure each program has a meaningful set of metrics and data collection vehicles in place that can be used to assess program results. The primary benefit of the PART reviews has been to encourage agency leaders, program managers, and staff to place increased focus on developing relevant performance measures and to implement data collection mechanisms to ensure performance information is captured and analyzed on a regular basis.

Consistent with the President's Management Agenda initiative on the strategic management of human capital, VA implemented a new performance appraisal and awards system within the last 3 years that is directly linked to the Department's mission, goals, and objectives. This five-tier system ensures that higher performing employees are recognized compared to those whose performance is not as high. The performance standards for all senior executives contain objective and quantifiable measures that are based on organizational performance indicators.

## Use of Performance Information in Budgeting

After the passage of GPRA, the Department began an extended effort to overhaul our Congressional budget justifications to more fully incorporate and utilize performance information. Prior to GPRA our budget submission made only brief references to program performance and the information was not effectively integrated into our request for resources. Today our budget request for every program and support function contains a wealth of information on strategic goals and objectives, historical and projected performance levels, the means and strategies we will use to achieve our performance goals, and information on data quality.

VA's budget formulation process routinely includes discussions involving the Secretary, Deputy Secretary, and other senior leaders about program performance goals. Performance information is a critical component of the process we use to determine our request for resources.

This has been a long process and our journey is not yet complete. However, our congressional budget submission has matured to the point that our request for resources is now justified not only by the kinds of activities we will conduct, but more importantly by the results we expect to achieve. It is this integration or linkage between resources and results that is clearly the most important transformation of our budget formulation process in the last 15 years.

VA employs a variety of mechanisms in the budget execution process to monitor performance throughout the year to help ensure that our key goals are achieved. The most important of these tools is our Monthly Performance Reviews (MPR). Initiated in late 2001 and chaired by the Deputy Secretary, these monthly reviews involve senior leaders throughout VA and center on a comparison of actual versus planned performance in the areas of financial performance, program performance, major construction projects, and critical information technology projects. These meetings play a vital role in keeping the Department focused on its highest priorities and on achieving key performance targets. They also provide a forum for discussing challenges and developing strategies for resolving them. A series of follow-up action items are identified at each monthly review and this helps ensure goal achievement by the end of the year.

A shining example of VA's effective use of performance information to improve service delivery to veterans relates to increasing access to our health care services. In April 2006 there were over 250,000 patients waiting more than 30 days for their desired appointment date for medical care. Senior leadership made reducing the waiting list a priority for all of our health care facilities and they continually monitor progress toward achievement of this performance goal. This focus on results is responsible for a decrease in the patient waiting list to 51,000 by June 1, 2008, a drop of about 80 percent from the total only a little more than 2 years ago.

Every quarter we prepare a report for our relevant authorizing and appropriations committees in Congress on actual versus planned performance for each of our major operating elements. This report is patterned to a large degree on the types of information presented in our MPRs. It includes key information on financial performance, program performance, and workload trends for our major programs. The performance measures highlighted in this quarterly report are a subset of those presented in our budget request and discussed at our MPRs.

### Performance Reporting

Wherever possible, we compare and benchmark our performance with other public and private organizations. This helps us better understand where we need to improve in order to reach our goal of providing world-class benefits and services to veterans and their families. We do this most frequently with performance information for our medical care program. Many of our measures of performance are also used by other public and private health care organizations.

VA's medical care program has been consistently recognized during the last few years as the nation's leader in providing high-quality health care. For example, VA's health care system is the benchmark for nearly 300 measures of disease prevention and treatment in the U.S. In addition, customer satisfaction with the Department's health care system consistently ranks higher than the private sector as measured by the American Customer Satisfaction Index survey conducted by the National Quality Research Center at the University of Michigan. In December 2007 the Congressional Budget Office (CBO) issued a report highlighting the success of VA's health care system. In this report—The Health Care System for Veterans: An Interim Report—the CBO identified organizational restructuring and management systems, the use of performance measures to monitor key processes and health outcomes, and the application of health information technology as three of the major driving forces leading to high-quality health care delivery in VA.

On November 15 each year we publish our annual Performance and Accountability Report (PAR). This report presents a detailed description of how well VA performed relative to the performance goals established at the beginning of the year. The performance measures and goals presented in our Congressional budget justifications are the same ones for which we document final results in the annual PAR. It also includes the Department's Consolidated Financial Statements and a description of what actions we are taking to resolve the major management challenges identified by our Office of the Inspector General and the high risk areas noted by the Government Accountability Office.

One of our guiding principles when preparing the PAR is to document our successes and remaining challenges in a clear, transparent manner. We identify

our accomplishments as well as discuss the areas for which improvements are still required.

VA's commitment to transparency in performance reporting has been highlighted by the Mercatus Center of George Mason University. This independent research organization conducts an extensive evaluation of all agency performance and accountability reports and annually publishes a report of their findings. They rate and rank the reports based on how transparently agencies report their successes and failures, how well agencies document the tangible public benefits they produce, and whether agencies demonstrate that leadership uses annual performance information to devise strategies for improvement. The Mercatus Center has ranked VA among the top rated reports all 9 years they have conducted their analysis. For the last 2 years, the Mercatus Center has presented an award to VA for achieving the highest score in the federal government in transparency in reporting. One of their comments on our PAR was that the ". . . wealth of valuable information in the report conveys a clear impression that VA thoughtfully scrutinizes its performance and seeks ways to improve."

#### Challenges in Implementing Performance-Based Management

As all agencies have, VA has encountered a number of challenges in implementing performance-based management tools. We have successfully overcome some of these while others remain.

One of our major accomplishments is institutionalizing a performance culture in the Department. For many years one of the primary focus areas during budget execution was how much money had been spent on programs and whether or not resources were obligated in a timely fashion. This situation has changed dramatically. While VA still appropriately focuses on the timely obligation of funds, this is now accompanied by an emphasis on the results we are achieving with the resources appropriated by Congress. This stems from our gradual movement away from a focus on inputs toward a more meaningful discussion of program outputs and outcomes.

Education and training were critical to this successful shift in emphasis. My office conducted numerous training sessions with program managers throughout the Department to help them understand GPRA and its requirements, as well as to offer them guidance on how to develop more meaningful performance measures. We provided guidance on how to better integrate performance information with the budget using these new and improved metrics to justify the request for resources. My office continues to provide advice and assistance to program and staff office representatives to ensure that our various performance management activities are effectively implemented.

The MPR process has also been instrumental in institutionalizing a performance culture at VA. These meetings ensure there is a continual emphasis on program results at all levels of the organization. Most importantly, these monthly meetings are a clear demonstration of the interest and support of VA's top policy officials in using performance measurement to oversee Departmental programs and operations.

One of the key strategies we employed to better focus executives, managers, and staff throughout the Department on the most important program goals was to develop a set of key performance measures. Several years ago we realized that while we had been successful in developing and implementing an improved set of performance metrics, we had created so many measures that it was difficult to identify the indicators that were most important. To address this problem, we worked with senior executives and managers from all of our program offices to identify a set of key performance measures. This is a group of about 25 indicators that we use to measure our progress in achieving program goals considered critical to the success of the Department. These key measures are highlighted in our budget request, they form the foundation of our continual review of performance throughout the year, and they are the focal point of our annual PAR. While we continue to use a variety of other measures as well, our key performance measures serve to highlight the major program operations that are most important to veterans and our stakeholders.

Another challenge we have faced is making performance information readily accessible to staff throughout the organization. Years ago the prevailing mindset was that no individual office or organization should have access to any other organization's performance data. This attitude stemmed from the belief that sharing information would lead to negative repercussions for lower performing organizations. Fortunately we have overcome this challenge. Performance information is now widely shared throughout the Department, including our field facilities. There is now an understanding that by sharing information, the best practices employed by the highest performing components of the agency can be disseminated and used by others, thus leading to improved organizational performance for the Department as a whole.

While we have successfully tackled many of our performance management challenges, we still have others that need further attention. We have a sound set of outcome measures for some of our programs, particularly for medical care, but there are other program areas for which we still need to identify and implement better indicators of the extent to which VA programs improve the quality of life for veterans and their families.

An additional challenge all agencies face is how to more tightly link cost data to different levels of program performance. Agencies' budget submissions currently show the performance that can be achieved with the resources being requested. And while this linkage of resources with results provides decision makers with

valuable information, it does not provide a complete set of data upon which to make critical funding decisions about federal programs. Agencies need to provide Congress with timely and reliable information on how performance would change if resource levels vary. This key step forward in better linking resources with results must be done with some caution, however. As with the development and implementation of all performance metrics, this can be successfully accomplished only if agencies can develop the necessary information systems and analytical tools to produce valid and reliable data.

### Summary

Since the passage of GPRA, we have seen Congress highlight performance information to a much greater degree than they had in the past. As with the executive branch agencies, this has been a gradual process that has now evolved to the point that most Congressional hearings on agency budget requests include questions about the results that agencies expect to achieve with the resources they are requesting. This has helped strengthen the role of performance information in budget and program decision making in agencies.

We believe the expanded use of performance information will lead to the delivery of even more timely and high-quality benefits and services to beneficiaries of all federal programs, including those for veterans. Through a sustained commitment to performance based management in both executive branch agencies and in Congress, federal programs will be increasingly successful and will be more likely to produce the results they were expected to achieve when Congress created them.