



















The President's Management Agenda

In FY 2008, the Department continued its focus on implementing the President's Management Agenda (PMA) and securing the taxpayer benefits tied to PMA success. Announced in 2001, the PMA remains the key strategy for improving the management and performance of the Federal government. The objective is to ensure a Federal government that is citizen-centered, not bureaucracy-centered; results-oriented, not output-oriented; and market-based – actively promoting rather than stifling innovation through competition.

The Office of Management and Budget (OMB) regularly assesses all Federal agencies' implementation of the PMA, issuing a quarterly Executive Branch Management Scorecard rating of green, yellow or red for both status and progress on each initiative. On June 30, 2005, the Department of Labor became the *first* Executive Branch department or agency to achieve green status scores on all five government-wide PMA initiatives. While not an end in itself, this achievement represents an ongoing commitment to good management to bring quality services to the American people.

As noted on the table below, as of September 30, 2008, DOL is pleased to have again achieved all-green status scores on the five government-wide initiatives. DOL has also achieved all-green status scores on the three PMA program initiatives managed by DOL. Government-wide PMA results can be found at www.results.gov.

Department of Labor's PMA Scorecard Status		
Executive Branch Management Scorecard	September 2007 Status	September 2008 Status
Human Capital	 Green	 Green
Commercial Services Management	 Green	 Green
Financial Performance	 Green	 Green
E-Government	 Green	 Green
Performance Improvement Initiative	 Green	 Green
Eliminating Improper Payments	 Green	 Green
Faith-Based and Community Initiative	 Green	 Green
Federal Real Property Asset Management	 Green	 Green

To ensure that the good-government principles are used in day-to-day management, the Department uses a similar scorecard on a semi-annual basis to measure DOL individual agency progress on the PMA. As we approach the eighth year of PMA implementation, it is useful to review the Department's accomplishments in all five government-wide initiatives and the three PMA initiatives managed by DOL.

Strategic Management of Human Capital

The Human Capital initiative requires Federal agencies and departments to develop and use a comprehensive human capital plan, with the aim of significantly reducing mission-critical skill gaps. To develop future leaders with



the critical skills and experience needed to effectively manage DOL programs, the Department has established the MBA Fellows, Senior Executive Service (SES) Candidacy, and Management Development programs. Each of these programs is structured to develop the core competencies required for successful performance in the SES and necessary to continue the Department's mission.

Since their inception, these programs have trained 230 participants, who are now better prepared to successfully manage DOL's programs. Of the 92 MBA Fellows, DOL has retained 70 (76 percent), exceeding our own established target. The Management Development Program has been similarly effective, as 54 percent of the 48 graduates from the first two classes have been promoted to managerial or supervisory positions. Because attrition in the Department's ranks of SES is anticipated to be up to 70 percent over the next five years, the SES Career Development Program is critical to our succession planning. We are pleased to report that the Department retained 45 (80 percent) of the 56 graduates from the program since its inception. Of the 19 graduates who are now in SES positions, 17 were retained for at least three years following graduation and 15 continue to be employed by DOL.

Commercial Services Management

The Commercial Services Management initiative – which in FY 2008 replaced the Competitive Sourcing initiative – is aimed at making a more competitive Federal workforce. Commercial Services Management allows the government to take advantage of market-based competition by having current Federal employees compete against private sector bidders for work that is deemed commercial activity through OMB Circular No. A-76, *Performance of Commercial Activities*. The skills and competencies that are not required to be performed by government personnel can often be performed more effectively and efficiently when subject to the competition of the marketplace. The competition process generally results in savings regardless of whether the performance decision is in favor of the government or the private sector.

Before 2001 DOL held no competitions under Circular A-76, and to the extent that DOL agencies used contractor support, it was done without the benefit of competition. Since implementing its Commercial Services Management initiative, DOL has completed 28 A-76 competition studies covering 1,068 FTE positions, saving the government approximately \$67 million. Of the 28 competitions, 26 were retained "in house," with the work continuing to be performed by Federal employees.

Improved Financial Performance

The Improved Financial Performance initiative is focused on ensuring responsible stewardship of public funds. The Office of the Chief Financial Officer (OCFO) has devoted significant resources to secure the Department's achievement of excellence in financial management in the Federal Government. This excellence is evidenced by DOL's clean audit opinion for FY 2008, which marks the 12th straight year for this achievement. Prior to 2001, the arduous task of closing the Department's books meant delaying the issuance of the audited financial statements. Beginning in 2004, the Department accelerated the closing of its books and has been able to issue its audited financial statements by November 15th – three months earlier than in the past. Producing timely financial statements and receiving a clean audit opinion demonstrate the Department's commitment to secure the best performance and highest measure of accountability to the American people.

Cost Analysis Manager (CAM), the Department's managerial cost accounting system, provides program managers with the cost of significant outputs of their major programs, which enhances decision-making and assists in the efficient and effective operation of programs. CAM produced the data for the cost of the Department's goals at the strategic and performance goal levels for this report; and for the third straight year CAM provided cost data at the performance indicator level. These data provide insight into the cause-and-effect relationship between the costs of outputs and the activities performed by the Department. In other words; CAM data enable DOL to identify what was spent, how it was spent, what was produced, and what goals were supported. As a result of the data provided by CAM some DOL agencies have been able to refine their budgeting to more accurately reflect costs. This has



allowed precious funds to be distributed more appropriately to agency programs, facilitating increases in overall performance.

Expanded Electronic Government (E-government)

This initiative requires Federal agencies and departments to develop secure Information Technology (IT) systems and strictly adhere to IT project cost, schedule, and performance projections. One example of this approach is E-Grants. E-Grants is a web-based grants management tool used by all DOL grant-making programs to award some \$9 billion in grants each year. E-Grants lowers administrative costs, strengthens internal controls, and improves efficiency and customer service. Estimated savings and cost avoidance associated with E-grants is nearly \$20 million over the system's twelve-year life. Another example is the Safety and Health Information Management System (SHIMS), which is a Web-based system for collecting, submitting and tracking Federal workers' injury and illness compensation claims. SHIMS, a "best practice" of U.S. Government agencies, will lead to efficiency gains by providing timely and accurate workplace safety data. The increased speed and accuracy expected from SHIMS will greatly enhance the timeliness of submission of workers' compensation claims; provide managers, supervisors, and employees access to safety data; and furnish DOL with a mechanism for performing analysis of injury trends and safety incidents. The estimated cost avoidance from SHIMS is \$2.4 million dollars over the system's life time.

DOL also continues to seek other creative strategies and efficiencies to better serve our stakeholders. In April 2002, GovBenefits.gov was launched – with DOL serving as the managing partner. GovBenefits' mission is to use the Internet to connect citizens to government benefit program eligibility information; increase access to information, particularly for people with disabilities; reduce the burden and difficulty of doing business with the government; and continue to add programs to become the single source for Federal, State, and local government benefit programs. In April 2005, DOL launched *GovBenefits en Español* – and in April 2007, GovBenefits.gov was named as one of the Top 50 most innovative government programs in the *Innovations in American Government Award* program of Harvard University's John F. Kennedy School of Government. In fact, GovBenefits.gov was one of only six Federal programs so recognized. Since its 2002 launch, GovBenefits.gov has had over 25 million visits – and now includes over 1,000 programs, both Federal and State.

Performance Improvement Initiative

The Performance Improvement Initiative – which, as of July 1, 2007, replaced the Budget and Performance Integration initiative of the PMA – seeks to ensure that performance is routinely considered in funding and management decisions and that agency programs achieve expected results while working toward continual improvement. At DOL, it has also resulted in a gradual cultural shift that fosters a closer dialogue among program, performance, budget, and finance staff. Following are four notable areas of progress:

Departmental E-Budgeting System (DEBS)

Prior to 2001, the budget process was a tedious, paper-based exercise. However, DOL has automated the budget formulation process with the use of the Departmental E-Budget System (DEBS). DEBS allows budget analysts the ability to easily and electronically merge budget data with justification narrative using a web browser. After a pilot phase, the DEBS system was rolled out to all of DOL for the FY 2009 budget cycle.

Program Assessment Rating Tool (PART)

DOL recently concluded two re-assessments through the 2008 PART process – the Federal Employees' Compensation Act (FECA) and the WIA Youth Activities. FECA's PART rating remained at *Moderately Effective*, while the WIA Youth program improved upon its previous *Ineffective* rating (2003 PART assessment) to a rating of *Adequate*. The reduction in the volume of assessments in 2008 is due to the government-wide initiative to review all PART performance measures. The PART performance measures analysis consisted of an independent review for their clarity, outcome orientation and ambitiousness. DOL will use the findings of the independent review as well as an internal, DOL review of the measures, to make improvements to our performance measures. PART assessments, scores, ratings, and Improvement Plans are published on www.ExpectMore.gov.



Rigorous Evaluation of Major Job Training Programs

DOL hired a contractor to conduct an independent study of the WIA Adult and Dislocated Workers programs' effectiveness – using administrative data – to be completed in 2008. Also in 2008, DOL launched a rigorous, seven-year evaluation to determine WIA Adult, Dislocated Worker and Youth services' long-term impact on participants' employment and earnings outcomes, compared to those who do not receive program services.

Strategic Planning and Program Performance

The Government Performance and Results Act of 1993, calls for six-year strategic plans that must be updated every three years. The Department's current strategic plan was issued in September 2006 and covers Fiscal Years 2006 through 2011. DOL will soon begin to develop an updated Strategic Plan – covering Fiscal Years 2009 through 2014 – which will be in place no later than September 30, 2009.

The Department's four strategic goals of *A Prepared Workforce, A Competitive Workforce, Safe and Secure Workplaces, and Strengthened Economic Protections* have served us well – but the 2009 strategic planning process will offer a new opportunity to re-examine DOL's goals, program strategies and performance targets. This will allow DOL to continue to articulate the critical results the Department will seek to achieve and describe the planned strategies to ensure success. The 2009 planning process will also allow DOL to solicit feedback from key stakeholders, such as Congressional leadership and the public.

Agency-specific PMA Program Initiatives

In addition, DOL is responsible for three of the PMA components found in selected departments: *Eliminating Improper Payments, Faith-Based and Community Initiative, and Federal Real Property Asset Management*.

Eliminating Improper Payments Initiative

The Eliminating Improper Payments initiative seeks to better detect and prevent improper payments to ensure taxpayer dollars are spent wisely and efficiently. At DOL, developing strategies and the means to reduce improper payments is good stewardship – and good business. Accurate payments lower program costs, thereby improving efficiency. In FY 2005, when the Administration introduced this PMA scorecard initiative, the Department received a yellow rating. Within one year, DOL's programs classified as high risk for improper payments met the improper payments reduction targets and other requirements of the PMA initiative and earned DOL a green in both progress and status on this scorecard.

DOL is required annually to estimate the amount of improper payments made in the identified high risk programs; report those estimates to Congress; and convey what actions DOL is taking to reduce the improper payments. The Department has three programs classified as high-risk for improper payments. Two are benefit programs – Unemployment Insurance (UI) in ETA and the Federal Employees' Compensation Act (FECA) program in ESA – and the third is the Workforce Investment Act (WIA) Adult, Dislocated Worker, and Youth grant programs in ETA.

DOL continues to develop strategies to improve payment integrity for its programs. For example, through the efforts of the Department's Office of the Chief Financial Officer and ETA, 48 States now use a cross-match of National Directory of New Hires data with State UI claimant data to identify individuals who returned to work and are, therefore, no longer eligible to receive UI benefits. The FECA and WIA programs have developed systems and audit procedures to help identify and reduce improper payments.

Faith-Based and Community Initiative

The Faith-Based and Community Initiative is focused on tapping into the unique work of local faith-based and community organizations (FBCOs) to help more Americans overcome barriers to employment, find jobs and stay employed. Prior to 2001, the Federal government often impeded or ignored the efforts of faith-based and community groups to address social problems by imposing an improperly restrictive view of their appropriate role. Now, the Department has regulations clarifying how faith and community-based organizations can participate in



competitions for and use DOL funding. The Department employs a wide range of grants, technical assistance and other tools to draw upon the unique strengths of FBCOs in efforts such as serving the unemployed and underemployed, aiding homeless and incarcerated veterans, helping ex-offenders transition from prison to work, and reducing exploitive child labor abroad.

DOL's Center for Faith-Based and Community Initiative (CFBCI) worked with the Employment and Training Administration to develop the Grassroots Grants program, dedicating \$10.9 million Federal dollars to 247 grassroots FBCOs in 42 States to serve (in partnership with One-Stop Career Centers) more than 37,700 hard-to-serve individuals – ranging from ex-offenders to homeless individuals to persons with disabilities – placing 15,376 of those individuals in jobs. Since 2001, efforts supported by the Bureau of International Labor Affairs, Office of Child Labor, Forced Labor and Human Trafficking, have withdrawn or prevented more than 1.2 million children around the world from exploitive child labor, largely through the work of international and nonprofit organizations, including indigenous community and faith-based groups.

Federal Real Property Asset Management

The Federal Real Property Asset Management initiative is aimed at better managing the Department's properties. Prior to 2001, DOL component agencies managed their owned real property assets independent of any centralized, coordinated, and consistent oversight process. For DOL nationwide office space occupied through agreements with GSA, the Department had no automated reporting system to help manage this space. The appointment of a Senior Real Property Officer, establishment of a Real Property Working Group, incorporation of Federal Real Property Council performance measures into property site survey/data collection activities and the creation of an online Space Management System has brought centralized oversight, more consistent real property management practices, and increased information sharing among DOL agencies with real property assets.

From 2001 to 2008, DOL closed more than 100 offices and released more than 100,000 square feet of space – thus achieving a cost avoidance of approximately \$3 million in rent during this period. These key results and related Real Property successes of all DOL agencies – especially the Office of Job Corps, MSHA, and OASAM – led to an upgrade to green in DOL's status on DOL's Real Property scorecard in March 2008 – completing a clean sweep of green on all eight of our second-quarter FY 2008 PMA scorecards.



1913- 2013: Planning Starts for the Department of Labor Centennial Celebration

Legislation establishing the U.S. Department of Labor was signed by President William Howard Taft on March 4, 1913 – just hours before leaving office. While the Department's Centennial is still over four years away, Secretary Chao appointed two co-chairs to begin planning events to commemorate this momentous occasion. While future Secretaries will decide upon the executive leadership and make other key decisions for the 100th anniversary events, the recently appointed two career-level co-chairs will help avoid any delay in the momentum for planning this event.

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