
BUILDING A HIGH-PERFORMING GOVERNMENT

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Just as important as changing what Washington does is changing how it does it. We cannot begin to tackle the challenges we face without restoring responsibility and accountability to government. The Administration is currently working to develop a new management and performance agenda based around the following themes:

I. Putting Performance First: Replacing PART with a New Performance Improvement and Analysis Framework

Several Administrations have made efforts to measure and improve government performance. Both Congressional and Administration efforts have produced some meaningful progress, though there is much more we can do to drive improved program results.

The Government Performance and Results Act (GPRA) of 1993 requires agencies to submit to the Office of Management and Budget (OMB) and Congress five-year Strategic Plans (updated every three years) as well as Annual Performance Plans and Reports. These requirements were fully implemented in 1999. The law requires Federal agencies to identify both annual and long-term goals and to collect and report performance data. Under GPRA, agencies were required for the first time to identify measures and targets for judging their performance in achieving their strategic goals and managing their programs. Agencies collect information on an annual basis in order to determine whether they are meeting those goals. The aim is not simply to measure performance, but also to use GPRA plans and reports to instill a culture of active performance management within agencies.

The November 13, 2007 Executive Order (EO) on Improving Government Program Performance requires the head of each agency to designate a Performance Improvement Officer (PIO) to coordinate agency performance management activities. PIOs are responsible for helping the head of the agency define clear goals, measure progress, and hold people accountable for achieving results. The EO also establishes a Performance Improvement Council (PIC) to facilitate collaboration between PIOs on performance management efforts.

The Program Assessment Rating Tool (PART), used during the past six years, has helped the Federal Government establish performance measures across Federal programs. But it has been less successful in encouraging the actual use of performance measurement as a performance improvement tool. A recent GAO study found that among Federal managers familiar with PART, only 26 percent said that PART results are used in management decision making, and only 14 percent viewed

PART as improving performance.¹ Others have been concerned about the lack of transparency of the PART ratings process and have argued that it has focused too much on rating programs and not enough on explaining performance trends and improving performance.

The Obama Administration will work with the PIC to fundamentally reconfigure how the Federal Government assesses program performance. A reformed performance improvement and analysis framework will switch the focus from grading programs as successful or unsuccessful to requiring agency leaders to set priority goals, demonstrate progress in achieving goals, and explain performance trends. In order to break down silos, cross-program and cross-agency goals would receive as much or more focus as program-specific ones. In developing this new approach, the Administration will engage the public, Congress, and outside experts to develop a better and more open performance measurement process that improves results and outcomes for Federal Government programs while reducing waste and inefficiency.

As a first step in this process, OMB, during the next few months, will ask each major agency to identify a limited set of high priority goals, supported by meaningful measures and quantitative targets, that will serve as the basis for the President's meetings with cabinet officers to review their progress toward meeting performance improvement targets. The Administration will also identify on-going opportunities to engage the public, stakeholders, and Congress in this effort.

A reformed performance improvement and analysis framework also would emphasize program evaluation. Just as the Administration is proposing historic investments in comparative effectiveness research so that our health care services will produce better results, the Administration will conduct quality research evaluating the effectiveness of government spending in order to produce better results.

In the coming months, the Administration will work with agency leaders and the PIC to develop options for:

- Establishing a comprehensive program and performance measurement system that shows how Federal programs link to agency and Government-wide goals;
- Reforming program assessment and performance measurement processes to emphasize the reporting of performance trends, explanations for the trends, mitigation of implementation risks, and plans for improvement with accountable leads;
- Streamlining reporting requirements under GPRA and PART to reduce the burden on agencies and OMB;

¹ *Government Performance Lessons Learned for the Next Administration on Using Performance Information to Improve Results*, GAO-08-1026T, July 24, 2008, page 9.

- Improving the communication of performance results to Congress, the public, and other stakeholders through better data display in agency reports and the *ExpectMore.gov* website; and
- Launching a comprehensive research program to study the comparative effectiveness of different program strategies to ensure that programs achieve their ultimate desired outcomes.

II. Ensuring Responsible Spending of Recovery Act Funds

Passing the Recovery Act was an important step toward immediate economic recovery and the restoration of long-term fiscal stability. But for the Recovery Act to be effective, funds need to be spent quickly and wisely. The Administration is committed to investing Recovery Act dollars with an unprecedented level of transparency and accountability so Americans know where their tax dollars are going and how they are being spent.

The Administration has moved swiftly to implement processes necessary to oversee this massive effort. OMB guidance contains critical action steps that Federal agencies must take immediately to meet these objectives and to implement the Act effectively. The guidance calls on agencies to go beyond standard operating procedures and recognize the unusual nature of Recovery funds. For example, agencies are required to ensure that Recovery money is distinguished from other funding in their financial systems, grant and contract writing systems, and reporting systems. This allows for more efficient tracking of Recovery funds and a better evaluation of their impact.

Recovery Act planning and implementation requirements are intended to meet crucial accountability objectives to ensure:

- Funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner;
- Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

III. Transforming the Federal Workforce

Government performance depends heavily on the quality of its workforce. Almost half of the Federal workforce is projected to retire during the coming decade. This retirement wave presents a challenge because the Government will be losing a lot of top talent, expertise, and institutional

memory. If the Government fails to recruit and retain new talent to critical management and mission-critical positions then it will be difficult for it to achieve key public objectives. However, the retirement wave also presents an opportunity to reform and reenergize the Federal workforce by re-evaluating what the workforce does and how it does it. It will provide an opportunity to transform the Government's workforce capacity to address 21st Century challenges by implementing 21st Century systems and processes to acquire, develop, engage, compensate, recognize, and effectively retain talented employees.

The Federal Government will hire several hundred thousand new civilian employees during the next four years. In filling these positions, it is essential to restore the prestige of public service and reform the recruitment process to improve targeting and outreach to talented Americans eager to serve.

The Federal hiring process also needs to be reformed. The current Federal hiring process is lengthy and encumbered by burdensome requirements and outdated technology systems. For example, the Department of Education's Office of Federal Student Aid (FSA), using information gathered through interviews with staff members, developed the detailed process map that reflected every activity, requirement and hand-off associated with FSA's hiring process. The map consisted of 114 discrete steps, and more than 45 hand-offs between managers, administrative officers, and human resources specialists. The Department has worked to streamline its process. Agencies need to develop strategic workforce plans, post brief, clear job announcements in plain language, provide timely notification to applicants on the status of their applications, and measure the average length of the hiring process along with the effectiveness of hiring efforts and reforms. The Office of Personnel Management will lead the retooling of the Federal hiring process.

Additionally, the Federal Government needs to make greater investments in its existing workforce, helping workers build skills and gain expertise to meet new challenges. Agencies need to increase and improve their training efforts, and implement plans to measure the effectiveness of their training investments. They should make greater use of management rotations both within and between agencies – following the lead of many private sector organizations which move top talent around early in their careers so that individuals have a wide range of experiences and skills before they reach top management roles. Agencies should also put a healthy leadership pipeline in place, identifying possible successors for mission critical positions several years before potential retirees leave Federal service. General Services Administration and Office of Personnel Management will work with other agencies to improve work-life issues for the Federal workforce.

Finally, agencies need to improve methods for evaluating employee performance, implementing mechanisms for rewarding both success and smart risk-taking for individuals as well as teams, and creating incentives to retain talented workers.

Transforming the Federal workforce is a critical component of enhanced public service for the Nation. Without a strong civil service, it will be impossible to achieve the high level of performance that the American people deserve.

IV. Managing Across Sectors

Governing effectively in the 21st Century involves managing public sector resources, acquiring needed resources from the private and nonprofit sectors, and collaborating across levels of government. The goal through all of these activities is to provide the highest level of government performance with the least cost to taxpayers. In the new management agenda, the focus will be on determining and then implementing government services in a manner that provides the best value for taxpayers.

V. Reforming Federal Contracting and Acquisition

Since 2001, spending on Federal contracts has more than doubled, reaching more than \$500 billion in 2008. During this same period, there has been a significant increase in the dollars awarded without full and open competition and an increase in the dollars obligated through cost-reimbursement contracts. Between fiscal years 2000 and 2008, for example, dollars obligated under cost-reimbursement contracts nearly doubled, from \$71 billion in 2000 to \$135 billion in 2008. Reversing these trends away from full and open competition and toward cost-reimbursement contracts could result in savings of billions of dollars each year for the American taxpayer.

When awarding contracts, the Federal Government must strive for an open and competitive process. However, executive agencies must have the flexibility to tailor contracts to carry out their missions and achieve the policy goals of the Government. In certain exigent circumstances, agencies may need to consider whether a competitive process will not accomplish the agency's mission. In such cases, the agency must make sure that the risks associated with noncompetitive contracts are minimized.

Moreover, it is essential that the Federal Government have the capacity to carry out robust and thorough management and oversight of its contracts in order to achieve programmatic goals, avoid significant overcharges, and curb wasteful spending.

Outsourcing for services raises special concerns. For decades, the Federal Government has relied on the private sector for core services used by the Government, such as transportation, food, and maintenance. OMB Circular A-76, first issued in 1966, was based on the reasonable premise that while inherently governmental activities should be performed by Government employees, taxpayers may receive more value for their dollars if non-inherently governmental activities that can be provided commercially are subject to the forces of competition.

However, the line between inherently governmental activities that should not be outsourced and commercial activities that may be subject to private-sector competition has been blurred and inadequately defined. As a result,

contractors may be performing inherently governmental functions or other critical functions that are more properly performed by Government. Agencies and departments must operate under clear rules prescribing when outsourcing is and is not appropriate.

On March 4, 2009, the President issued a memorandum on Government contracting that stated: "It is the policy of the Federal Government that executive agencies shall not engage in noncompetitive contracts except in those circumstances where their use can be fully justified and where appropriate safeguards have been put in place to protect the taxpayer. In addition, there shall be a preference for fixed-price type contracts. Cost-reimbursement contracts shall be used only when circumstances do not allow the agency to define its requirements sufficiently to allow for a fixed-price type contract. Moreover, the Federal Government shall ensure that taxpayer dollars are not spent on contracts that are wasteful, inefficient, subject to misuse, or otherwise not well designed to serve the Federal Government's needs and to manage the risk associated with the goods and services being procured. The Federal Government must have sufficient capacity to manage and oversee the contracting process from start to finish, so as to ensure that taxpayer funds are spent wisely and are not subject to excessive risk. Finally, the Federal Government must ensure that those functions that are inherently governmental in nature are performed by executive agencies and are not outsourced."

The memorandum instructs the Director of the OMB to work with other Administration officials to issue new guidance on: 1) reviewing contracts; 2) maximizing use of competitive procurement processes; 3) appropriate use of all contracts types; 4) assessing the capacity and ability of the Federal acquisition workforce to develop, manage, and oversee acquisitions appropriately; and 5) clarifying when outsourcing is and is not appropriate.

VI. Transparency, Technology, and Participatory Democracy

Transparency promotes accountability and provides information for citizens about what their Government is doing. Information maintained by the Federal Government is a national asset. The Administration will take appropriate action, consistent with law and policy, to disclose information rapidly in forms that the public can readily find and use. Executive departments and agencies should harness new technologies to publish online information about their operations and decisions in ways that are readily available to the public. Executive departments and agencies also should solicit public feedback to identify information of greatest use to the public.

Technology increasingly allows the Federal Government to provide citizens with improved access to information about the use of their tax dollars and with the opportunity to give feedback. The Administration will continue to innovate in providing better levels of transparency and openness, and in devising new tools to let citizens have their voices heard by those who serve them.

With citizens increasingly interacting with Government agencies through the Internet and agencies more reliant than ever on technology to drive their operations, it is critical that the Government manage its information technology program effectively and securely. This includes the

delivery of services efficiently while reducing redundancy and risk from outdated or overextended computer systems. It also means addressing complications such as privacy concerns that arise with new technologies.