

Budget of the United States Government FY 2013



Analytical Perspectives
Chapter 7
Delivering a
High Performance Government



7. DELIVERING A HIGH-PERFORMANCE GOVERNMENT

The work of the Federal Government has a real effect on people's lives – on small business-owners who need loans, on young people who want to go to college, on the men and women in our Armed Forces who need the best resources when in uniform and who, after they have served, deserve the benefits they earned. Whether protecting individuals and communities, modernizing infrastructure, investing in our children, or taking care of the most vulnerable, the American people deserve a highly effective government.

The Nation's current fiscal situation makes it more important than ever for government agencies to use taxpayer money wisely to achieve more mission for the money. Building a government that works smarter, better, and more efficiently to deliver results for the American people is a cornerstone of this Administration. This chapter discusses the Administration's approach to improving the performance of the Federal Government, progress of this effort, challenges remaining, and the path forward.

Driving Federal Performance

We must use taxpayer dollars in the most effective and efficient ways we can, continually searching for smarter ways to serve the American people, businesses, and communities. A critical part of our effort is creating a culture of continual performance improvement where Federal agencies constantly strive to improve the quality of Americans' lives and find lower-cost ways to achieve positive outcomes.

The Administration's approach to delivering more effective and efficient government is straightforward, and builds on a careful examination of best management practices in the Federal Government, State and local governments, other countries, and businesses (described in the President's 2011 and 2012 Budgets). The Administration has built on these lessons learned, and the groundwork established by Congress and previous Administrations. This approach rests on three mutually reinforcing practices.

1. **Choose Areas of Focus and Clear Goals.** Leaders at all levels of the organization choose a limited number of areas of focus that have high potential to advance the well-being of the American people, cut the costs of delivery, or both. Where goals are likely to accelerate progress, leaders set clear, ambitious goals for outcome-focused and management priorities. For each area of focus, senior officials responsible for leading change are clearly identified and goals are clearly communicated to employees, delivery partners, and the public.
2. **Measure and Analyze Performance.** Agencies measure, analyze, and discuss performance infor-

mation to reinforce priorities, motivate action, and illuminate a path to improvement. They analyze data to find problems to fix, successful practices to spread, and the root causes of both. Armed with this understanding, they take actions to achieve better outcomes and cut the costs of delivery. Agencies also communicate goals, measurements, progress, and strategies to enlist external ideas, expertise, and assistance to improve performance and boost accountability.

3. **Deliver Better Results with Frequent, Data-Driven Reviews.** Leaders conduct frequent, in-depth performance reviews to drive progress on priorities. They review progress with those involved in implementation and adjust agency action quickly, as needed, to improve outcomes and reduce costs.

Progress on Agency Priorities

The Administration's performance management approach is fueling progress on performance and productivity. Federal agencies are widely adopting these performance improvement practices and beginning to see changes on the ground. Leadership engagement, not just in goal-setting but in running frequent progress reviews to identify actions an agency can take to improve results, is on the rise across the Federal government. At the same time, agencies are learning how outcome-focused goals can help them break down organizational barriers, leading to better results than one agency can achieve on its own. As described in "Reducing Crime on Indian Reservations" on the following page, efforts at the Department of Interior to reduce crime on Indian reservations exemplify how these practices can coalesce to produce breakthrough performance.

Performance results like this are not limited to Interior; other agencies are also making great progress on their mission-focused priorities, some of which they identified as two-year Agency Priority Goals (introduced as High Priority Performance Goals) in the 2011 Budget.

Streamlining Student Loans and Strengthening Teacher Evaluation Systems

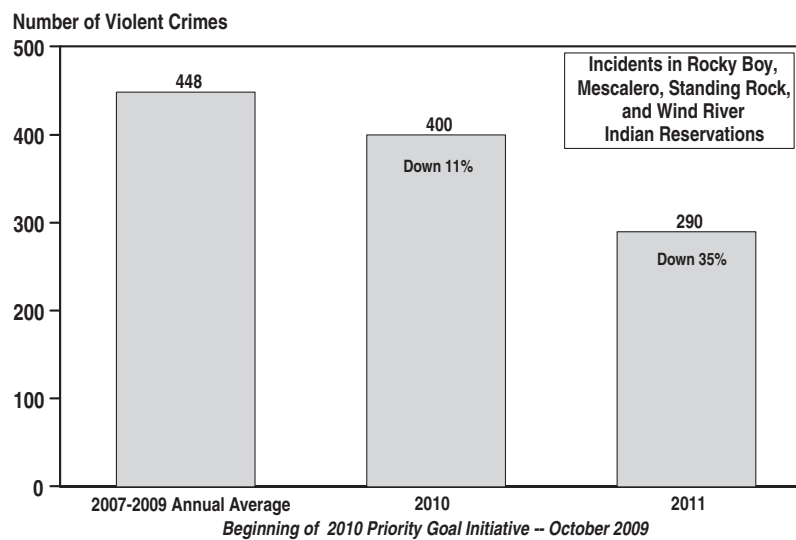
The Department of Education (Education) set a goal that all participating higher education institutions and loan servicers will be operationally ready to originate and service Federal Direct Student Loans through an efficient and effective student aid delivery system with simplified applications and minimal disruption to students. Within six months of the enactment of the Student Aid and Fiscal Responsibility Act (SAFRA), Education successfully moved to making students loans directly instead of hav-

REDUCING CRIME ON INDIAN RESERVATIONS

High crime rates on some Indian reservations have long been a public concern, especially to the Native American community at large. The Department of the Interior's (Interior) pilot program to reduce crime on Indian reservations demonstrates how transformative it can be when an agency adopts a goal that matters to a community, takes actions to address the problem, regularly measures and reviews relevant data to see if change is happening, and engages the local community in every aspect of the effort. To seek solutions to this long-standing issue – but given tough constraints on its budget – Interior started a pilot program to test and identify effective crime reduction strategies on Indian lands. In the 2011 Budget, Interior set an agency High Priority Performance Goal to reduce crime by at least 5 percent on four reservations with some of the highest crime rates.

When this goal was set, most considered it ambitious; Interior had never before adopted a crime reduction goal and does not control many of the factors that affect the crime rate. Nevertheless, by the end of 2011, the initiative far exceeded its goal, reducing violent crime, on average, by a remarkable 35 percent across all four reservations, with crime going down on three of the four.

Chart 7-1. Safe Indian Communities Priority Goal



The importance and resonance of the goal won the cooperation of law enforcement partners and the enthusiasm of the local communities. This enabled a comprehensive strategy that involved community policing, tactical deployment, and inter-agency and intergovernmental partnerships between the Federal Bureau of Investigations (FBI), Department of Justice (DOJ), and the tribal police departments. The number of Indian country and DOJ officers on the ground was doubled and the number of law enforcement officers who received basic training increased ten-fold. Interior also supported officer-initiated programs to help victims and their families along with programs to strengthen community relationships with law enforcement. Community-launched innovations also played a role, such as an initiative on Rocky Boy's Reservation in Montana to reduce juvenile delinquency and criminal behavior.

Recognizing the importance of fresh and actionable data, Interior has now established a computer-aided system to help analyze crime data, identify crime trends, and report criminal offenses. These data and trend analyses were used to allocate resources and to evaluate law enforcement and community policing strategies.

The results strongly affirm the value of a data-based, goal-oriented approach that empowers local officials to drive change. In the next two years, Interior is seeking to spread this success, starting with a replication demonstration at two new reservations, while continuing efforts on the original four reservations.

ing third party lenders make them. This lending approach serves students better and, according to Congressional Budget Office estimates, will save taxpayers more than \$60 billion over ten years. Education is also supporting and encouraging states to strengthen teacher evaluation systems given the evidence that teacher effectiveness contributes more to improving student academic outcomes

than any other school characteristic. Education has made considerable progress – forty-one states adopted such systems over the last two years.

Improving Health and Well-Being

To improve not just the education of students but other aspects of their well-being, the Department of Agriculture

(USDA) set a goal to partner with local schools, propose national standards, and take other actions that will result in improved quality of food sold in schools throughout the school day. Since 2009, USDA has signed up over 1600 more schools for its Healthier US School Challenge, a program that certifies schools as meeting rigorous quality standards for the food they offer. In addition, toward its goal of improving the availability and accessibility of health insurance coverage by increasing enrollment of eligible children in Children's Health Insurance Program (CHIP) by 9 percent over the 2008 baseline and increasing enrollment of eligible children in Medicaid by 11 percent over the 2008 baseline by the end of FY 2011, the Department of Health and Human Services (HHS) enrolled an additional 4.8 million children in the CHIP and Medicaid from 2008 to 2010, thus providing greater access to health care.

Agencies are working to improve the well-being of adults, as well. To save lives and tens of billions of dollars in Medicare and Medicaid costs, HHS launched the Partnership for Patients and set a new Priority Goal to reduce the rate of hospital acquired conditions and hospital readmissions. More than 3,100 hospitals and nearly 3,500 other partners, such as physician, nurses groups, and employers, have already joined this initiative. HHS has adopted a 2012-2013 Priority Goal focusing on reducing hospital associated infections reflecting this effort. Working in conjunction with the Interagency Council on Homelessness, the Departments of Veterans Affairs (VA) and Housing and Urban Development (HUD) set a goal to reduce the population of homeless veterans to 59,000 by June 2012, and have reduced the population of homeless veterans from 75,609 in January 2009 to 67,495 in January 2011. Building upon this progress, VA and HUD set a Priority Goal to house another 24,400 Veterans by the end of 2013 on the way to eliminating veteran homelessness by 2015.

Energy Savings for Low-Income Families and Clean Energy Production

The Department of Energy (Energy) and the Department of Housing and Urban Development (HUD) set a joint goal to enable the cost-effective energy retrofits of 1.2 million housing units by the end of 2013. By supporting energy conservation in over 750,000 homes of lower income and middle class families, Energy has already helped reduce energy costs, on average, by over \$400 per home each year. These changes have reduced the overall annual energy consumption by 20 percent for these homes, but also cut annual greenhouse gas emissions nearly 2.0 million metric tons. HUD similarly reduced energy consumption at 120,000 HUD-assisted housing units. Energy, in the same period, has invested in reducing the cost of batteries for electric drive vehicles to help increase the market for Plug-In Hybrids and All-Electric Vehicles.

Not surprisingly, because agencies were asked to set stretch targets to reach higher levels of performance, agencies did not attain every Priority Goal. In fact, if every target had been met it would indicate that the goals

were insufficiently ambitious - not bold enough to spur the sort of innovation and focus associated with challenging but realistic targets. The experience of Interior on its energy goal illustrates not just the performance-improving power of a stretch target but also of the Administration's emphasis on performance progress, rather than goal attainment for its own sake, to create a healthy performance-improving dynamic across the Federal government. Interior set a goal to authorize 9000 megawatts of solar, wind, and geothermal energy projects by the end of 2011. It did not reach its target, but did approve more than 6,000 megawatts of new renewable energy capacity on Interior land - enough to power, when fully developed, more than 1 million homes. Prior to setting this goal in October 2009, Interior had approved only a small number of projects like this. It had a slower than expected start-up because it had to move along a learning curve, yet by setting a stretch goal in this area Interior was highly successful - permitting more than 6,000 megawatts in 2 years. To continue progress in this area, Interior set a new Priority Goal to increase the approved capacity for production of renewable energy resources to 11,000 megawatts by the end of 2013.

Strengthening Small and Medium-Sized Businesses

The Small Business Administration (SBA) increased small business access to capital by growing the number of active lending partners and bringing 1,200 new or returning lenders into the 7(a) loan program. Loans approved by active lenders reached nearly \$20 million in 2011, up from \$12 million in 2010 and \$9 million in 2009. The Department of Commerce (Commerce) increased the number of small and medium-sized enterprises that entered a 2nd or additional market, not quite reaching its 2011 target but nonetheless up 20% between 2009 to 2011 (over 3000 businesses in 2011) despite staffing decreases and modest global economic growth in that period. Commerce has adopted a new 2012-2013 Priority Goal to expand its export activity, one of many strategies outlined in the National Export Initiative (NEI) report that contribute to the President's directive to double U.S. exports by 2014, a new Cross-Agency Priority Goal.

Improving Water Quality and Aquatic Health

Commerce has also worked closely with Regional Fishery Management Councils (RFMCs) to end and prevent overfishing. The agency set a goal to reduce the number of stocks subject to overfishing to zero by the end of 2011; improve the Fish Stock Sustainability Index (FSSI) to 586 by the end of 2011; and ensure that all 46 Federal fishery management plans have required catch limits to end overfishing in place by the end of 2011. By the end of December 2011, all stocks subject to overfishing had annual catch limits in place, and the Fish Stock Sustainability Index rose from 565.5 (in 2009) to 598.5. At the same time, the effort to ensure all Fishery Management Plans have annual catch limits is moving forward at a steady pace. Forty Fishery Management Plans have been completed as of December 31, 2011 and

six will be completed in time to be effective for the respective 2012 fishing years.

In other agency efforts related to aquatic health, the Corps of Engineers completed 27 projects restoring over 12,000 acres of aquatic habitat, most of it to improve the Upper Mississippi River, surpassing its goal of 10,300 acres. In a separate effort to improve the health of the Nation's waters, the Environmental Protection Agency (EPA) focused approximately 60% of its water quality enforcement actions on facilities discharging to waters that do not meet water quality standards, up from 32 percent in 2009 and well above the agency's goal of at least 37 percent. This resulted in reductions in harmful discharges from 195 facilities into these waters.

National Security

One of the Department of State's goals is to improve global controls to prevent the spread of nuclear weapons and enable the secure, peaceful use of nuclear energy. The 2010 Nuclear Security Summit moved the U.S. closer to this goal by strengthening international cooperation to control weapons-usable nuclear materials and prevent nuclear terrorism - actions critical to our own national security. Attending states pledged specific national actions to prevent terrorists, criminals, and proliferators from acquiring nuclear materials, ranging from ratification of a convention to extremely complicated steps converting reactors from the use of highly-enriched to low-enriched uranium. The number of countries ratifying the Amendment to the Convention on Physical Protection of Nuclear Materials (CPPNM) is now at 52, up from 20 at the end of 2008.

Improving Customer Service and Saving Taxpayer Dollars

Both the Department of the Treasury (Treasury) and the Social Security Administration (SSA) are making it easier for their customers, while saving taxpayer dollars. Treasury has saved over \$63.9 million by encouraging taxpayers to file electronically - increasing the electronic filing rate for individual tax returns to 76.9 percent in the 2011 season, up from 66 percent in 2009. SSA increased online retirement benefit applications from single digits in most prior years to the highest usage ever - 41 percent in FY 2011. These online services reduce the time employees spend handling applications, which frees them to handle other work. SSA has achieved this success while maintaining high customer satisfaction. The online claim application is one of three SSA electronic services that consistently tops the American Customer Satisfaction Index survey, rating higher than popular private sector electronic services.

Despite this progress, some agencies did not meet their goals because of fiscal pressures. While the Priority Goals were intended to be budget neutral, they were not budget independent. For example, in the President's 2011 Budget the Social Security Administration had a target for completing 3.409 million initial disability claims. However, Congress appropriated \$1 billion less than the President requested and the agency could not complete all of the

work related to their disability programs. To compensate for this, SSA decreased its target for the number of initial disability claims completed to 3.273 million. The agency was able to leverage technology to identify and fast-track the most severe disability claims. From October 2010 through June 2011, the agency fast-tracked over 108,000 initial disability cases, or 4.6 percent of all disability claims filed through the two fast-track processes. Learning from this experience, SSA continues to refine the predictive model and selection software to maximize capacity and accurately identify these cases.

More complete performance updates on the 2010-2011 Agency Priority Goals and other agency performance goals for the 15 Cabinet agencies and nine other large departments can be found at each agency's Performance.gov home page (click on the annual performance plans and reports button or access all 24 agency plans and reports at <http://my-goals.performance.gov/agency/plans>). Updates on government-wide management priorities established under the Accountable Government Initiative can also be found at Performance.gov under the Area of Focus tabs.

Building a Culture of Continual Performance Improvement

Agency heads have charged their leadership teams with transforming the way their agencies use goals, measurement, analysis, and data-driven discussions to drive performance improvements. This transformation is increasingly evident. As discussed above, agencies are using goals not just as words on the pages of reports required by Congress or OMB, but instead as simple, powerful tools for communicating priorities and focusing agency action. Complementing progress on the Agency Priority Goals, this budget continues efforts to integrate performance more directly into the use of traditional government tools such as grants. Race to the Top grants, for example, are being used to enlist state and local education leaders willing to commit to rigorous standards and high-quality assessments, build better data systems to inform decisions and improve instruction, attract and retain great teachers, and adopt the most promising evidence-based practices to turn-around the lowest performing schools. Similarly, HHS has established stronger performance expectations for its early childhood grants, requiring Head Start grantees that fail to meet rigorous benchmarks to re-compete for continued Federal funding to help children from low-income families achieve their full potential.

As discussed in AP Chapter 8: Program Evaluation and Data Analytics, a number of agencies have begun to use tiered grant-funding to encourage state, local, and not-for-profit delivery partners to improve performance in three complementary ways: scale, validate, and develop. Scale-up grants promote adoption of effective practices identified through objective searches of the evidence and experience. Validation grants support replication demonstrations before scale-up to test if practices effective in one location or situation can be replicated in others. Smaller grants support development and testing of

new high-potential practices. In addition, the President's Budget proposes Pay for Success pilots.

Looking Forward

Over the next year, the Administration will continue to build upon these efforts to deliver more value for the taxpayer's dollar. It will continue to strengthen its approach of using goals to communicate priorities, focus agency actions on innovative solutions, support cross-agency collaboration, and enlist external ideas and assistance. The Administration will continue to measure and analyze to find lower cost ways to deliver more mission for the money. It will set ambitious goals to stimulate innovation and motivate effort, and communicate progress and strategies to boost accountability to the public. Increasingly, it will reach out to field employees, other offices, other agencies, and delivery partners to engage them in regular data-driven reviews to find smarter ways to accomplish priority objectives. And, it will strengthen networks, within and beyond government, to tackle common problems and pursue shared areas of opportunity.

Agency Priority Goals

Major Federal agencies have set near-term Agency Priority Goals for 2012-2013, which are a subset of agencies' broader goals and objectives. Over half of the agency goals, such as Interior's goal to permit renewable energy on Interior land, continue Agency Priority Goals set with the 2011 Budget, but update the targets. Other goals address a problem tackled with a 2010-2011 goal, but frame the goals in ways more likely to accelerate progress. For example, an HHS goal expands from tracking the percentage of Recovery Act funded communities that adopt smoke-free policies to a goal to reduce nation-wide cigarette consumption per capita. Still other goals expand into areas previously untouched by previous Agency Priority Goals, such as the Commerce Department's weather-forecasting goal.

The full list of Agency Priority Goals can be found at www.Goals.Performance.gov and are sortable by agency and by theme. Agency Priority Goals are presented this year in the context of agency strategic goals and objectives to show how Agency Priority Goals fit within the context of agencies' longer term strategic goals, and each agency's full set of performance objectives. In addition, to make the goals more understandable to the public, each goal includes an "Impact Statement" that describes generally what the goal is trying to accomplish, paired with a time-specific target to guide agency action.

Cross-Agency Priority Goals

In addition, the Administration has adopted interim Cross-Agency Priority (CAP) Goals. This Administration, Congress, the U.S. Government Accountability Office (GAO), and others have long recognized that government often tackles problems in stove-piped or fragmented ways that can prevent problems from being effectively addressed. To enhance progress in areas needing more cross-government collaboration, the GPRA Modernization Act

requires OMB to establish a limited number of CAP Goals for both crosscutting policy and government-wide management areas. The goals are to be revised or updated at least every four years, starting with the 2015 Budget. At the same time, the law instructs the Administration to set interim CAP goals concurrent with the 2013 Budget.

To develop the interim CAP Goals, OMB and the Performance Improvement Council worked with senior policy officials and agencies, and consulted with Congress. GAO studies were also considered in selecting CAP Goals. Emphasis was placed on choosing goals that reflect Presidential priorities and where increased cross-agency coordination and regular review are expected to speed progress. The limited number of interim CAP Goals therefore reflect a subset of Presidential priorities and opportunities for increased cross-agency collaboration. CAP Goals are complemented by other cross-agency coordination and goal-setting efforts, such as those of the Federal Food Safety Working Group and the Office of National Drug Control Policy (ONDCP). ONDCP has established government-wide goals and measurements to combat the public health and safety consequences of drug use, and coordinates inter-agency efforts to cut drug use among youth by 15 percent, drug-induced deaths and drug-related morbidity by 15 percent, and drugged driving by 10 percent in five years. The National Drug Control Strategy is available at <http://www.whitehouse.gov/ondcp/2011-national-drug-control-strategy>. The Federal Food Safety Working Group issued an update on its progress since its March 2009 formation at http://www.whitehouse.gov/sites/default/files/fswg_report_final.pdf.

The Administration set interim CAP Goals in the following areas:

- Science, Technology, Engineering, and Math (STEM) Education
- Veterans Career Readiness
- Broadband
- Entrepreneurship and Small Businesses
- Energy Efficiency
- Exports
- Job Training
- Cybersecurity
- Sustainability
- Financial Management
- Human Capital Management
- Information Technology Management
- Procurement and Acquisition Management
- Real Property Management

The interim CAP Goals can be found at www.Goals.Performance.gov. The website, which comprises the Federal performance plan, is the beginning of a broader transition to providing the public more dynamic, useful, and current performance information. Progress on each Priority Goal will be published through a central website starting in the fall of 2012.

Frequent Data-Driven Reviews

For each Agency Priority Goal, the agency head or Chief Operating Officer (COO), often the Deputy Secretary, will continue running data-driven performance reviews

on their Priority Goals at least once a quarter. Some COOs also run quarterly performance reviews with their Departmental components - agencies, bureaus, or programs. At the same time, leaders of individual components, such as the heads of the FBI, Customs and Border Patrol, Federal Emergency Management Agency, and the Food and Drug Administration, are running their own frequent data-driven reviews. OMB, with support from the Performance Improvement Council, will initiate progress reviews on CAP Goals later this year.

Producing Results for the American People

In the coming year, the Administration will continue to develop tools and offer services to strengthen agency performance improvement capacity and to foster inter-agency networks to facilitate expertise and data sharing, co-investment, and learning. It will strengthen a working group begun in 2011 to help agencies improve and benchmark their data-driven progress reviews. The Administration will continue to foster inter-agency networks, such as the Benefits Processing Working Group,

launched in 2010, and will also work to launch additional networks to develop measures for other common government functions, such as reducing the number of undesirable incidents and their associated costs. Additionally, the Administration will develop training opportunities and career pathways to strengthen performance improvement skills and capacity across the Federal government.

The Administration is strongly committed to responding to the President's charge to deliver a government that works, a government that is smarter, leaner, and more effective, one that produces tangible results all around us – in a small business opening its doors, more homes becoming energy-efficient, new wind turbines generating clean renewable energy, healthier children, better served veterans, and falling crime rates. Leadership engagement, clear goals, measurement, analysis of progress, and frequent progress reviews to find and promote what works and fix or eliminate what does not are keys to fulfilling that commitment to improve the lives of the American people.