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THE PRESIDENT'S MANAGEMENT AGENDA: ARE AGENCIES GETTING TO GREEN?

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT EFFICIENCY AND FINANCIAL MANAGEMENT

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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THE PRESIDENT'S MANAGEMENT AGENDA: ARE AGENCIES GETTING TO GREEN?

WEDNESDAY, FEBRUARY 11, 2004

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT EFFICIENCY AND FINANCIAL MANAGEMENT,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in room 2247, Rayburn House Office Building, Hon. Todd R. Platts (chairman of the subcommittee) presiding.

Present: Representatives Platts, Towns, and Maloney.

Staff present: Mike Hettinger, staff director; Dan Daly, counsel; Larry Brady and Tabetha Mueller, professional staff members; Amy Laudeman, legislative assistant; Sarah D'Orsie, clerk; Adam Bordes, minority professional staff member; and Jean Gosa, minority assistant clerk.

Mr. PLATTS. This hearing of the Government Reform Subcommittee on Government Efficiency and Financial Management will come to order. Our ranking member, Mr. Towns, is on his way and will be here shortly, and we will turn to him for his opening statement once he arrives.

As elected representatives of the people, we have a responsibility to use taxpayer dollars in the most efficient, effective manner possible. Only by better understanding how these dollars are spent and managing the Federal Government in a more transparent, results-oriented way, can we begin to govern with accountability.

President George Bush's management agenda is the most aggressive attempt by any administration to achieve this goal, and I certainly commend the administration for its steadfast efforts in this area. The administration's Program Assessment Rating Tool [PART], implemented for the first time last year, seeks to tie funding sources to outcomes at the program level. PART is a key tool, not only in the President's management agenda, but also as part of the broader performance-based accountability effort encompassed by the Government Performance and Results Act [GPRA].

The vision behind GPRA was an effective, efficient government that produced tangible results, results that would form the basis for budgetary decisions. GPRA was intended to serve as a firm foundation on which to build a structure of performance management, and the President's management agenda is a logical evolution in bringing about such reform. The budget and performance integration aspect of the President's management agenda brings us

closer than ever to one of the most elusive, yet critical goals—linking performance to budgeting decisions.

PART, as it has been implemented in the last two budget cycles, is a proven and effective management tool. Agencies now understand what is expected of them in the PART process and are beginning to manage for results. This year, unlike last, a number of budget decisions can be directly linked to the use of the PART, but there is still a long way to go. The PART, as a budgetary tool, continues to evolve.

Results should certainly be an important factor underlying budget decisions. Efforts to infuse performance-oriented information into the allocation of resources will, by definition, provide better informed budget decisions, as well as help to improve the programs being reviewed.

Today we will hear from two senior administration officials with unique perspectives on the implementation of the President's management agenda and PART. Clay Johnson, Deputy Director for Management at the Office of Management and Budget, is responsible for implementing these reforms governmentwide and brings a broad perspective. From the agency perspective, Deputy Secretary of Energy Kyle McSlarrow is here to provide the subcommittee with specific information on successful reforms at the Department of Energy. I would like to thank each of you for your attendance and participation in this hearing and also for your extensive preparation and your written testimonies that you have submitted.

[The prepared statement of Hon. Todd Russell Platts follows:]

COMMITTEE ON GOVERNMENT REFORM

SUBCOMMITTEE ON GOVERNMENT EFFICIENCY AND FINANCIAL MANAGEMENT

CONGRESSMAN TODD RUSSELL PLATTS, CHAIRMAN

OVERSIGHT HEARING
STATEMENT BY TODD RUSSELL PLATTS, CHAIRMAN

"The President's Management Agenda – Are Agencies Getting to Green?"
Wednesday, February 11, 2004
2:00 p.m.

As elected representatives of the people, we have a responsibility to use taxpayer dollars in the most efficient, effective manner possible. Only by better understanding how these dollars are spent and managing the Federal government in a more transparent, results-oriented way, can we begin to govern with accountability.

President George Bush's Management Agenda is the most aggressive attempt by any administration to achieve this goal. The Administration's Program Assessment Rating Tool (PART), implemented for the first time last year, seeks to tie funding sources to outcomes at the program level. PART is a key tool, not only in the President's Management Agenda, but also as part of the broader performance-based accountability effort encompassed by the Government Performance and Results Act.

The vision behind GPRA was an effective, efficient government that produced tangible results – results that would form the basis for budgetary decisions. GPRA was intended to serve as a firm foundation on which to build a structure of performance management, and the PMA is a logical evolution in bringing about such reform. The budget and performance integration aspect of the PMA brings us closer than ever to one of the most elusive, yet critical, goals – linking performance to budgeting decisions.

PART, as it has been implemented in the last two budget cycles, is a proven and effective management tool. Agencies now understand what is expected of them in the PART process and are beginning to manage for results. This year, unlike last, a number of budget decisions can be directly linked to the use of the PART, but there is still a long way to go. The PART, as a budgetary tool, continues to evolve.

Results should certainly be an important factor underlying budget decisions. Efforts to infuse performance-oriented information into the allocation of resources will, by definition, provide better-informed budget decisions.

Today we will hear from two senior Administration officials with unique perspectives on the implementation of the PMA and PART. Clay Johnson, Deputy Director for Management at the Office of Management and Budget, is responsible for implementing these reforms government-wide and brings a broad view. From the agency perspective, Deputy Secretary of Energy, Kyle McSlarrow, has agreed to provide the Subcommittee with specific information on successful reforms at DOE. I would like to thank each of you for your time today.

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Mr. PLATTS. With Mr. Towns not being present yet, I think what we will do is go ahead and swear in our witnesses and allow you to begin your opening statements. Then we will come back to Mr. Towns at the time he arrives and you have concluded your testimony.

If I could ask our two witnesses to stand and any staff who will be advising you as part of your testimonies here today to also stand and raise your right hands.

[Witnesses sworn.]

Mr. PLATTS. The clerk will reflect that both witnesses affirmed the oath.

Again, we appreciate your substantive written testimonies that will complement your oral testimonies here today. We would ask that you stay to roughly 5 minutes, but you bring valuable insights to this performance assessment process and so I'd rather we go long and you get a chance to share your thoughts than have you worry specifically about the 5-minute rule.

I would also like to highlight for all of our attendees here today a little bit about each of your backgrounds.

Clay Johnson is the Deputy Director of OMB. Previously, Mr. Johnson served the President as an assistant for Presidential personnel. From 1995 to 2000, Mr. Johnson worked for then Governor Bush, first as his appointments director and then as his chief of staff. In addition, he has held a number of prominent positions in the private sector. Again, we're delighted to have you here and to have your expertise shared with the committee. So if you would like to proceed with your testimony.

STATEMENT OF CLAY JOHNSON III, DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET

Mr. JOHNSON. Mr. Chairman, thank you for having us. We, Congress and the executive branch, can make the Federal Government results-oriented, which is what you talked about in your opening comments. We both of us, Congress and the executive branch, are accustomed to focusing on the amount of money we are spending as a validation for how much the Federal Government is committed to an objective. But the better measure of our commitment is not how much we are spending, or even how hard we are working. The better measure is what results we achieve on behalf of the American people.

We can assess the performance of every Federal program, and if a program is not working as intended, we can work together to decide what to do about it. We can review and evaluate the cost of each program and activity, and if the cost is not considered to be satisfactory, we can work to reduce it to more acceptable levels.

We can assess how government assets are being managed, maintained and deployed. We can assess the service levels we provide our customers—our citizens, taxpayers, State and local governments, and businesses—and if the service levels are not considered to be satisfactory, we can work to make them acceptable.

We can create a results-oriented government, one that assesses its performance, controls costs, and manages assets and service levels to better serve the taxpayers and citizens. We can do this and we have begun to do so.

The President's management agenda, and its executive branch management scorecard, help us do this. We are holding agencies accountable for becoming results oriented. Perhaps the most important achievement of the PMA, so-called, is the fact that many agencies are now using meaningful program performance information in their budget and management decisionmaking. In particular, a third of the government's major agencies meet regularly to use performance information to make program management decisions. Agencies, such as the Agriculture Department, Education, HHS, Department of Justice, Transportation, VA, EPA, GSA, NASA, Energy Department, agencies are using information gleaned from program assessments to identify program strengths and weaknesses and take appropriate action. Their assessments have improved program results. These assessments are causing us to ask consistently whether programs are working and, if not, what we should do about them.

One of the most visible factors affecting a program's performance is funding. But I believe far too much attention is devoted to how much we are spending rather than how much we are getting for what we spend. Over time, funding should be targeted to program that can prove they achieve measurable results. I have included a table with my written testimony that shows not only all of the PART ratings, but the funding recommended for each assessed program in the President's 2005 budget. As you will see from that document, a PART rating does not today, nor should it ever, result in an automatic funding decision. Indeed, a rating of "Ineffective" or "Results Not Demonstrated" may suggest that greater funding is necessary to overcome identified shortcomings, while a program rated "Effective" may be in line for a proposed funding decrease because we have higher priorities or have already achieved the desired result.

The PART is a vehicle for improving program performance. It builds on the strong foundation laid by the Government Performance and Results Act. Without the strategic and performance planning agencies conducted under this important law, there would be no basis on which to judge an agency's performance management practices or the goals by which it measures success. The PART reinforces the law's important requirements to set outcome-oriented goals and measure progress against those goals.

We will continue to improve agency and executive branch implementation of GPRA by insisting GPRA plans and reports meet the requirements of this law and the high standards set by the PART. Codification of the requirement to conduct assessments of program performance would be a welcome complement to the statutory management framework laid by GPRA, easy for me to say.

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 Congress and 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. This is our goal, yours and ours—a results-oriented government. Thank you.

[The prepared statement of Mr. Johnson follows:]

Statement of
The Honorable Clay Johnson III
Deputy Director for Management
Office of Management and Budget

before the

Subcommittee on Government Efficiency
of the
Committee on Government Reform
U.S. House of Representatives

February 11, 2004

We can make the Federal Government results-oriented. We know it won't be easy. We are accustomed to focusing on the amount of money we're spending as a validation for how much the Federal Government is committed to an objective. But the better measure of our commitment is not how much we're spending, or even how hard we're working. The better measure is what results we achieve on behalf of the American people. Together we can increase the focus on results and make the Federal Government a results-oriented organization. And all can benefit from this change: citizens, taxpayers, Federal employees, and Congress.

We can assess the performance of every Federal program, and if a program is not working as intended, we can work together to decide what to do about it. We have begun to do this, to evaluate program performance with the agencies and Congress. The Administration has just published its assessment of 40 percent of the government's programs, and will soon complete more assessments so that by this time next year, we will have evaluated the performance of 60 percent of the government's programs. In three more years, we plan to have assessed the programs that account for almost all of the Federal Budget. Based on these assessments, we are making and implementing recommendations regarding the management, structure, and funding of programs to best produce the intended results. I discuss this in greater detail below.

We can review and evaluate the cost of each program and activity, and if the cost is not considered to be satisfactory, we can work to reduce it to more acceptable levels. We have begun this process.

We are working to ensure that agencies have accurate and timely financial information with which to make better cost and performance decisions. Today, most major agencies are getting clean audit opinions and making the audited information available in less time. With a clean audit opinion, agencies can ensure they are responsibly accounting for the people's money. If it takes an agency five months to issue an audited financial statement, however, it is unlikely that the agency has timely and accurate financial information available to them on a regular basis. Eight agencies already issued audited financial reports by mid-November, as part of the overall effort to have agencies produce audited financial statements by November 15th this year.

We are working to eliminate erroneous payments, those payments or services that are diverted from intended recipients. Agencies are taking important steps to measure payments made in an incorrect amount and/or to an ineligible recipient. Information we have about erroneous payments tells us that programs that make almost $1 trillion in payments annually make erroneous payments that exceed $35 billion annually. With the enactment of the Improper Payments Information Act, agencies now develop and implement erroneous payment plans that will eventually lead to the review of every dollar the government spends. We are determined, with Congress' help, to provide agencies with the tools they need to accomplish that goal.

We are working to ensure agencies are getting the greatest value for the taxpayer by establishing the infrastructure necessary to conduct public-private competitions, a process known as competitive sourcing. Agencies can identify the positions that are suitable for competition, and can conduct competitions. They are finding the most effective and efficient ways for their employees to perform commercial activities and comparing this to private sector solutions to determine which sector can provide the most effective, cost-efficient results.

We are working to manage our $60 billion annual investment in IT in a more fiscally responsible fashion. Agencies are doing a better job telling us what we are getting in the way of results from our IT dollars. We are improving information security and preventing more and more duplicative IT investments. For example, 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.

We can assess how government assets are being managed, maintained and deployed, and we have begun this process. Of course, the government's most

important "asset" is its workforce. Agencies are working to ensure that leadership and critical skill needs are being met, that every employee knows how they can most effectively contribute to the accomplishment of the agency's mission, and that management is focused on helping their employees be most effective and successful.

In addition, we are working to better manage the government's hundreds of billions of dollars in real property assets. While much of the Federally-owned real and personal property assets are used to support agency missions, it is not clear how many of these properties are actually being used in an efficient manner. Much of the government's real property no longer serves the needs for which it was originally intended. As a result, there is a great deal of underused and unneeded real property within the Federal Government. We recently launched a new initiative that will take us on the important path to more effective and efficient stewardship of Federal real property assets.

We can assess the service levels we provide our "customers," our citizens, taxpayers, state and local governments, and businesses, and if the service levels are not considered to be satisfactory, we can work to make them acceptable. We have begun this process. Agencies are investing more than $250 million in E-Gov projects this year, many of which are specifically designed to provide more customer-oriented service to the American taxpayer. Thanks to the Free File program, most Americans can now file their taxes over the Internet for free. And Grants.gov makes it easier for potential recipients to obtain information about Federal grants by creating a single, online site for all Federal grants.

We *can* create a results-oriented government, one that assesses its performance, controls costs, and manages assets and service levels to better serve the taxpayers and citizens. The President's Management Agenda, with its Executive Branch Management Scorecard, helps us do this. We are holding agencies accountable for becoming results-oriented. Agencies are better managed and achieving greater results than they were two-plus years ago. They are managing their finances and investments more professionally and efficiently. They are providing better service to the American people. They are better directing and helping the civilian workforce be more effective and successful.

The Scorecard, which 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, is included with my testimony and shows that agencies have made real progress towards becoming results-oriented organizations.

• Agencies have significantly improved their performance in about half of the 130 scores that are assigned in the five areas that are the focus of the PMA, up from just 15 percent two years ago. (Twenty-six agencies are given quarterly scores of red, yellow, or green in each of five government areas in need of management improvement, for a total of 130 scores.)
• Agencies improved in just 14 areas in 2002, but improved in 28 areas in 2003. Agencies achieved six additional green scores in 2003, up from just two in 2002.

What began as the President's Management Agenda is now becoming the agencies' management agenda. The Budget and Performance Integration Initiative, which we are here to talk about today, is a perfect example. Many agencies are now using meaningful program performance information in their budget and management decision making. 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 program assessments to identify program strengths and weaknesses and take appropriate action. Their 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. As I mentioned, in 2004, agencies will complete assessments for an additional 20 percent of government spending. We are working with agencies now to choose the programs we will assess based on a host of factors, including the overall budget impact of a program or whether the program will be up for reauthorization. In addition, we are planning to examine multiple programs across government with similar missions so we can share best practices among like programs. These assessments are causing us to ask consistently whether programs are working and, if not, how we can make them work. For instance:

- Last year, the Administration on Aging, which provides services that benefit 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. With level funding, the program plans to increase by 6 percent in 2004 and 8 percent in 2005 the number of people served per million dollars in funding.
- 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 Program Assessment Rating Tool (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 and reduced the cost-per-listener from $1.22 in 2002 to just 88 cents in 2003.

PART assessments show that 152 of the more than 400 rated programs cannot demonstrate whether 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, as a result of a PART recommendation, the Davis-Bacon Wage Determination Program, which determines prevailing wage rates for construction-related occupations throughout the United States, has now identified quantifiable measures of its performance. In addition, the program is implementing a multi-year effort to reform the wage determination process and is undergoing an independent review of its own performance. We will continually assess program performance to ensure that remedies like this are put in place and are working to improve results.

One of the most visible factors affecting a program's performance is funding. But I believe far too much attention is devoted to how much we are spending rather than how much we are getting for what we spend. Over time, funding should be targeted to programs that can prove they achieve measurable results. I've included a table with my testimony that shows not only all of the PART ratings, but the funding recommended for each assessed program in the President's 2005 Budget. As you will see, a PART rating does not today, nor should it ever, result in an automatic funding decision. Indeed, a rating of "Ineffective" or "Results Not Demonstrated" may suggest that greater funding is necessary to overcome identified shortcomings, while a program rated "Effective" may be in line for a proposed funding decrease because we have higher priorities. For example:

- Although the Youth Activities program was rated ''Ineffective,'' the program's proposed funding remains relatively stable. The program provides formula grants to States and local areas to provide training to low-income and other disadvantaged youth to help them secure employment, but does not have the authority to target funds to the areas of greatest need. To allow it to be more effective, the Administration proposes to give States and the Secretary of Labor increased authority to reallocate resources to areas of need.

- Despite the Department of Energy's Distributed Energy Resources Program's ''Moderately Effective'' rating, the Administration proposes a small reduction in funding for the program. The program funds research for improved energy efficiency of and reduced emissions from on-site energy production. The decrease in funding is attributable not to the program's rating, but to relative priorities among Department of Energy programs.

The PART is a vehicle for improving program performance. It builds on the strong foundation laid by the Government Performance and Results Act (GPRA). Without the strategic and performance planning agencies conducted under this important law, there would be no basis on which to judge an agency's performance management practices or the goals by which it measures success. The PART reinforces the law's important requirements to set outcome-oriented goals and measure progress against those goals.

We will continue to improve agency and Executive Branch implementation of GPRA by insisting GPRA plans and reports meet the requirements of this important law and the high standards set by the PART. Codification of the requirement to conduct assessments of program performance would be a welcome complement to the statutory management framework laid by GPRA.

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 Congress and 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. This is our goal, yours and ours: a results-oriented government. We *can* achieve it.

Executive Branch Management Scorecard

	Current Status as of December 31, 2003					Progress in Implementing the President's Management Agenda				
	Human Capital	Competitive Sourcing	Financial Perf.	E-Gov	Budget/Perf. Integration	Human Capital	Competitive 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	○	●	●	●	●	●	○	○	●	○
GSA	○↑	○	●↓	●	●	●	●	●	○	●
NASA	●↑	○↑	●	○↑	●↑	●	●	○	●	●
NSF	●	●	●	●	○	●	●	●	●	○
OMB	●	●	●	●	●	●	●	○	●	○
OPM	○	○	○	●↑	○↑	●	●	●	●	●
SBA	○	○↑	●	○	○	●	●	○	●	●
SMITHSONIAN	●	●	●	●	●	●	●	○	○	○
SSA	○	●	●	○	○	●	●	●	●	●

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

PART SCORES AND PROGRAM FUNDING LEVELS
EFFECTIVE PROGRAMS
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Administering the Public Debt	Treasury	174	175	1	0.6%
Advanced Simulation and Computing (ASCI)	DOE	721	741	20	2.8%
Anti-Terrorism Assistance	State	96	128	32	33.3%
APHIS Plant and Animal Health Monitoring Programs	USDA	173	261	88	50.9%
Basic Energy Sciences	DOE	1,011	1,064	53	5.2%
Basic Research	DOD	1,404	1,341	-63	-4.5%
Biological and Environmental Research	DOE	641	502	-139	-21.7%
Bureau of Economic Analysis	Commerce	67	82	15	22.4%
Bureau of Labor Statistics	DOL	519	532	13	2.5%
Capital Security Construction Program	State	761	888	127	16.7%
Coin Production	Treasury	431	441	10	2.3%
Debt Collection	Treasury	47	47	0	0.0%
Demining	State	50	59	9	18.0%
Educational and Cultural Exchange Programs in Near East Asia and South Asia	State	49	60	11	22.4%
Energy Conservation Improvement	DOD	50	60	10	20.0%
Facilities	NSF	612	683	71	11.6%
FEHBP Integrity	OPM	11	15	4	36.4%
Fuel Facilities Licensing & Inspection	NRC	16	26	10	62.5%
Health Centers	HHS	1,617	1,836	219	13.5%
Individuals	NSF	447	498	51	11.4%
Information Technology Research	NSF	313	220	-93	-29.7%
International Nuclear Materials Protection and Cooperation	DOE	258	238	-20	-7.8%
Mars Exploration	NASA	595	691	96	16.1%
Medicare Integrity Program (HCFAC)	HHS	720	720	0	0.0%
Military Force Management	DOD	98,956	103,100	4,144	4.2%
Nanoscale Science and Engineering	NSF	249	305	56	22.5%
National Assessment	ED	95	95	0	0.0%
National Center for Education Statistics	ED	92	92	0	0.0%
National Weather Service	Commerce	825	839	14	1.7%
New Currency Manufacturing	Treasury	325	400	75	23.1%
NIST Laboratories	Commerce	401	482	81	20.2%
Nuclear Physics	DOE	390	401	11	2.8%

PART SCORES AND PROGRAM FUNDING LEVELS
EFFECTIVE PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
OCC Bank Supervision	Treasury	477	488	11	2.3%
Office of Child Support Enforcement	HHS	4,413	4,074	-339	-7.7%
OTS Thrift Supervision	Treasury	174	178	4	2.3%
Reactor Inspection and Performance Assessment	NRC	96	157	61	63.5%
Reclamation Hydropower	DOI	148	159	11	7.4%
Research, Engineering & Development	DOT	113	117	4	3.5%
Resource and Patient Management System	HHS	65	70	5	7.7%
Science & Technology Program (S&T)	DOI	16	10	-6	-37.5%
Solar System Exploration	NASA	1,316	1,187	-129	-9.8%
Strategic Petroleum Reserve (SPR)	DOE	171	172	1	0.6%
Survey Sample Redesign	Commerce	13	12	-1	-7.7%
TVA Resource Stewardship (Non-Power)	TVA	84	83	-1	-1.2%
World War II Memorial	ABMC	55	22	-33	-60.0%
Total funding for Effective programs [1]		***119,257***	***123,751***	***4,494***	***3.8%***

1 Funding levels represent program level and include BA, Obligations, user fees, loan levels, etc. as appropriate.

PART SCORES AND PROGRAM FUNDING LEVELS
MODERATELY EFFECTIVE PROGRAMS
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Acid Rain	EPA	17	17	0	0.0%
Administration on Aging	HHS	1,374	1,377	3	0.2%
Advanced Fuel Cycle Initiative	DOE	67	46	-21	-31.3%
Advanced Scientific Computing Research	DOE	202	204	2	1.0%
Agricultural Credit Insurance Fund - Guaranteed Loans	USDA	2,416	2,866	450	18.6%
Air Combat Program	DOD	16,023	16,457	434	2.7%
Airlift Program	DOD	4,798	5,937	1,139	23.7%
Asset Management of AFRH Real Property	AFRH	65	61	-4	-6.2%
ATF Firearms Programs -- Integrated Violence Reduction Strategy	DOJ	615	632	17	2.8%
Black Lung Benefits Program	DOL	1,452	1,423	-29	-2.0%
Bonneville Power Administration	DOE	-30	-10	20	-66.7%
Broadcasting to Africa	BBG	13	14	1	7.7%
Broadcasting to Near East Asia and South Asia	BBG	128	95	-33	-25.8%
Bureau of Prisons	DOJ	4,414	4,517	103	2.3%
Burial Benefits	VA	431	455	24	5.6%
CCC Marketing Loan Payments	USDA	2,701	2,954	253	9.4%
Childrens Mental Health Services	HHS	102	106	4	3.9%
Coast Guard Fisheries Enforcement	DHS	688	704	16	2.3%
Current Demographic Statistics	Commerce	58	61	3	5.2%
Data Collection and Dissemination	HHS	67	64	-3	-4.5%
Decennial Census	Commerce	253	433	180	71.1%
Detention and Removal	DHS	1,130	1,259	129	11.4%
Disability Insurance	SSA	78,645	84,119	5,474	7.0%
Disaster Loan Program	SBA	169	197	28	16.6%
Distributed Energy Resources	DOE	61	53	-8	-13.1%
Economic Development Administration	Commerce	315	320	5	1.6%
Emergency Management	Corps	0	50	50	---
Energy Resource Assessments	DOI	25	25	0	0.0%
Export Import Bank - Long Term Guarantees	Ex-Im Bank	55	156	101	183.6%
FAA Grants-in-Aid for Airports (Airport Improvement Program)	DOT	3,400	3,500	100	2.9%
Facilities and Infrastructure	DOE	239	316	77	32.2%

PART SCORES AND PROGRAM FUNDING LEVELS
MODERATELY EFFECTIVE PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Federal Employees Compensation Act (FECA)	DOL	2,558	2,631	73	2.9%
Federal Lands	DOT	767	947	180	23.5%
Federal Motor Carrier Safety Administration Grant Program	DOT	165	168	3	1.8%
Federal Protective Service	DHS	424	478	54	12.7%
FHWA Highway Infrastructure	DOT	32,462	32,138	-324	-1.0%
Food and Drug Administration	HHS	1,695	1,845	150	8.8%
Food Stamp Program	USDA	27,293	28,917	1,624	6.0%
Fusion Energy Sciences	DOE	263	264	1	0.4%
Generation IV Nuclear Energy Systems Initiative	DOE	24	31	7	29.2%
Geologic Hazard Assessments	DOI	75	74	-1	-1.3%
Geothermal Technology	DOE	26	26	0	0.0%
Habitat Restoration Activities	DOI	147	147	0	0.0%
Hazardous Materials Transportation	DOT	14	14	0	0.0%
High Energy Physics	DOE	734	737	3	0.4%
High Temperature Superducting R&D	DOE	34	45	11	32.4%
HIV/AIDS Research	HHS	2,850	2,930	80	2.8%
HOME Investment Partnerships Program	HUD	2,006	2,084	78	3.9%
Housing Vouchers	HUD	14,602	13,364	-1,238	-8.5%
Housing	DOD	14,230	15,672	1,442	10.1%
Humanitarian Migrants to Israel	State	50	50	0	0.0%
Hydrogen Technology	DOE	82	95	13	15.9%
IHS Federally-Administered Activities	HHS	1,378	1,408	30	2.2%
IHS Sanitation Facilities Construction Program	HHS	93	103	10	10.8%
Inertial Confinement Fusion Ignition and High Yield Campaign/NIF Construction Project	DOE	514	492	-22	-4.3%
Intercensal Demographic Estimates	Commerce	9	11	2	22.2%
Lead Hazard Grants	HUD	164	129	-35	-21.3%
Manufacturing Extension Partnership	Commerce	39	39	0	0.0%
Marine Environmental Protection	DHS	252	267	15	6.0%
Maternal and Child Health Block Grant (MCHBG)	HHS	730	730	0	0.0%
Medicare	HHS	298,916	326,716	27,800	9.3%
Military Assistance to new NATO and NATO Aspirant Nations	State	95	22	-73	-76.8%

PART SCORES AND PROGRAM FUNDING LEVELS
MODERATELY EFFECTIVE PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Mineral Resource Assessments	DOI	55	49	-6	-10.9%
Mission and Science Measurement Technology	NASA	467	1,094	627	134.3%
National Community Development Initiative	HUD	35	30	-5	-14.3%
National Criminal History Improvement Program	DOJ	30	58	28	93.3%
National Flood Insurance	DHS	1,719	1,787	68	4.0%
National Health Service Corps	HHS	170	205	35	20.6%
National Highway Traffic Safety Administration Grant Program	DOT	449	456	7	1.6%
National Historic Preservation Programs	DOI	93	97	4	4.3%
National Park Service Natural Resource Stewardship	DOI	198	205	7	3.5%
New Chemicals	EPA	15	15	0	0.0%
New Starts	DOT	1,356	1,599	243	17.9%
NOAA Navigation Services	Commerce	74	73	-1	-1.4%
Office of Transition Initiatives	USAID	55	63	8	14.5%
Outer Continental Shelf Environmental Studies	DOI	16	16	0	0.0%
PKO - OSCE Programs	State	32	3	-29	-90.6%
Projects for Assistance in Transition from Homelessness	HHS	50	55	5	10.0%
Railroad Safety Program (RSP)	DOT	129	138	9	7.0%
Readiness in Technical Base and Facilities (RTBF), Operations	DOE	1,022	1,018	-4	-0.4%
Recruiting	DOD	2,369	2,361	-8	-0.3%
Refugee Admissions to the U.S.	State	136	136	0	0.0%
Security Assistance for the Western Hemisphere	State	158	124	-34	-21.5%
Security Assistance to Sub-Saharan Africa	State	60	96	36	60.0%
Service Corps of Retired Executives	SBA	14	12	-2	-14.3%
Small Business Development Centers	SBA	98	103	5	5.1%
Soil Survey Program	USDA	86	87	1	1.2%
Solar Energy	DOE	83	80	-3	-3.6%
Southeastern Power Administration	DOE	5	5	0	0.0%
Southwestern Power Administration	DOE	28	29	1	3.6%
Supplemental Security Income for the Aged	SSA	4,298	4,652	354	8.2%
Title XVI Water Reuse and Recycling	DOI	28	12	-16	-57.1%
Tribal Land Consolidation	DOI	22	75	53	240.9%
TVA Power	TVA	7,474	7,579	105	1.4%

PART SCORES AND PROGRAM FUNDING LEVELS
MODERATELY EFFECTIVE PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
U.S. Patent and Trademark Office - Trademarks	Commerce	132	162	30	22.7%
U.S. Trade and Development Agency	TDA	50	50	0	0.0%
UN High Commissioner for Refugees (UNHCR)	State	310	229	-81	-26.1%
Unemployment Insurance Administration State Grants	DOL	2,619	2,711	92	3.5%
USACE Regulatory Program	Corps	139	150	11	7.9%
USAID Development Assistance - Population	USAID	430	425	-5	-1.2%
Visa and Consular Services	State	807	865	58	7.2%
Weatherization Assistance	DOE	227	291	64	28.2%
Western Area Power Administration	DOE	177	173	-4	-2.3%
Wind Energy	DOE	41	42	1	2.4%
Worldwide Security Upgrades	State	647	659	12	1.9%
Total funding for Moderately Effective programs [1]		***113,808***	***119,037***	***5,229***	***4.6%***

1 Funding levels represent program level and include BA, Obligations, user fees, loan levels, etc. as appropriate.

PART SCORES AND PROGRAM FUNDING LEVELS
ADEQUATE PROGRAMS
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
21st Century Community Learning Centers	ED	999	999	0	0.0%
317 Immunization Program	HHS	643	534	-109	-17.0%
Advanced Technology Program	Commerce	171	0	-171	-100.0%
Agency for Toxic Substances and Disease Registry	HHS	73	77	4	5.5%
Animal Welfare	USDA	16	17	1	6.3%
ATF Consumer Product Safety Activities	Treasury	23	23	0	0.0%
Bioenergy	USDA	150	100	-50	-33.3%
Brownfields	EPA	170	210	40	23.5%
Building Technologies	DOE	60	58	-2	-3.3%
Children's Hospitals Graduate Medical Education Payment Program	HHS	303	303	0	0.0%
Chronic Disease - Breast and Cervical Cancer	HHS	210	220	10	4.8%
Chronic Disease - Diabetes	HHS	67	67	0	0.0%
Clean Coal Research Initiative	DOE	378	447	69	18.3%
Community Mental Health Services Block Grant	HHS	435	436	1	0.2%
Comprehensive School Reform	ED	234	0	-234	-100.0%
Cybercrime	DOJ	206	265	59	28.6%
Defense Health	DOD	16,392	17,640	1,248	7.6%
Developmental Disabilities Grant Programs	HHS	138	138	0	0.0%
Direct Crop Payments	USDA	5,375	5,284	-91	-1.7%
Dislocated Worker Assistance	DOL	1,173	1,106	-67	-5.7%
Drug Enforcement Administration	DOJ	1,677	1,797	120	7.2%
Drug-Free Communities Support Program	ONDCP	70	80	10	14.3%
Energy and Minerals Management	DOI	108	108	0	0.0%
Environmental Management	DOE	7,034	7,434	400	5.7%
Existing Chemicals	EPA	17	17	0	0.0%
FAA Air Traffic Services	DOT	6,097	6,522	425	7.0%
Demolition	DOD	6,424	6,643	219	3.4%
Federal Family Education Loans	ED	2,880	7,050	4,170	144.8%
Federal Pell Grants	ED	12,007	12,830	823	6.9%
Food Safety and Inspection Service	USDA	775	715	-60	-7.7%
Foster Care	HHS	4,706	4,871	165	3.5%

PART SCORES AND PROGRAM FUNDING LEVELS
ADEQUATE PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Fuel Cells (Stationary)	DOE	71	23	-48	-67.6%
GEAR UP	ED	298	298	0	0.0%
Health Alert Network	HHS	183	183	0	0.0%
Immigration Services	DHS	1,653	1,711	58	3.5%
Indian Forestry Program	DOI	52	53	1	1.9%
Indian School Operations	DOI	522	522	0	0.0%
International Development Association	Treasury	977	1,068	91	9.3%
Medical Care	VA	28,297	29,471	1,174	4.1%
Mine Safety and Health Administration	DOL	269	276	7	2.6%
National Forest Improvement and Maintenance	USDA	559	505	-54	-9.7%
National Marine Fisheries Service	Commerce	676	662	-14	-2.1%
National Park Service Facility Management	DOI	700	725	25	3.6%
Nuclear Power 2010	DOE	20	10	-10	-50.0%
Nursing Education Loan Repayment and Scholarship Program	HHS	27	32	5	18.5%
Occupational Safety and Health Administration	DOL	458	462	4	0.9%
Organized Crime/Drug Enforcement	DOJ	495	512	17	3.4%
Overseas Private Investment Corporation - Finance	OPIC	24	24	0	0.0%
Overseas Private Investment Corporation - Insurance	OPIC	1,800	2,000	200	11.1%
Partners for Fish and Wildlife	DOI	42	50	8	19.0%
Patient Safety	HHS	80	84	4	5.0%
Pesticide Data/Microbiological Data Programs	USDA	21	21	0	0.0%
Pesticide Registration	EPA	66	66	0	0.0%
Public Law 480 Title II Food Aid	USAID	1,185	1,185	0	0.0%
RBS Business and Industry Guaranteed Loan Program	USDA	556	600	44	7.9%
RCRA Corrective Action	EPA	39	39	0	0.0%
Records Services Program	NARA	374	391	17	4.5%
Recreation Management	DOI	61	59	-2	-3.3%
Refugee and Entrant Assistance	HHS	448	473	25	5.6%
Rural Health Activities	HHS	147	56	-91	-61.9%
Ryan White	HHS	2,020	2,055	35	1.7%
Safeguards and Security	DOE	553	667	114	20.6%

PART SCORES AND PROGRAM FUNDING LEVELS
ADEQUATE PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Section 504 Certified Development Company Guaranteed Loan Program	SBA	17	14	-3	-17.6%
Shipbuilding	DOD	12,201	11,477	-724	-5.9%
Small Business Investment Company	SBA	13	13	0	0.0%
State Children's Health Insurance Program	HHS	5,232	5,299	67	1.3%
Student Aid Administration	ED	912	935	23	2.5%
Substance Abuse Treatment Programs of Regional and National Significance	HHS	419	517	98	23.4%
Translating Research into Practice	HHS	8	5	-3	-37.5%
Treasury Technical Assistance	Treasury	19	18	-1	-5.3%
Tribal General Assistance	EPA	62	62	0	0.0%
Troops-to-Teachers	ED	15	15	0	0.0%
U.S. Patent and Trademark Office - Patents	Commerce	1,090	1,371	281	25.8%
Urban Indian Health Program	HHS	32	32	0	0.0%
US and Foreign Commercial Service (USFCS)	Commerce	202	212	10	5.0%
USAID Climate Change	USAID	175	155	-20	-11.4%
USMS Apprehension of Fugitives	DOJ	180	184	4	2.2%
USMS Protection of the Judicial Process	DOJ	540	554	14	2.6%
Vocational Rehabilitation State Grants	ED	2,584	2,636	52	2.0%
White Collar Crime	DOJ	512	509	-3	-0.6%
William D. Ford Direct Student Loans	ED	2,381	-492	-2,873	-120.7%
Yucca Mountain Project	DOE	577	880	303	52.5%
Total funding for Adequate programs [1]		***138,855***	***144,670***	***5,815***	***4.2%***

1 Funding levels represent program level and include BA, Obligations, user fees, loan levels, etc. as appropriate.

PART SCORES AND PROGRAM FUNDING LEVELS
INEFFECTIVE PROGRAMS
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Chemical Demilitarization	DOD	1,650	1,457	-193	-11.7%
Community Development Block Grant (Formula)	HUD	4,331	4,331	0	0.0%
Community Service Employment for Older Americans	DOL	439	440	1	0.2%
Earned Income Tax Credit (EITC) Compliance	Treasury	201	176	-25	-12.4%
Even Start	ED	247	0	-247	-100.0%
Federal Perkins Loans	ED	99	0	-99	-100.0%
Health Professions	HHS	409	126	-283	-69.2%
HOPE VI	HUD	149	0	-149	-100.0%
Juvenile Accountability Block Grants	DOJ	59	0	-59	-100.0%
Migrant and Seasonal Farmworkers	DOL	77	0	-77	-100.0%
Natural Gas Technologies	DOE	43	26	-17	-39.5%
Oil Technology	DOE	35	15	-20	-57.1%
Project-Based Rental Assistance	HUD	4,769	5,102	333	7.0%
Safe and Drug Free Schools State Grants	ED	441	441	0	0.0%
Substance Abuse Prevention and Treatment Block Grant	HHS	1,779	1,832	53	3.0%
Trade Adjustment Assistance	DOL	1,338	1,057	-281	-21.0%
TRIO Upward Bound	ED	282	281	-1	-0.4%
Vocational Education State Grants	ED	1,195	1,012	-183	-15.3%
Youth Activities	DOL	995	1,001	6	0.6%
Total funding for Ineffective programs[1]		***18,538***	***17,297***	***-1,241***	***-6.7%***

1 Funding levels represent program level and include BA, Obligations, user fees, loan levels, etc. as appropriate.

PART SCORES AND PROGRAM FUNDING LEVELS
RESULTS NOT DEMONSTRATED PROGRAMS
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Abandoned Mine Land Reclamation	DOI	191	244	53	27.7%
Adult Education State Grants	ED	590	590	0	0.0%
African Development Fund	Treasury	112	118	6	5.4%
Aids to Navigation	DHS	808	855	47	5.8%
Air Toxics	EPA	113	113	0	0.0%
AmeriCorps	CNCS	312	292	-20	-6.4%
Asset Management of Federally-Owned Real Property	GSA	1,805	1,819	14	0.8%
Assistance to Firefighters Grant Program	DHS	746	500	-246	-33.0%
Aviation Passenger Screening Program	DHS	1,531	1,586	55	3.6%
Bank Enterprise Award	Treasury	9	5	-4	-44.4%
Biological Sciences Research	NASA	368	492	124	33.7%
Border Patrol	DHS	1,847	1,862	15	0.8%
Business Information Centers	SBA	14	0	-14	-100.0%
CDC State and Local Preparedness Grants	HHS	934	829	-105	-11.2%
Child Survival and Health (LAC)	USAID	154	137	-17	-11.0%
Civil Enforcement	EPA	448	456	8	1.8%
Clean Water State Revolving Fund	EPA	1,342	850	-492	-36.7%
Coastal Zone Management Act Programs	Commerce	113	111	-2	-1.8%
Comanche Helicopter Program	DOD	1,079	1,252	173	16.0%
Commerce Small Business Innovation Research (SBIR) Program	Commerce	4	0	-4	-100.0%
Communications Infrastructure	DOD	6,273	6,276	3	0.0%
Community Facilities Program	USDA	508	527	19	3.7%
Community Oriented Policing Services	DOJ	742	44	-698	-94.1%
Community Services Block Grant	HHS	642	495	-147	-22.9%
Compliance -- Enforcement	Commission	51	52	1	2.0%
Conservation Technical Assistance	USDA	694	560	-134	-19.3%
Consumer Product Safety Commission	CPSC	60	63	3	5.0%
Container Security Initiative	DHS	62	126	64	103.2%
Contribution to the United Nations Development Programme (UNDP)	State	100	90	-10	-10.0%
Corps Hydropower	Corps	245	220	-25	-10.2%
Criminal Enforcement	EPA	42	43	1	2.4%

PART SCORES AND PROGRAM FUNDING LEVELS
RESULTS NOT DEMONSTRATED PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Crop Insurance	USDA	3,372	3,295	-77	-2.3%
CTAC Counterdrug Research & Development	ONDCP	18	18	0	0.0%
CTAC Technology Transfer Program	ONDCP	22	22	0	0.0%
Davis-Bacon Wage Determination Program	DOL	10	10	0	0.0%
Development Assistance	USAID	268	242	-26	-9.7%
Disability Compensation	VA	27,712	32,266	4,554	16.4%
Disaster Relief Fund - Public Assistance	DHS	1,037	1,075	38	3.7%
DoD Small Business Innovation Research/Technology Transfer	DOD	1,100	1,133	33	3.0%
DOI Wildland Fire Management	DOI	685	743	58	8.5%
Domestic HIV/AIDS Prevention	HHS	695	696	1	0.1%
Drinking Water State Revolving Fund	EPA	845	850	5	0.6%
Drug Courts	DOJ	38	70	32	84.2%
Drug Interdiction	DHS	774	822	48	6.2%
Earth Science Applications	NASA	91	77	-14	-15.4%
Ecological Research	EPA	132	110	-22	-16.7%
Elimination of Weapons-Grade Plutonium Production Program	DOE	50	50	0	0.0%
Employee Benefits Security Administration (EBSA)	DOL	124	132	8	6.5%
Environmental Education	EPA	9	0	-9	-100.0%
Farmland Protection Program	USDA	101	121	20	19.8%
Federal Air Marshal Service	DHS	640	613	-27	-4.2%
Federal Employees Group Life Insurance (FEGLI)	OPM	2,069	2,164	95	4.6%
Federal Employees Retirement Program	OPM	53,092	55,210	2,118	4.0%
Federal Law Enforcement Training Center	DHS	192	196	4	2.1%
Federal Work-Study	ED	999	999	0	0.0%
Flood Damage Reduction	Corps	972	930	-42	-4.3%
Food Aid Programs	USDA	152	148	-4	-2.6%
Food Safety Research	USDA	97	106	9	9.3%
Forest Legacy Program (FLP)	USDA	64	100	36	56.3%
Forestry Research Grants	USDA	22	22	0	0.0%
Full Disclosure Program (Corporate Review)	SEC	61	79	18	29.5%
GSA's Regional IT Solutions Program	GSA	6,080	6,282	202	3.3%

PART SCORES AND PROGRAM FUNDING LEVELS
RESULTS NOT DEMONSTRATED PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Hazard Mitigation Grant	DHS	155	161	6	3.9%
Head Start	HHS	6,775	6,944	169	2.5%
Health Care Fraud and Abuse Control (HCFAC)	HHS	160	160	0	0.0%
High Intensity Drug Trafficking Areas (HIDTA)	ONDCP	226	208	-18	-8.0%
Hospital Preparedness Grants	HHS	515	476	-39	-7.6%
Housing for Persons with Disabilities	HUD	250	249	-1	-0.4%
Housing for the Elderly	HUD	774	773	-1	-0.1%
Housing Opportunities for Persons with AIDS	HUD	295	295	0	0.0%
IDEA Grants for Infants and Families	ED	444	467	23	5.2%
IDEA Grants to States	ED	10,068	11,068	1,000	9.9%
IDEA Part D - Personnel Preparation	ED	91	91	0	0.0%
IDEA Part D - Research and Innovation	ED	78	78	0	0.0%
IDEA Preschool Grants	ED	388	388	0	0.0%
Improving Teacher Quality State Grants	ED	2,930	2,930	0	0.0%
Independent Living (IL) Programs	ED	96	96	0	0.0%
Indian Law Enforcement	DOI	172	182	10	5.8%
Indian School Construction	DOI	295	229	-66	-22.4%
Inland Waterways Navigation	Corps	690	630	-60	-8.7%
IRS Tax Collection	Treasury	1,002	1,083	81	8.1%
Land & Water Conservation Fund (LWCF) State Grants	DOI	94	94	0	0.0%
Land Acquisition	USDA	67	67	0	0.0%
Leaking Underground Storage Tanks	EPA	76	73	-3	-3.9%
Leasing Space	GSA	3,641	4,018	377	10.4%
Low Income Home Energy Assistance Program	HHS	1,900	2,001	101	5.3%
Metropolitan Medical Response System	DHS	50	0	-50	-100.0%
Minerals Revenue Management	DOI	80	82	2	2.5%
Minority Business Development Agency	Commerce	29	34	5	17.2%
Missile Defense	DOD	9,095	10,298	1,203	13.2%
Montgomery GI Bill (MGIB) (Education Benefits)	VA	1,988	2,112	124	6.2%
Multifamily Housing Direct Loans and Rental Assistance	USDA	776	769	-7	-0.9%
Multiple Award Schedules	GSA	420	443	23	5.5%

PART SCORES AND PROGRAM FUNDING LEVELS
RESULTS NOT DEMONSTRATED PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
National Fish Hatchery System	DOI	58	57	-1	-1.7%
National Mapping	DOI	130	128	-2	-1.5%
National Resources Inventory	USDA	29	22	-7	-24.1%
National School Lunch	USDA	6,623	6,786	163	2.5%
National Wildlife Refuge Operations and Maintenance	DOI	391	388	-3	-0.8%
Native American Housing Block Grants	HUD	650	647	-3	-0.5%
Nat'l Institute on Disability and Rehab. Research (NIDRR)	ED	107	107	0	0.0%
Nonpoint Source Grants	EPA	195	209	14	7.2%
Nonproliferation and Disarmament Fund	State	30	30	0	0.0%
Non-regulatory Wetlands Activities	Corps	260	300	40	15.4%
Nuclear Energy Research Initiative	DOE	11	0	-11	-100.0%
Occupational and Employment Information	ED	9	0	-9	-100.0%
Office of Federal Contract Compliance Programs (OFCCP)	DOL	79	82	3	3.8%
Office of Foreign Assets Control (OFAC)	Treasury	21	22	1	4.8%
Pacific Coastal Salmon Recovery Fund	Commerce	89	100	11	12.4%
Particulate Matter Research	EPA	65	65	0	0.0%
Partnership for Advancing Technology in Housing (PATH)	HUD	8	2	-6	-75.0%
Personal Property Management Program (FBP)	GSA	27	27	0	0.0%
Pesticide Reregistration	EPA	77	83	6	7.8%
Plant Materials Program	USDA	11	10	-1	-9.1%
Pollution Prevention and New Technologies	EPA	42	36	-6	-14.3%
Public Defender Service for the District of Columbia	PDS for DC	25	30	5	20.0%
Real Property Disposal (PR)	GSA	40	44	4	10.0%
Regulation of Surface Coal Mining Activities	DOI	105	109	4	3.8%
Residential Substance Abuse Treatment	DOJ	0	76	76	---
Runaway and Homeless Youth	HHS	105	105	0	0.0%
Rural Electric Utility Loans and Guarantees	USDA	3,989	2,640	-1,349	-33.8%
Rural Utilities Service Telecommunications Loan Programs	USDA	514	495	-19	-3.7%
Rural Water and Wastewater Grants and Loans	USDA	1,628	1,475	-153	-9.4%
Rural Water Supply Projects	DOI	83	68	-15	-18.1%
Schools and Libraries - Universal Service Fund	FCC	2,250	2,250	0	0.0%

PART SCORES AND PROGRAM FUNDING LEVELS
RESULTS NOT DEMONSTRATED PROGRAMS *continued*
(dollars in millions)

Program Name	Agency	2004 Enacted	2005 Budget	Change from 2004	
Search and Rescue	DHS	842	891	49	5.8%
Snow Survey and Water Supply Forecasting	USDA	9	9	0	0.0%
Space Shuttle	NASA	3,945	4,319	374	9.5%
Space Station	NASA	1,498	1,863	365	24.4%
State Criminal Alien Assistance Program	DOJ	297	0	-297	-100.0%
Submission Processing (SP)	Treasury	726	734	8	1.1%
Superfund Removal	EPA	200	183	-17	-8.5%
Supplemental Educational Opportunity Grants	ED	770	770	0	0.0%
Supply Depots and Special Order	GSA	847	856	9	1.1%
Support for Eastern European Democracy & Freedom Support Act	State	1,026	950	-76	-7.4%
Teacher Quality Enhancement	ED	89	89	0	0.0%
Tech-Prep Education State Grants	ED	107	0	-107	-100.0%
Terrorist Interdiction Program (TIP)	State	5	5	0	0.0%
Tribal Courts	DOI	18	18	0	0.0%
Tribally Controlled Postsecondary Vocational and Technical Institutions	ED	7	7	0	0.0%
TRIO Student Support Services	ED	264	267	3	1.1%
TRIO Talent Search	ED	146	146	0	0.0%
USDA Wildland Fire Management	USDA	1,633	1,695	62	3.8%
VA Research and Development	VA	820	770	-50	-6.1%
Vehicle Acquisition	GSA	1,216	1,199	-17	-1.4%
Vehicle Leasing	GSA	1,447	1,569	122	8.4%
Weed and Seed	DOJ	58	58	0	0.0%
Wildlife Habitat Incentives Program	USDA	52	59	7	13.5%
Youth Anti-Drug Media Campaign	ONDCP	145	145	0	0.0%
Total funding for Results Not Demonstrated programs [1]		***200,900***	***208,682***	***7,782***	***3.9%***

[1] *Funding levels represent program level and include BA, Obligations, user fees, loan levels, etc. as appropriate.*

Mr. PLATTS. Thank you, Mr. Johnson.

Next we have Mr. Kyle McSlarrow. Mr. McSlarrow is the Deputy Secretary of Energy. Prior to this assignment, he served as Chief of Staff to Energy Secretary Abraham.

As Deputy Secretary, Mr. McSlarrow serves as the Chief Operating Officer of the agency and serves on the President's Management Council. Prior to joining DOE, Mr. McSlarrow served as vice president of Grassroots.com, as chief of staff to the late U.S. Senator Paul Coverdell, as well as deputy chief of staff and chief counsel for Senator Majority Leaders Bob Dole and Trent Lott between 1995 and 1997.

Again, thank you for your presence here today. You may proceed.

STATEMENT OF KYLE MCSLARROW, DEPUTY SECRETARY, DEPARTMENT OF ENERGY

Mr. MCSLARROW. Thank you, Mr. Chairman. I am pleased to be here to discuss how the Department of Energy seeks to achieve the goals of the President's management agenda, and especially how we are integrating performance and budget.

Would you like me to hold?

Mr. PLATTS. Actually, why don't you continue with your opening, and then, Mr. Towns, we will come to you for your opening statement.

Mr. TOWNS. OK. I will just submit it for the record.

Mr. PLATTS. OK. Great. Please continue.

Mr. MCSLARROW. When the President issued his management agenda in 2001, the PMA scorecard released by OMB rated the Department as "red" in the status column for all five PMA initiatives. Three years later, in the most recent scorecard, the Department received all "yellow" ratings.

The reason is simple. The President's vision for ensuring that the Federal Government is efficiently run and results-oriented forced the Department to make management improvement a top priority. As a result of the President's leadership, we are seeing results and continuing our progress toward making the Department performance-driven.

We believe we have accomplished a great deal in implementing the PMA over the past 3 years. And in the interest of time, I am going to skip over some of this and would be happy to answer questions about it.

One point I do want to make is that, in addition to what is commonly thought of as the five PMA initiatives, an important part that we have focused on is project management, which is really inseparable from some of the other initiatives. We have issued a departmental directive that establishes a common Department-wide framework for managing capital asset acquisitions and a manual that provides detailed guidance and procedures. Each month I receive a project status report which identifies all under-performing projects in the Department's portfolio and I meet personally with the senior leaders responsible for these projects. The reason I raise this is a very simple one. DOE is largely a contractor operated agency. We have over 100,000 contract employees and about 14,000 Federal employees. So how we manage contracts is integral to everything else we do.

When it comes to budget and performance integration, we have issued a new strategic plan which reflects the Department's overarching mission to advance the national, economic, and energy security of the United States and includes milestones toward achieving that mission. The DOE section of the fiscal year 2005 budget request is based upon our strategic plan and displays how each dollar we spend supports our goals in each of these mission areas.

Under GPRA, the Government must maintain public accountability in a consistent manner across all Federal programs. The PART process is helping the government fulfill that mandate. For all of its forward thinking, GPRA does not include a forcing mechanism to validate the quality of performance measures or to require managers to be accountable for meeting commitments. I believe PART strengthens GPRA by requiring managers to report on results, indeed, one-half of the total PART score is based on demonstrated results, and mandating performance data into budget justifications.

Codifying a requirement that Federal programs be assessed would strengthen GPRA and ensure that the effort to increase accountability is continued. However, it is important that OMB and the agencies have the flexibility to determine how assessments are to be conducted.

The Department of Energy, for our part, has embraced the PART approach. To date, we have conducted PART reviews for over half our programs. We will continue on an ambitious schedule and will use the results to help make better informed programmatic, budget, and management decisions.

I will close there, Mr. Chairman.

Thank you.

[The prepared statement of Mr. McSlarrow follows:]

Statement of Kyle E. McSlarrow
Deputy Secretary
U.S. Department of Energy
Before the Subcommittee on Government Efficiency and Financial Management
Committee on Government Reform
U.S. House of Representatives
February 11, 2004

Mr. Chairman, Members of the Subcommittee, I am pleased to be here to discuss the Department of Energy's progress in achieving the goals of the President's Management Agenda (PMA), especially how we are integrating performance and budget.

When the President issued his management agenda in 2001, it was immediately embraced by Secretary Abraham and the Department's leadership team as an opportunity to make critical management reforms. The first PMA scorecard released by the Office of Management and Budget rated the Department as "red" in the status column for all five PMA initiatives. Three years later, in the most recent scorecard, the Department received all "yellow" ratings.

The reason is simple: the President's vision for ensuring that the federal government is efficiently run and results-oriented forced the Department to make management improvement a top priority. As a result of the President's leadership, we are seeing results and continue our progress toward making the Department performance-driven.

DOE President's Management Agenda Highlights

The Department has accomplished a great deal in implementing the President's Management Agenda over the past three years.

In the area of human capital, we have restructured our performance management system to link performance achievement with mission accomplishment and developed comprehensive workforce and succession management plans. We have also launched project management certification programs to ensure employees managing multi-million dollar projects have the skills they need to manage projects on cost, on schedule, and within performance targets.

In the area of competitive sourcing, we have completed three A-76 studies which will result in savings of about $34 million over a five-year period. The Department's in-house team won two of these competitions, including a recent competition to deliver financial services, which is a testament to the quality of the Department's staff.

With regard to financial management, we have received an unqualified audit opinion for five straight years and have no material weaknesses. In addition, we have

met OMB's accelerated due dates for producing financial statements and will continue to do so.

In the area of e-government, we established an enterprise architecture and have made major strides in standardizing our information technology infrastructure. We have also developed solid business cases for most of our information technology systems and are instituting quarterly reviews of major systems projects to ensure they are on schedule and cost and are meeting performance targets. In addition, we have launched an initiative to build an integrated business management system. The first modules, which cover finance and accounting, will become operational by the end of the year.

Improving the way we manage IT and other major projects is one of the Department's biggest priorities. The Secretary and I have personally invested significant time and energy in this critical effort and are holding the Department's senior leadership accountable for results.

We have taken several important steps to strengthen project management. We issued a departmental directive that establishes a common Department-wide framework for managing capital asset acquisitions and a manual that provides detailed guidance and procedures. Each month I receive a project status report which identifies all under-performing projects in the Department's portfolio. I meet personally with the senior leaders responsible for these projects and discuss with them strategies to get the project back on track.

Each year, the Department spends billions of taxpayer dollars on large projects. As the Department's Chief Operating Officer, it is my responsibility to ensure that these projects are managed efficiently. I take this responsibility seriously and will continue to make improving project management a top priority.

While all of the PMA initiatives are important, the initiative with the greatest impact on the Department is budget and performance integration. This initiative has reinforced the principles of the Government Performance and Results Act of 1993 and has forced us to plan, measure, and think in terms of results and accountability.

Over the last three years we have made significant progress in the area of budget and performance integration. We have issued a new strategic plan which reflects the Department's overarching mission to advance the national, economic and energy security of the United States and includes milestones toward achieving that mission. The Department of Energy's section of the FY 2005 President's budget request is based upon the Department's strategic plan and displays how each dollar we spend supports our goals in the areas of national and energy security, world-class scientific research, and environmental management.

We have also integrated the Annual Performance Plan, which includes performance measures for departmental programs and operations, into the FY 2005 President's budget proposal. By combining our budget request with the performance

plan, we have established a clear linkage between the dollars we request from Congress and the benefits provided to the public.

The budget request also includes efficiency and effectiveness measures which will provide the senior leadership and Congress two important pieces of information: first, how effective the Department is at meeting its overall mission, and, second, how efficiently the Department is using its resources in order to meet that mission. We routinely review and utilize this performance data to assist managerial and budget decision making.

The Department's ability to effectively measure its performance has improved significantly over the past three years. At that time, both our inspector general and an independent audit cited deficiencies with the Department's performance measures and expressed concern that these deficiencies limit stakeholders' ability to assess our performance. Specifically, they indicated that many of our performance goals were not sufficiently outcome-oriented, relevant, or quantifiable. As a result of a concerted effort to improve our performance measures, the inspector general has withdrawn his earlier concerns.

To ensure that the drive toward greater accountability cascades down through the Department, we are also holding our employees, from senior executives to general schedule employees, responsible for supporting the agency's mission and goals. Performance appraisals and any subsequent awards are based on the individual's contribution to the agency's overall performance and results.

Program Assessment Rating Tool

An innovation in budget and performance integration that the Department is fully utilizing to improve program management and ensure better use of taxpayer dollars is the Program Assessment Rating Tool, or PART. This tool was developed and introduced by OMB in 2002 to support PMA goals by fostering a more disciplined approach to assessing program performance.

PART is an evidence-based tool that looks at past, present, and future activities of programs and helps identify how they can be improved. Its value is that it forces programs to systematically evaluate their performance based on results, not process. It also provides a standard set of review criteria for government-wide application which allows improved consistency

Programs reviewed through the PART receive a rating which is considered in making budget and management decisions. However, PART scores are not the only factor in making budget decisions. Other factors, such as policy objectives, Administration priorities, and economic trends, are considered as well. Similarly, a PART score alone does not necessarily determine whether a program needs more or less funding. For example, lower than expected PART scores for the Department's environmental clean-up program highlighted the need for a more aggressive approach

with more clearly agreed-upon milestones. Increased funding for the program was recommended to implement the turnaround strategy.

PART ratings also help to make government more transparent to citizens. PART ratings create a public report card, which is posted on the internet to inform the public on how effectively their tax dollars are being spent.

In accordance with the Government Performance and Results Act (GPRA) of 1993, the government must maintain public accountability, in a consistent manner, across all federal programs. The PART process is helping the government fulfill that mandate in ways beyond the requirements of GPRA. For all of its forward thinking, GPRA does not include a forcing mechanism to validate the quality of performance measures or to require managers to be accountable for meeting commitments. This resulted in poorly developed performance measures that were not focused on outcomes.

PART addresses these shortcomings and strengthens GPRA by requiring managers to report on results (one-half of the total PART score is based on demonstrated results) and mandating that performance data into budget justifications. This also improves the quality of performance measures by ensuring alignment between program activities and agency mission.

Codifying a requirement that federal programs be assessed would strengthen GPRA and ensure that the effort to increase accountability is continued. However, it is important that OMB and the agencies have the flexibility to determine how assessments are to be conducted. This will accommodate changing needs and allow the use of evolving methodologies in measuring performance.

The Department of Energy has embraced the PART approach. To date, we have conducted PART reviews for over half of our programs (covering over 60 percent of the Department's FY 2003 funding). We will continue on an ambitious schedule of PART assessments and will use the results to help make better informed programmatic, budget and management decisions.

Looking Ahead

While the Department has made significant progress in implementing the President's Management Agenda, many challenges lie ahead. At a recent conference with senior leaders from headquarters and the field, the Secretary and I made clear that we expected the Department to achieve most of the PMA goals this year.

Highlights of what we will accomplish include:

- Developing and beginning implementation of a long-term plan for competitive sourcing,
- Deploying the Department's new core financial system and data warehouse,

- Completing internal reviews of all major IT investments to ensure they are consistently on cost and schedule and meet performance targets,
- Increasing the number of certified project managers to ensure that DOE projects are managed using advanced techniques, such as earned value management, and
- Improving program performance as demonstrated by better PART scores.

I believe that the biggest challenge will be to reshape the Department's workforce as employees retire. Improving recruitment, training and retention will be a major focus at the Department for the next several years.

To ensure our success, I meet monthly with my management council, which is composed of the Department's senior leaders, to discuss the progress their organizations are making in implementing PMA initiatives. I also conduct quarterly management reviews to evaluate the performance of each organization and issue scorecards rating their progress. Since much of the Department's mission is accomplished through its contractors, especially our laboratories, I have asked the laboratories to designate coordinators to implement PMA principles. Through these and other steps, I am confident we will meet the President's expectations for management reform.

Conclusion

In conclusion, I appreciate the opportunity to testify before the subcommittee on the Department's efforts to become a model for management excellence within the Federal government. We look forward to continuing to work with OMB and the Congress in the coming months and years on these issues as we move aggressively to achieve greater results.

Mr. PLATTS. Thank you, Secretary McSlarrow.

I would like to start maybe with kind of a broad question to both of you from a governmentwide versus an agency perspective. Clearly, we all share the goal of performance-based management and the benefits of it. What do you think is the greatest obstacle to achieving this goal? Is it accurately defining what the outcomes are we are going to assess for a program? Is it getting program managers and agency heads to really understand the benefits of it and buy into the approach in a true good faith manner? Is it resistance of Congress to really act on the information shared and incorporate it into budgeting decisions? What would be your thoughts on the greatest obstacle to this effort?

Mr. JOHNSON. Yes. [Laughter.]

Mr. PLATTS. All the above. A small challenge.

Mr. JOHNSON. A small challenge. I think the biggest challenge is to just change habits. Right now when the focus is on money, not what the money buys, we have very specific reference points—$500 million, $5 billion, $50,000—a very specific number. When we focus on results, we oftentimes have very imprecise information. The Federal Government is involved in a lot of things that are hard to measure, and so we are going to find ourselves in situations where we have 10 or 5 or 15 different measures that get at whether a program is working or not, but it will not be an exact measure of it is an A-minus or it is a B-plus or whatever. But it is much more relevant and much more productive and steers us toward more meaningful decisions, I believe, for the benefit of the taxpayer.

So what we, Congress and the executive branch, agencies, have to get in the habit of is adapting to the new process where we have more relevant information but oftentimes less precise information, and just get in the habit of our asking ourselves in budgetary decisions, of authorizing, appropriating decisions, does this work, what do we know about it based on the fact that it does or does not work, based on the fact that we do not know whether it works or not, and based on a whole lot of other factors: What should we do about the structure of this program, what should we do about its management, what should we do, if anything, about its appropriations level.

But it is, in general, a new habit, a new way of thinking about budgets, a new way of agencies interacting with Congress, a new way of agencies interacting with themselves. There was a great deal of resistance when we first started talking about this with agencies 2½ years ago within agencies. They were fearful of focusing on results. I believe they probably conjectured that if you were associated with a program that did not perform, you were history and the program was likely to get zeroed out and you would be without a role in that agency. And they have found that is not the case. The focus is on not getting rid of things that do not work, but making things work that do not. But it is just a new thought process, it is a new series of habits that I think we are all capable of doing. Agencies have made that transition and I have every confidence that Congress will do the same, with a lot of help from us.

Mr. PLATTS. Secretary McSlarrow, from the department perspective.

Mr. MCSLARROW. I think the last point that Director Johnson just made is an important one; which is, this is about cultural change. Getting those managers who reported to me, who were, frankly, fearful about going out and objectively and honestly rating themselves and others, was difficult but I think we have gotten over it. And we still have work to do, to change the mindset that you are going to be rewarded for fixing problems. Once people got that, I think then it went along a lot more smoothly. That is always I think going to be an ongoing challenge.

In terms of the challenges that face PART in general, there is really one macro and one micro. The macro one I think is, and, obviously, for OMB and others in this hearing, involves our efforts to get to this point. But for this to work, we have to have every constituent part working together. People have to appreciate and treat the PART process with credibility and respect, and that obviously includes a huge role for Congress.

The micro challenge is one that we have struggled with a lot. We had, in fact, a whole day retreat just trying to come to grips with it about a year ago. And that is, how do you ensure that the people who are making the judgments are making the right judgments. Somebody has to make a judgment. But you should not be the judge of your own program, rather it should be somebody else on the outside. In this case, it is OMB. But how do you ensure that they are well-equipped to make judgments in which you can have some confidence, and how do you make sure that those judgments all across the programs are consistent with one another in a way that the scores actually mean something? And from where I sit, we have made tremendous progress so that I am comfortable with how I am being graded and I am comfortable that these are apples to apples comparisons. But I think that is always going to be a work in progress.

Mr. PLATTS. You both touched on a number of issues I want to expand on in more detail. But before I get into some of the specifics, in the broad sense, and maybe first within the departments and agencies, it sounds like you have made efforts with managers to get them to understand that this is really a management tool. And a rating of ineffective does not mean no money, it may mean that we realize that you do not have enough money to achieve your goal, or it might mean that you need to rethink how you are spending that money.

Mr. MCSLARROW. Right.

Mr. PLATTS. And it sounds like with your departmental retreat trying to develop that process and to educate the people on the front lines. What efforts have been made with Congress? Because, Mr. Secretary, as you said, everybody has to buy into this, everybody has to place true faith in the merits of these assessments for it to work in the end. What dialog may be between the administration and the appropriators especially, or with authorizing committee chairs, is there a process ongoing now with Members of Congress?

Mr. JOHNSON. To move us in general toward the direction of focusing on results?

Mr. PLATTS. Yes. To better understand what PART is all about and how it can be an asset and a benefit to decisionmakers here on the Hill as well as within the departments and agencies.

Mr. JOHNSON. All right. Well, agencies work with their individual appropriators. Maybe that is the most important issue, important factor. Like NASA has been very successful working with the VA-HUD Appropriations Subcommittee, and yet other agencies in VA and HUD are less far along. And it is largely a function of the fact that Sean O'Keefe and his staff work very, very aggressively and closely with the appropriation subcommittees to get them to make that transition, to understand what was not to be feared and how it was better to focus on these things rather than those things. And so, there is individual agencies working with their appropriators that could be going on, and we are helping them wherever we can.

We have called on specific subcommittee chairmen and Members to address questions they have about performance budgets and they want reassurances from us and agencies that we are going to help them make that transition. OMB is also meeting with Governmental Affairs, Government Reform staffs and Members, and Budget Committee staffs and Members, and other leadership members in the House and Senate to talk about what does it mean to have a Federal Government that is focused on results. Where do we think we have the opportunity, I would suggest without regard to who is President, where do we think we have an opportunity to be 5 years down the road and what does that mean for Congress, what does that mean for employees, what does that mean for taxpayers. I think it means all good things to be results-oriented versus not to be results-oriented. This is to be pursued, not to be feared.

So there is general background information, there is general seeking out input from employee groups, from Members of Congress and from their staffs, and then there is specific action with agencies and their appropriators on specific budget issues.

Mr. PLATTS. And we talked briefly before we started about some of the language in the appropriations report language.

Mr. JOHNSON. Right.

Mr. PLATTS. Clearly, there has been some better acceptance or appreciation for the performance-based approach than elsewhere even within the same appropriations bill. Is that just you think it is going to take some time to change that mindset and to better understand what they are being offered?

Mr. JOHNSON. Yes. It is our responsibility to help appropriations subcommittees make that change. They are used to seeing things lined up a certain way, and when all of a sudden they get it a different way, I would be resistant, too. Well, they need help, and it is our responsibility, the agencies' responsibility to help them make that transition. But I am without any doubt that 2 years, 3 years from now all these appropriations subcommittees will be using performance budgets and be glad they are doing so, in my opinion.

Mr. PLATTS. I have some followups, but I would like to yield to the gentleman from New York, our ranking member, Mr. Towns.

Mr. TOWNS. Thank you very much, Mr. Chairman. Mr. Johnson, let me make it sort of clear, I remain concerned that PART may

be used as a political tool for negatively assessing various social programs that are not viewed favorably by the administration but that continue to provide meaningful and vital services to many of my constituents. I guess a classic example would be HOPE VI programs, Even Start would be another one, and the Federal Perkins Loan Program, they are all zeroed out in funding in the President's budget because they were deemed ineffective under the PART evaluation. Can you explain to me why such conclusions were reached when you can talk to anybody anywhere and their views are different. Can you tell me how you arrived at that?

Mr. JOHNSON. I know a little bit about Hope VI, I do not know about the other programs. So let me respond just briefly to Hope VI, but then respond in general to your question, if that would be all right.

Mr. TOWNS. Sure.

Mr. JOHNSON. Hope VI, as I understand it, accomplished its designed purpose. It established a goal and it accomplished that purpose. But also, I believe it has been shown year after year that there was no further contribution being made to the greater goal of the housing goal that it was associated with. There is strong commitment in the administration to the housing goal, that I cannot specify in detail, that you are familiar with. And the feeling was that program, that money was not doing anything to help further the pursuit of the accomplishment of that goal. The commitment to the goal still remains strong. That program did not contribute to the accomplishment of that goal.

Let me give you another example about a program that I am familiar with that has to do with Adult Literacy. My understanding it, and my first-hand experience is that adult literacy programs do not work. At best, they work about 25 percent of the time. We spend $300 million or $500 million a year on adult literacy and yet they are successful a pitifully small percent of the time. There the conclusion is we would like adult literacy. We are not successful now at teaching adults how to read. We need to figure out how to do that better. Maybe we structure the program differently, maybe we provide for more accountability, maybe we get rid of the current program and replace it with another program. But what we are doing now does not work.

So my sense of it, my view of Hope VI is what we hoped to accomplish in this housing area, what Hope VI was originally designed to accomplish, it either already accomplished or there was no evidence to suggest that it was accomplishing its desired goal and that a different program, some alternative program or another program that already existed should be looked to, to accomplish that goal.

It is about our ability to accomplish the overall goal, not to maintain existing programs. The commitment to these goals remains large. And the fact that we eliminate a program, an education program or a housing program, does not mean there is not a commitment to the goal, it means it was determined that those 13 out of the 65 programs that have recommended for elimination were considered to be ineffective at accomplishing the objective. The other 52 programs that have been recommended for elimination were not necessarily because of results, it was because they were entirely

duplicative, it was because they had accomplished the goal, because it was not a high priority. But there were 13 of the 65 where the primary reason was that they just do not work. But that does not mean that we are not committed to the objective. It means that those programs were not considered to be effective at achieving the goal.

Mr. TOWNS. Let me just go at it another way. I am going to mention another program, I am going to leave that alone for a minute. EPA programs OMB evaluated under PART, 13 programs were given a rating of "Results Not Demonstrated," right. The summary of the assessment of the nonpoint source grant program states that the administration will significantly reduce funding in recognition of increased spending on nonpoint source pollution through USDA Farm Bill programs. I am concerned that the Farm Bill programs alone simply are not sufficient to meet the need for grants to clean up nonpoint source pollution. Let me be candid. EPA's responsibility to implement and enforce the Clean Water Act, that is their responsibility, not the USDA. That is the kind of stuff that bothers me. And I hear you, but when I look at that, would EPA not be in a better position to do that than USDA?

Mr. JOHNSON. Again, I am sorry, I apologize for not knowing the particulars of that program. But I would be glad to get back and respond to you particularly about that program as soon as we get back to the office and we will put something in writing and send it to you, sir.

Mr. TOWNS. Yes. I just have lot of problems here, Mr. Chairman, because when you look at the fact that when you talk about programs like HOPE VI and other programs that do a lot of things in terms of being designed to bring down crime, and then when you find a situation where that is not the case that it has brought down and you say the program has achieved its goals, see, that is the problem I have. I mean, what are you evaluating here? I just think that maybe some politics might be entering the picture. That is what I am really having some difficulty with. And then you have other programs, for instance, that have joint kind of funding from State, local, and of course Federal, and then of course when you wipe out, I am not sure as to how this will work. Could you further convince me? I know my time has expired, Mr. Chairman, but let me just get an answer.

Mr. JOHNSON. As I mentioned, we have been talking to congressional staff members and we will soon be talking to their Members, and one of the questions we ask them is, is it likely that a results-oriented government is going to be well thought of by Congress? And the focus, the answer that we got back, and I was kind to hear it, is that focusing on program results or agency results is good, it is what we should all be aspiring to do. We define what our goal is, not necessarily what our program goal is, but what are the overall objectives—what are the President's priorities, what are Congress' priorities, what kind of funding, what kind of programs we have to address those larger objectives. Are we then accomplishing those objectives? If we are not accomplishing those objectives, then Congress or somebody else can decide that is not a priority for us. But as long as it is a priority, we have to figure out how to make those programs work. And if we cannot make those programs work,

we need to recommend that they be suspended and that the money be spent elsewhere or that something else be done with the money, give it back to the taxpayers, we spend it on something else, we structure a different program to approach that objective.

I do not believe it necessarily has to be driven by politics. I think the debate has to be what is the intended result, what is the intended change in the status quo that we seek, would the result of this combination of, in this case, housing programs accomplish that, how are each of the programs contributing to the desired result. If they are not contributing the desired result, the desired result which Congress and the executive branch has said is a worthy goal, then we need to figure out more effective ways of spending that money, more effective programs designed to get at the desired result. So I do not think that there is any more risk than normal for politics to be involved in what goes on here. In fact, I think it makes the debate potentially much less focused on politics and much more focused on intended outcomes.

Mr. TOWNS. Well, let me say this and then I yield back, Mr. Chairman. I just think it is EPA's responsibility to implement and enforce the Clean Water Act and then I just cannot see USDA assuming the responsibility when EPA is in a much better position to do it than anybody, they have the experts. That just does not make any sense to me. I might as well be honest with you.

Mr. JOHNSON. Yes. And I will be glad to get back to you with all that. I really just do not know anything about it.

Mr. TOWNS. OK. Good. I yield back, Mr. Chairman.

Mr. PLATTS. Thank you, Mr. Towns. Let me expand on Mr. Town's question. One of the challenges, and it is about kind of changing our mindset and how we look at decisions, you referenced Even Start, as an example, as deemed ineffective and being zeroed out, family literacy programs. If we look at it only in the light of we are assessing that program, saying we are going to stop investing in literacy, it would I think maybe seem possibly more partisan oriented or a partisan agenda verses policy oriented. Because if you look at it in the big picture and the goal is how we best achieve that goal, my understanding is the administration in zeroing out Even Start recommended and did move all of its money to an Early Reading First program. And that is the key with the PART process. As you look at the big picture, it is how do we truly achieve literacy for these families and their children. And if we do it in the big picture, it kind of all fits together in a more logical sense than if you look at that individual program. Am I accurate in that kind of summary of the important approach of how we look at PART and not just at individual programs, but what is the goal of that program and how best to achieve it?

Mr. JOHNSON. Right. I would agree with that summary, and I think particularly any program that is recommended for elimination in the field of education. I do not think anybody would say that President Bush or the administration is not committed to all things related to education. But we are committed to being results oriented. And if we are spending money on a program that does not help us achieve the desired result, literacy or whatever it is, then we should find a more effective way to pursue that desired outcome.

Mr. PLATTS. And that is certainly going to be one of the challenges for everybody and I think particularly for Members of Congress. As one who is familiar with Even Start, I saw that and said, well, what is this here? It seems like that is a significant change and we need to look at it more to see if it is something we think we can better achieve the goal by putting those funds into another program that is focused on a similar effort, or not.

Mr. JOHNSON. Right.

Mr. PLATTS. And I think that is something that does not happen overnight because it is not the way we have looked at program funding historically here on the Hill.

Let me get into some of the way you are going about the PART process. And as it went into second year and about I guess a third of the original class of PART programs being re-reviewed, how did you decide what 80 or so programs would get that second review? What went into that decisionmaking?

Mr. JOHNSON. Well, the agencies decide if they believe there is likely to be a change in assessment of a program. Because maybe at the beginning they did not have performance measures, now they do, they have thought about it and they have come up with some other ways, they have changed the way it is managed, they have changed the way it is structured. And when they believe there is to be a change in the way the program is to be PARTed, they ask for it to be reassessed. So it is in the agency's best interest to have current readings of all their programs. And if they have been working to change the status, the performance, the measurement of the outcomes, they request a reassessment. So it is initiated by the agency.

Mr. PLATTS. How about as you go into the new third round and which ones are selected? Really not just the third, but what you are looking at for the 4th, 5th year, kind of in the bigger picture of the selection process. Same thing, that it is really agency driven?

Mr. JOHNSON. It is both. I think a lot of different things drive that. One is, agencies will say, well this one comes up for reconsideration, or we have a lot of questions about this program or how these programs work together. So they will ask for several programs to be PARTed in the same year so we have that information with which to better inform the dialog. In other cases, this year we are going to focus on programs of economic development, and job training, and I think rural water across the boards, so will be sure to PART a number of those programs so we can get a cross-agency look at it. In other cases, it is just pick the next ones, or some agencies want to the large programs first and do the smaller programs toward the end. That last 20 percent is going to be probably, in general, much smaller programs than we have analyzed in the previous 4 years. But a number of different things go into that agency and OMB decision on which ones to PART.

Mr. PLATTS. And that kind of leads into the comparisons, like economic development programs, and in the big picture, where OMB plays a role, is what you are doing to look at kind of the cross-cutting, not just looking at economic development at Commerce but in every agency. It seems like to have a good understanding whether this program is better served by shutting that down and moving the funds over here, the closer they are PARTed

together the more informed your decision is going to be. Where do we stand in that kind of cross-cutting approach?

Mr. JOHNSON. Well PART is one way to look at programs dealing with the same general issue. The White House has been looking for the last year at programs that touch and deal with the issue of disadvantaged youth. There are hundreds of programs and hundreds of billions of dollars of money that directly or indirectly go to that issue. And a good number of them have been PARTed. Even if they had all been PARTed, PART would only be one of the factors you'd look at. Because you might have a bunch of programs that work, but yet a big part of the issue related to disadvantaged youth may not be addressed by all of our programs and maybe we are double addressing something over here. So it is how individual programs work and how consistently their performance measures relate to one another and so forth. That is one of the factors we look at, but it is only one of them. There is no magic in a PART. Low score means this, high score means that. It is one of the things we look at.

It was the White House's desire to look at disadvantaged youth that prompted that analysis, it was not the fact that we had PARTed all these programs, because we had not. We had PARTed, as it turned out, I think a majority of the programs. But we are going to specifically look at economic development this next year, and so we try to look at all that because we think there is a great opportunity there. We know there are a lot questions there about in almost every agency there are tens of billions of dollars and is there a way to do economic development more effectively.

Mr. PLATTS. Yes. The number is maybe like 300 or so different economic development programs.

Mr. JOHNSON. Yes, I do not know. It is some incredible number of.

Mr. PLATTS. Yes. Given that government efficiency is part of our subcommittee title, it seems like we are probably not being the most efficient to have that many different programs supposedly focused on the same goals. So I think getting to that cross-cutting where it is looking at the service being provided will further strengthen the PART process and the actions or benefits that come from it.

Mr. Secretary, how about within the Department of Energy, in your own department's process of which programs you are doing the second year? I think you had a couple that were re-reviewed. How did you specifically as an agency make those decisions?

Mr. MCSLARROW. Well, we did. If it were up to me, I would try to do PART for everything. And I would try to do it every year because I want to build as many datapoints to actually see why things are happening. OMB allowed as how that might just completely swamp the system, and, frankly, it is a good day when I can have OMB cry uncle. [Laughter.]

The budget is already out; so I guess I can say that. But what we are trying to do is, we have four major agency missions, and so what we are trying to do is touch on each of the major food groups. And as we go through that process, we are going to try and add new ones to it. And it is going to be a balance, and I do not know exactly how it will be struck, but it will be balanced between

adding new ones and then making sure that we re-PART last year's, or certainly ones that were done 2 years ago. I would not want to go beyond the 2-year period. That would be time to see whether or not people have implemented the corrective action and actually gotten results from the PART itself. If you go much beyond that, I think you just sort of lose any focus you might have.

So, as I say, I think we are fairly ambitious in what we want to do. Our view is that in addition to all the other good things that the PART process is doing that we are discussing here today, this is just a great management tool for us. Even if OMB were not making us do it right now, we would do it now.

Mr. JOHNSON. Making you do it?

Mr. MCSLARROW. In a cooperative way. You know, it is just good management.

Mr. PLATTS. One of the issues that we have been looking at kind of separate from PART is the financial management systems out there. Some agencies, departments have made great strides and are in great shape, and others continue to try to get their hands around having good information to provide decisionmaking from the financial management side. If you are PARTing a program that is in that category, SBA or some that have clearly identified challenges in the financial management, how is that impacting your ability to really get an idea of whether they are doing a good job? Or is that more likely to come up in the "Results Not Demonstrated" because you do not have the information? And maybe again, from the department and the broader perspective, if you both could address that.

Mr. MCSLARROW. Well, in most cases where we have "Results Not Demonstrated," I do not think this is entirely the case with every one, but with most of them we just simply were not able to get to the point where we could figure out what the performance metrics really were. In other words, people had performance metrics, that included things like, "how many grants did we get out the door?" "Did we spend all the money that Congress appropriated?" And getting to the next level of what are the grants actually doing was harder in some areas than others, particularly with applied R&D. And so the difference between last year and this year for some of those programs, particularly our scientific programs, is we were able to get to that next level.

In terms of the financial management, that certainly has aspects to it because the cost accounting, knowing the value of a product you are getting or the output you are putting out, is something that we are trying to grapple with. It tends in my mind to be something that is largely driven by other portions of the President's management agenda. But, and this is probably important to note here, it is also true that all of these things work together. In other words, human capital is applicable to all the other PMA initiatives, including the PART process, as PART is to human capital. And so they all do integrate. But at the end of the day, the financial management side has a lot of huge challenges. Those are substantive challenges that we have to fix through the President's management agenda and then what PART does is tell us whether or not we are actually accomplishing it.

Mr. PLATTS. And then, Mr. Johnson, before you respond, your comment about getting to that here's how much we spent and who got the grant and then really getting to did they achieve any goal, Maurice McTeague, one of our witnesses last week and last year, I mean, really, the accountability of outcomes and really which is I think exactly what we are after here, is you can show us where you spent the money and how much you spent, but what outcomes were achieved for it. That is exactly what I think all of us are after, and I think we have maybe a greater challenge here on the Hill to embrace that approach. But that approach that your department is taking is exactly what I think we need to do.

Mr. JOHNSON. On that point, counting the number of grants they got out the door is an easier number to come by than all this research that they are doing, what are we getting for that, that is very hard to get at.

Mr. PLATTS. Right.

Mr. JOHNSON. And so that was the earlier point I was making, suggesting, was that less precise, harder to define, but more relevant.

Mr. PLATTS. And that creates some of the challenge in Mr. Towns' question about if it is more subjective, the argument that maybe it is more politicized is more arguable. But I think the point that it is, but that is what we are really after. It is the benefit from the money spent, not just that we spent it as we said we would, but did we actually achieve a benefit for the taxpayers.

Mr. JOHNSON. My answer to your basic question, first question, is that a number of agencies, DOD, HHS, HUD I think, are several years away from having the kind of financial management system that they want to have. So that hampers them a measuring, assigning cost to specific programs or parts of programs. But that should not hamper them from measuring the results that are being achieved by programs. So I think the primary shortcoming in the absence of a good, sound financial management system is the ability to measure financial performance or efficiency of programs, but it should not hamstring us from measuring effectiveness of programs. So that is the basic, most important thing. Until we start measuring results, we cannot measure results divided by spending, so we can still focus in the next 2, 3, or 4 years until we get good financial performance systems on doing a better job of managing results and then start looking at the cost to achieve those results.

Mr. PLATTS. In the end it will present a better or more complete picture I guess as we get hand-in-hand, those good financial management tools in place and that information is part of the review.

Mr. JOHNSON. Yes. Right.

Mr. PLATTS. I guess that somewhat relates to a GAO recommendation about a governmentwide strategic plan and that GPRA should be amended to require that in addition to the individual plans. Would that approach, if we amended GPRA to have that governmentwide strategic plan, kind of complement well the idea of using PART, cross-cutting the services we are after, economic development, job training, or whatever it may be, would that type of strategic plan be an asset to what we are looking to do under PART?

Mr. JOHNSON. OMB's feeling is that the budget currently is every year the President's strategic plan. The administration talks about it considers its priorities to be and how recommended spending lines up relative to those priorities. And if programs are not contributing to the pursuit of those objectives, how we propose dropping them, or expanding them, or keeping them the same, or whatever. So we approach the budget, the administration does, as if its budget is to serve as a strategic plan. And we are not sure we understand what the argument is for an additional planning document.

Mr. PLATTS. That the budget and PART being incorporated into that budget really is flowing from that administration identified strategic plan.

Mr. JOHNSON. Right. Right.

Mr. PLATTS. The challenge—I apologize, we keep touching on different things and I'm jumping around here a little bit. I want to get to the codification issue and, if we are going to do that, how do we approach it. But on the approach we are taking, the difficulty in assessing like the grants, of how to assess whether it was a good outcome or not, or what is the exact outcome we are assessing, how do you do that where there is a program that has more than one intended goal, and how do you assess it if it is economic development and job training related and doing cross-cutting comparison, how do you line it up? What is the suggestion of how you are approaching that, and it might of course be more department-specific than the broad governmentwide.

Mr. JOHNSON. I am counting on you. [Laughter.]

Mr. MCSLARROW. It is an interesting thing that, of course, you can have programs that have multiple goals. But if you get right down to it, you should not. In other words, when we first came to the Department 3 years ago we asked people: What do you think the mission is? We had a million different answers. Well, the answer the Secretary has given people and what we are implementing is national security. All of that cascades down to the program level. If things are cobbled together that really should not be, then they ought to be separated. So there is a management choice that you face as you go through this. I would not let the management organizational structure drive how you do PART. PART form should follow function. I probably cannot come up with anything more cliche than that at the moment. But nonetheless, PART should be viewed as a tool that is following the other decisions that you are making. And so there may be many different aspects to a particular goal, but if it is truly a coherent mission and some kind of unit that is an integrated whole, you can judge that, and you can judge that using the assessment rating tool.

Mr. PLATTS. And am I understanding you correctly that PART also may help to identify—if you are looking at a program that has these various objectives, goals that maybe should not be under that same program, that you can, again from a management of that program, say this one should be over here, and this one should be its sole responsibility. Is that something you are seeing from your PART process?

Mr. MCSLARROW. We do. And it is broader than that. One reason why I was saying we would do this anyway now that we have seen

the results, is that once you start asking these kinds of questions, it is amazing the answers you get. It is that simple. It could be exactly what you just described, or it could be other pieces of information. This is a discipline that now everybody must follow, because I have put all this into the performance criteria for how I judge performance decisions for personnel, whether it is SES or GS. And so now, all the way down the line people are turning around and asking the same sets of questions, and you never know what you are going to get. And so it has been useful in churning up some other decisions.

Mr. PLATTS. My staff being always on top of things, I should reference when we talk about financial management and some of the challenges out there, the information they have given me is the DOE's realignment of your financial operations through the A–76 process, and with the Federal employees winning the competition and projected to save $30-plus million to taxpayers, that I should highlight that fine financial management being conducted within your department.

Mr. MCSLARROW. Thank you. We are proud of it. We are proud that our in-house team won. We were able to reduce the costs, we were able to streamline from over 10 different financial management sites down to 3, and, as you said, we are going to save the Government some money and provide all the service. So it was a win-win all the way around.

Mr. PLATTS. And it is a good story for employees out there. A–76 is often looked at as kind of the enemy and it can be really a great partner in helping employees strengthen their work and in the goals they achieve and the services they provide for the funds spent of taxpayer money.

Mr. MCSLARROW. If I can, I think you raise an important point, which is that in my view there is no hidden agenda here. This is good management all the way around. And I think that is as true for A–76 as it is for the PART process. We just had a discussion about whether or not it hides a different agenda. Just from our Department's perspective, I do not need the PART tool to make a policy decision. The President sets a vision without using the PART tool. We all know what that is and people can agree or disagree. But the question is are you doing what you said you were going to do, and under performance metrics are you accomplishing it.

And just to give you a counter example. I think most people would associate our administration with oil and gas. I am for more of it. They probably do not associate us with renewable energy. And yet we have done the PART scores, the two that got rated ineffective were oil and gas, the renewable energy programs all got rated very highly, and our funding decisions reflect that result. Oil and gas funding was substantially decreased because we could not in good conscience continue to throw money at that until we fixed the problem. Ideologically, that is not where I am. But that was a policy neutral tool helping us try to figure out that we have a problem and now we need to try to fix it.

Mr. PLATTS. And I think maybe the challenge as we go through this process is the cynicism of Capitol Hill or Washington that there has to be a hidden agenda. You know, you are really just doing it for merit? That does not make sense. And I think you

make the argument for why I commend the administration for the management agenda in total and for PART especially, is you are making your decisions more transparent, not less. Because the President has the authority for political reasons to do this or that, but, as you are saying, you are going to lay out the facts of these assessments and be willing to defend our assessments and our actions based on them. That is a more transparent government, which to me is a more accountable government for all American taxpayers.

Let me move to the codification. I share the statements that you have made in your testimonies and the importance of codification. The GAO when they have done the review and looked at GPRA and how it has kind of transpired over the 10 years, and the importance that they found placed on the statutory requirements of GPRA from Federal managers knowing that it is here to stay and not going to be subject to this administration versus the next, that seems to argue pretty well in favor of codifying the PART process as well.

One of the concerns we have heard last week and I think you both share, and maybe you could expand on it, is how we go about that and how restrictive or nonrestrictive we are if we are going to codify programmatic reviews as a complement to GPRA.

Mr. JOHNSON. I think we do not restrict ourselves if we codify the concept of program reviews, periodic program reviews. I think it would be a mistake to lock in on one best way to do it. The PART, we like it. Is it perfect? No. These programs are really hard to measure and as we get smarter about it we will make tweaks in the PART system. We get smarter every year, and we are going to be smarter 2 years, 4 years from now about this. And maybe we will not call it the PART, but the concept of asking ourselves do these programs work, at what cost, and if they are not considered to be satisfactory, what are we going to do about them, I think that process, asking those questions, executive branch and Congress, codifying that process is a very good idea. And I think it adds substance to the process envisioned by GPRA. It allows us to look at large strategic questions and get the more detailed answers, this part of the energy conservation works, this one does not, so more of this, less of that. As you look at it by program, there is more action oriented kinds of things—funding, management, structure of programs—that can be looked at as a way to better pursue the strategic goals that are laid out in GPRA.

Mr. PLATTS. Mr. Secretary.

Mr. MCSLARROW. Well, on the general point, I will defer to my leader to my right. But the only other thing I would say from an agency perspective, he was quite right to chide me for saying OMB makes us, the truth is it has been a cooperative process all along. It has been a cooperative process not just in the ratings themselves, but in how we have developed PART, and it is a work in process. So the only point I would say is that having the principle codified makes sense to me, but the low should allow for the flexibility, because we are all learning. As I say, this is a work in progress that is getting better. I would not want to get hamstrung. I think we are making good progress. We should be allowed to continue.

Mr. PLATTS. How about in approaching it that we not define how to go about it, but timeframes. Right now, we are kind of on a timeframe of once in 5 years a program, at a minimum, will be reviewed, and perhaps, because of being re-PARTed, maybe two or three times in that timeframe. That there be a minimum requirement that as part of this programmatic review that every program has to be done at least once in 5 years, and perhaps for identification by the administration of high priority programs maybe it should be more current than 5 years, maybe it is once in 2 or 3 years. Thoughts on that type of language?

Mr. JOHNSON. I think I want to get back to you about the high priority more frequently. I have not really thought about that. I think the idea of a frequency of review is a good idea. I think the idea of maybe talking about in the legislation the areas to perhaps be addressed in any kind of performance assessment, to look at performance and the availability of performance measures and efficiency measures, and management acceptability, and fit with the mission, and so forth, I think those kind of issues could be referenced in the legislation. But the idea of some programs being done more frequently, I am going to have to get back to you on that. It sounds like a good idea, but I really have not thought about it.

Mr. PLATTS. When you talk about the area, are you talking about those specific, how you look at something, or the area meaning——

Mr. JOHNSON. For any given program, I think what PART does is it looks, amongst other things, at are there performance measures, relative to those measures, does the program produce the intended results, what is the assessment of the management of the program, is the program consistent with the mission of the department or agency, and maybe if there is some deficiency in there. I think it might be good to reference those aspects of any given program as things that are important to consider in assessing a program, but not specify the specific means by which those aspects are looked at.

Mr. PLATTS. Secretary McSlarrow.

Mr. MCSLARROW. That is the same thing I would add.

Mr. PLATTS. What about specific requirements on the cross-cutting approach, that, yes, it is once every 5 years, but it is in this year you should do all economic development together, or all job training, too prescriptive?

Mr. JOHNSON. If the purpose of that question is can we be more effective economic developers, how do the individual programs perform is one of the pieces of information we would look at. We might define what is effective economic development, we might look at what aspects of that definition of a successful economic development effort do we now touch on with programs that we have, do those programs work or not, are there some areas we do not address, is it too scattered across agencies. There are a lot of different aspects to look at. If the general focus is on economic in general, PART is one piece. So maybe the bigger question is if the Congress said or if executive branch said we want to look at all of economic development, an Executive order or a request from Congress, or whatever form it takes, PART would be a piece of information we would look at, but it would not be the total of the analysis.

Mr. PLATTS. How about a requirement, if a part of a program is deemed ineffective, of mandatory re-PARTing? Again, if you want to get back to us and give some thought to some of the specifics that we looked at based on our hearings last year and this year, but is that again making it mandatory that you have to re-PART?

Mr. JOHNSON. I think a program now is re-PARTed when the agency believes that the situation has changed, that they have worked to improve something, or they believe something might have deteriorated. So if the result is not demonstrated, if they all of a sudden get performance measures the next year which would raise that part of the score, they would call for a re-PART. Then, all of a sudden, if they are able to demonstrate the next year that they are able to actually perform as defined by those measures, that would call for a re-PART, and then if they were actually able to reduce the cost of that or develop performance for cost-effectiveness information. So, in some cases it would be re-PARTed because it would be the status would change every year. Right now, it is triggered by it is re-PARTed if it changes. If the status has not changed, then the score does not change and it is not reassessed.

Mr. PLATTS. So keeping discretion at the agency level and OMB, with the administration is going to be an important part of that decisionmaking process?

Mr. JOHNSON. Right. One of the things we say at OMB, and I bet you the agencies feel the same way, is the PART score is nice, but that is just a means to an end. The most important part of any of the PART review process is the recommended next steps; do we change the management, do we change the structure, do we try to build more accountability into it, do we change the way we, do we want to write left-handed instead of right-handed, what do we want to do differently. And it is the quality and aggressiveness of that followup by the agency, it is the so what of it all. You got a medium score, a bad score, a results not demonstrated score, what is the so what of that? What is the agency doing to make that score go up, to produce a more assured result as a result of that program existing and money being appropriated to fund that program.

So what we have done, because we are now in the second year so we have some things to followup from last year, we have a process that we will be very actively involved in this year to periodically sit down with the agencies and say let's go over all the programs, the quality of the followup, have we got performance measures that we did not have, have we changed the management as we said we were going to do, have we structured, whatever. And so it will be in those discussions where decisions will be made by the agency, that for the presentation the point will be made by the agency we have changed the situation with this program, let's redo the score on this and we will re-PART it. But the key is that we build that habit in of reviewing, agencies reviewing with OMB, as they like to do, looking over their shoulder just to make sure that they are doing it aggressively and regularly and paying attention to all the things, the followup actions that they said they were going to engage in.

Mr. PLATTS. Secretary McSlarrow, it sounds from your previous statements that your department's look at re-PARTing is that your managers have kind of well understood and bought into the impor-

tance of this and the benefits of doing this for your agency. So whether it is mandated that you are required in the timeframe of more than once in 5 years for high priority, that really once you have that mindset that this is helping you better manage, making it mandatory in that sense really is probably not as critical because you have that acceptance of the program's benefits.

Mr. MCSLARROW. I think that is true. And I have to say, to the extent we have been successful through this process, it has been because our career SES leadership has adopted this as their own. Clay says very often that we are moving from the time where it is the President's PMA to an agency's management initiative. The same thing is true of PART. The value of PART is apparent in so many ways that we have not even had a chance to talk about today to these managers that I think it will continue on. But, as we all know, things change, people have new initiatives. That is why I think there is a value in having something put in GPRA that just sends that signal that this is something that we should stay on top of. But it is quite possible at DOE, for example, we may be doing our "PART" even if they do not actually all end up in an OMB agency PART process, just because we decide we want to do that and because it may be easier just to have that cycle on an annual basis. And we have not decided, you know, we are only in the second year of this right now. But I think the more the agencies are invested in this, the better and the more likely it is going to be something that institutionally stays around.

Mr. PLATTS. To followup on the specific benefits, and you kind of touched on to your managers, that relate to your department, you seem to have had some success in trying to assess what appear to be difficult outcome definitions regarding regulated activities and research and development efforts. And that being a big part of your department's mission responsibility, what do you think the success is behind your department's efforts and what do you think would be important for other departments to be aware of in how they are looking at their regulated activities or their R&D programs?

Mr. MCSLARROW. The first thing is the simplest, which is just the nature of scores themselves. We were rated all red at the beginning of this administration. That kind of gets your attention. This is not well known, but the President meets with each cabinet officer each year and goes over their ratings. So it has his and my full attention. So No. 1, that is what makes a difference. Everybody understands that this is going to happen and we are going to march forward and get to green.

The second part of it is, as you point out——

Mr. PLATTS. The analogy there being, if you are a fifth grader and you know you are going to actually get tested on what you read, you are probably going to make more certain that you read it when that test day is coming up. Simple human nature.

Mr. MCSLARROW. Right. There was a certain amount of that, and I do not mean to trivialize this, but there was a certain amount of going through the motions with GPRA. It really was not producing change. It was not that it was not doing good things, it was, but not changing the results. And I think that is what is different about this process. As you point out, the hard thing for us has been, and will continue to be, how do you judge R&D, how do you

judge basic R&D and applied R&D. We actually led the effort, with OMB, on behalf of the Government to try to develop the kind of criteria by which you could judge the success of applied R&D. And I would say that we have been modestly successful. But that is always a very tough thing to do. It is easier to sort of say, well, we are going to run this big science accelerator and we are going to throw a bunch of neutrons at a target and we are going to learn something. It is hard to pin down a Nobel Prize winner and say what exactly are you going to learn. He looks at you like you are an idiot. But the truth is that——

Mr. PLATTS. Even if he told me, I probably would not know what he told me.

Mr. MCSLARROW. You would not understand anyway, right. I know I would not. But at the end of the day, it turns out that if you actually sit down and walk through this, you learn quite a lot about what it is you can accomplish and what are achievable objectives and then you can throw those into a performance plan. And, as I say, it is still a work in progress. But I think we have gone a long way toward achieving that, which is one reason why last year we were "Results Not Demonstrated" on those science projects and this year they scored quite highly, and it was mainly the performance metrics.

Mr. PLATTS. Is the President's Management Council that you serve on an avenue to share that with your counterparts elsewhere in the administration?

Mr. MCSLARROW. It is. Director Johnson is the chairman of that Council. We meet monthly, and we have retreats and we talk. We each have sort of lessons learned and we have talked a lot particularly about the applied R&D, because, obviously, it is not something that is just DOE, there are other big science agencies or agencies with big science budgets. So it is something we try to export. And, frankly, the philosophy of all of the President's management agenda has been instead of having 10 agencies doing the same thing at once, to pick one who is a team leader and have the rest of them work with that agency on an initiative, as we were the team leader for applied R&D. And we are doing that in other respects as well.

Mr. PLATTS. Two other specific followups to your department. The recent GAO report talked about agencies having difficulty meshing GPRA and PART in that strategic plan approach with more programmatic review. Is that something that you are experiencing? Or are you kind of ahead of the game and are better seeing how they complement each other as opposed to being kind of separate and independent efforts?

Mr. MCSLARROW. I do not think we have had any problem meshing the two together. As I say, the political and the career management leadership have seen this from the beginning. The only part, and this just echoes what Director Johnson said earlier, that I think we needed to get past was the idea that if everybody says we are for budget and performance integration, well the proof of the pudding is making that document be the budget itself. And I think that is the one difference that people were not expecting about what the administration did, put the performance plan and make that the budget and combine those two documents. So that

is how we believe we have satisfied the GPRA requirement. But obviously there are other people who have different views on that.

Mr. PLATTS. I hope that we see more embracing of your approach of the complement and how they go hand-in-hand, because I do think they are kind of a great one-two effort in that broad strategic approach and then how that translates down to individual programs.

Earlier we talked in a broad sense about communications with the administration and Congress on performance budgeting and the PART process and how it can benefit decisionmakers here on the Hill. What has been your specific department's experience with your appropriators and how that has gone, and how you have communicated with them on your PART process?

Mr. MCSLARROW. I would say it is a mixed bag. As you say, we have both gone to at our appropriators, and Clay has led a team of us and invited me to come along to try to make presentations on what we are doing. I would say there is a certain amount of skepticism by the appropriators. And it is kind of understandable, I mean, we are only in the second year now. Essentially, up until this last week, you had one data point. And I think as they see that we are actually using this and that we are using it in a way that is credible and transparent, they will begin to trust the information we give them. And it is not that anybody is saying we do not trust it, it is I would just say not fully embraced. And it is obviously a mixed bag and it depends on who you are talking to, what staff or whatever. But I would say it is better and more positive this year than it was last year. And I would expect that by next year it will be better still.

Mr. PLATTS. And hopefully that will be shared up here, the efforts from the congressional side being an open-minded approach from not just appropriators, but from my fellow authorizers as well on the various committees.

Director Johnson, in your testimony you touched on the improper payments aspect and the progress being made there. I was wondering if you could give a general update of kind of where you think we are. Because whether it be part Improper Payments Act, you know, a law kind of moving forward, and I guess later this year, November 2004, being the timeframe for everybody coming on board, in the times that we are in and with the deficit projections that we are seeing, kind of tracking every dollar that we can is something that is important. And when I look at the numbers, you shared roughly $35 billion per $1 trillion in expenditure, if you translate that to a $2.4 trillion budget, that is in line with the numbers we have been hearing, that we are up in the $60 to $80 billion range of improper payments every year. It certainly is important for us to go after that. I was wondering if you can give us a general update on where we stand on that issue.

Mr. JOHNSON. Well the general update is on the $1 trillion in programs and the $35 billion, which is $30 billion too much and $5 billion too little, so it is a net savings of $25 billion, but the total that is erroneous is $35 billion. Programs are being developed to eliminate that erroneous payment level. And then agencies are under way to analyze other trillion-plus dollars, programs that account for that spending, to determine the level of erroneous pay-

ments there, and then action plans will be developed. One of our challenges here is to get out of the business, get way beyond the business of well, it was this percent, it needs to be this percent, and some time or other it will come down. We need to try to be very specific about when the desired result will be, when we can possibly achieve it, when will we implement, what kind of program, what kind of cause of error from this level to zero, and then get the payment level down to the, as the bill called for it, level. A lot of these programs will be politically controversial because they deal with money going out to people in need. And if their money is going to people in need that is going to them in error, some people will not want to stop that payment. And we will have those debates and Congress will decide in discussion with the executive branch whether we pursue that or not, and there will be a lot of discussion. But we are moving forward to develop action plans to reduce or to improve accuracy of payments to as near 100 percent as possible.

Mr. PLATTS. I appreciate the acknowledgement of the sensitivities in some. The earned income tax credit program, which my memory is about an estimated 30 percent of improper payments. It is really a disservice to those who need that assistance that we are providing assistance to those not entitled to it. But trying to address that problem is going to be politically sensitive.

Mr. JOHNSON. Yes. The politically naive answer that is if these people are getting the payment, as opposed to the law calls for this smaller group, let's change law, and if you want them to get it, let's vote on it and get this large group to get the payment. But if the law calls for this, our responsibility is to see that the law is being implemented. But that is again politically naive, idealistic way of thinking of things.

Mr. PLATTS. I am one who believes that idealism should remain here in Washington and we should not give up on that approach.

Mr. JOHNSON. When the D.C. Idealist Club gets together——

Mr. PLATTS. There will not be all whole lot of us there.

Mr. JOHNSON. It would not be a very large group. [Laughter.]

Mr. PLATTS. Well, we will build on it. Identifying that timeframe, that is driven by where each department is or each program is?

Mr. JOHNSON. Yes, it is.

Mr. PLATTS. So it is not across the board by this date?

Mr. JOHNSON. Right. Yes.

Mr. PLATTS. OK. That is something that we will continue to look at. I think Linda Springer is going to be up in the next month or so with us and we will probably further explore it with her as well. But your having touched on it, I appreciate your kind of giving us that update.

Mr. JOHNSON. Be sure to give her very specific questions and come prepared to answer, because I think we will be in a position to do that. I'm not, she will be.

Mr. PLATTS. In several different departments or programs, where they are?

Mr. JOHNSON. Right.

Mr. PLATTS. Great. I am checking to, you know, end the hearing and find out that my staff really wanted something else addressed that I did not. But I really appreciate the testimony here today,

and most importantly your work out there across the government, Director Johnson, and Secretary McSlarrow, in the Department of Energy specifically, for you. I commend you personally and the administration in total for this effort because the more we can focus truly on the outcomes we are achieving for the money we are spending, I think the better we are serving the people who sent us here to do this work. On that, I think that is the approach when people spend their own money in that household budget. They do not just want to know, yes, I paid X dollars to these companies, but did I get something I thought I was going to get for paying that money out, was the service expected provided, or the goal achieved.

President Bush and the whole administration is to be commended for your efforts. And as a subcommittee, we certainly look forward to continuing to work with both of you to advance this effort and to fine tune it, and to look at things we can do such as codifying this broad programmatic approach so that the benefits are long enjoyed by future taxpayers and, in the end, programs are running efficiently and effectively.

Mr. JOHNSON. Great.

Mr. PLATTS. We will keep the record open for 2 weeks. If there are any additional comments you want to share perhaps on specific questions on the codification issue, we would welcome those.

I appreciate all who were in attendance today.

This hearing stands adjourned.

[Whereupon, at 3:40 p.m., the subcommittee was adjourned, to reconvene at the call of the Chair.]

[The prepared statements of Hon. Edolphus Towns and Hon. Carolyn B. Maloney, and additional information submitted for the hearing record follow:]

Congressman Ed Towns
Subcommittee on Government Efficiency, and Financial Management: "The President's Management Agenda – Are Agencies Getting to Green?"
February 11, 2004

I would like to thank Chairman Platts for holding today's hearing, as we continue to evaluate and attempt to build on the progress being made at the agencies under the President's Management Agenda.

Today's hearing focuses on the Management Scorecard that accompanied the FY 2005 budget released last week, with a particular focus on the Administration's budget and performance integration initiative. As this Subcommittee knows, initiatives like these have been attempted for over five decades by administrations of both political parties, but have often resulted in only limited progress. While I commend the Administration for attempting to bring about greater efficiencies and accountability for the programs and services that our country

relies upon every day, I remained concerned that the President's Management Agenda will be employed to alter the basic essence of many necessary social programs that our citizens depend on. Further, the Administration may be pursuing changes at the program and agency level without enough information to justify such changes. Lastly, it should be noted that while many agencies have been upgraded in the five initiatives of the 2005 budget's Management Scorecard, most are not achieving the expected results or altering their outcomes enough to satisfy the criteria set forth in the President's Management Agenda, perhaps requiring the missions of and measurements for the Agenda to be reevaluated.

Of particular concern for me are issues relating to the Competitive Sourcing initiative as well as the Budget and Performance Integration initiative. As I have stated previously, while the private sector can be viewed as a model for improving the efficiency of our government, it cannot be used as a

substitute for our reliable and dedicated civil service system. Perhaps this is why 12 out of 26 agencies within the Management Scorecard are not able to achieve a color score higher than "Red" in their latest evaluations for the Competitive Sourcing initiative.

More, I remained concerned that the Program Assessment Rating Tool of the Budget and Performance Integration initiative is not adequately assessing programs, as demonstrated by the 37% of programs that cannot fulfill the subjective and inflexible standards of PART. As we hear from our witnesses today, I am hopeful they can expand upon how PART is justifying the cuts made to programs worth approximately $1.5 billion, while still not demonstrating outcomes for roughly 37% of the 400 programs evaluated.

I look forward to hearing from today's witnesses on the progress the administration is making on its management agenda

as well as their response to some of the concerns that I have raised.

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Statement of Representative Carolyn B. Maloney

The Subcommittee on Government Efficiency and Financial Management
Committee on Government Reform

Hearing: "The President's Management Agenda– Are Agencies Getting to Green?"
2247 RHOB

Mr. Chairman, thank you for holding this hearing.

As I mentioned last week, GPRA was the first bill I managed on the Floor of the House of Representatives after I was elected in 1992. It was an important shift in the way we manage our government, particularly now when we are facing a historic, record-breaking $521 billion deficit. I feel we have seen progress in making our agencies more efficient, more accountable, and more transparent.

The President's Management Agenda is a challenging goal set by the President to improve the management of the government to adopt more business-like principles and practices from the private sector, emphasizing performance and results. Clearly, I support a streamlined government that reduces waste and increases performance. However, I am concerned that ideological concerns could play a greater role in determining which agency receives a green rating and which does not, thereby impacting funding levels. As I understand it, the PMA program also scores according to faith-based initiatives. I hope to learn from Mr. Johnson, how that type of standard impacts funding for HHS programs and AID programs, among others.

I am also interested in learning about the Competitive Source initiative that is part of the PMA. How has that impacted our federal employees? How many people have been laid off because of this initiative and does the federal government actually benefit from increased contracts with the private sector?

Finally, I would like to note that 13 of the programs that were eliminated in the President's FY05 budget had low PART scores. I am interested in hearing what these programs were and why the specifics as to why they were eliminated.

I thank the witnesses for being here today and look forward to your testimony.

Thank you.

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QUESTIONS FROM REPRESENTATIVE BLACKBURN

Contract Reform

Q1. A recent report by GAO states that DOE's contract reforms have not improved contractor performance and that cost increases and delays in the department have not changed since 1996. How has DOE established clear goals, results-oriented outcome measures, and performance data to prevent fraud, waste, and abuse in this area?

A1. On September 17, 2002, the General Accounting Office issued a report entitled "Contract Reform: DOE Has Made Progress, but Actions Needed to Ensure Initiatives Have Improved Results" (GAO-02-798). The report was one of a series issued by GAO on the status of a 1994 DOE initiative to reform certain policies and procedures relating to DOE management and operating contracts. The report contained a single recommendation that the Department develop an approach to implementing its management improvement initiatives that incorporated the best practices of high performing organizations, including defined goals, an implementation strategy, results-oriented outcome measures and an evaluation mechanism that uses results-oriented data. The Department concurred in the GAO's recommendation.

The Department has taken many significant steps both before and after the GAO report to strengthen its contract management. The more significant of these are highlighted below. The Department continues to seek ways to expand the implementation of what works and what does not. The changes that DOE has recently made and continues to make are just taking hold and should produce positive and observable results. The Department is working to develop the results-oriented performance measures that will allow it to assess

and report the impact of these changes. However, this is an iterative and learning process, and requires time to be fully realized.

On October 1, 2003, the Department issued DOE Notice 125.1, entitled "Managing Critical Management Improvement Initiatives." This notice establishes, as DOE policy, a systematic, results oriented approach for the management of critical management improvement initiatives undertaken by DOE and ensures senior management involvement in the process.

In conducting the analysis contained in the report, GAO expanded the scope of its inquiries beyond the 1994 initiative to the management of DOE projects and DOE's recent efforts to reform its project management discipline. The aforementioned GAO report compared 25 major projects in 1996 with 16 major projects in 2001. The GAO stated that the status of the major DOE projects reviewed did not indicate improved performance. Regarding the GAO's issues related to performance-based contracting, measures, and incentives, the Department has implemented a number initiatives in contract formation and contract administration designed to improve both contractor performance and Government management of DOE contracts.

In order to address challenges to improving the performance under its contracts and major projects, DOE has aggressively undertaken a number of significant steps. In 1999, the Department established the Office of Engineering and Construction Management to lead the initiative to improve project management within the Department. In October

2000, DOE issued a new policy, order and guidance. In March 2003, the Department issued a manual that required the approval of projects of $5 million and above at the Assistant Secretary level or higher, and a project tracking system and monthly status reports on all projects with total costs over $5 million. In addition, the order and manual also included requirements for sound upfront acquisition planning for all projects at that level. Furthermore, DOE established a performance goal that 90% of its projects will perform within the approved cost and schedule goals.

Top level DOE management is taking aggressive measures to ensure that performance challenges are identified and addressed. The Deputy Secretary receives monthly status reports which identify all under-performing projects in the Department's portfolio. The Deputy Secretary or Associate Deputy Secretary meets personally with the leaders responsible for those projects to discuss strategies for getting under-performing projects back on track.

Commencing in 2001, the Department put in place numerous contracts with either multi-year incentives or which were awarded on a cost-plus-incentive-fee completion basis. These contracts not only provide incentives to the contractor to achieve the Department's objectives, but if possible, exceed them.

On November 14, 2000, the Office of Science issued implementation guidance for annual laboratory performance evaluations to support the Department's commitment to

performance-based management and contracting. On July 2, 2002, the DOE Office of Environmental Management issued policy and guidance on establishing contract performance objectives and incentives to aggressively challenge contractors to accelerate clean-up and remediation objectives and provide for enhanced safety and risk reduction." In addition, many of the contracts used by the Office of Environmental Management for its clean-up projects have adopted more aggressive, single focused and specific completion, schedule and cost targets that tie the contractor's ability to earn of fee to achieving those specific objectives.

As these steps produce results, the Department will assess its progress and refine its processes, as necessary, to achieve measurable and meaningful improvements in meeting its missions and objectives.

NNSA Workforce

Q2. What is the current status of a long-term strategic approach for NNSA's workforce? (National Nuclear Security Administration)

A2. NNSA's strategic approach to workforce management has two parts. First, NNSA is redeploying and placing employees to implement its new organizational structure-- the *NNSA of the Future*-- by the end of FY 2004. In addition, NNSA is performing the workforce planning needed to sustain this organization with a dedicated, skilled, and properly deployed workforce in the years to follow.

Implementing the NNSA of the Future

In December 2002, NNSA formally established a new organizational structure. The new organization is designed to enhance the operational efficiency and programmatic effectiveness of the Nation's nuclear security enterprise. It does so by:

- Eliminating a layer of management by disestablishing three Operations Offices
- Consolidating business, administrative, and technical services into a single NNSA Service Center in Albuquerque, New Mexico;
- Establishing and strengthening the authority of eight Site Offices that are close to where the mission work is performed; and by
- Rightsizing the Headquarters staff to perform policy support and program management.

At the same time, NNSA also realigned key staff, reengineered several key business processes, and set ambitious targets for reducing Federal staffing levels.

The Federal staffing targets first set by the Administrator reflect the changing programmatic priorities of NNSA's mission. The Administrator committed to reducing the Federal staff supporting the nuclear weapons complex by almost 20% by the end of FY 2004. In contrast, the targets for organizations with expanding missions such as nuclear nonproliferation, transportation safeguards, and emergency operations reflect an increase in staffing levels.

To document its approach and plan for aligning the NNSA workforce to the restructured organization and to meet staffing targets, NNSA developed an *NNSA Employee Redeployment and Placement Plan* in February 2003. The plan formalized the process that NNSA is using to direct the reassignments of Service Center employees located in the former operations offices in Oakland, California and Las Vegas, Nevada to a single location in Albuquerque. It also directed NNSA organization heads to develop Managed Staffing Plans that define the organization and staffing structures required to meet new organizational responsibilities and targets.

From FY 2002 to FY 2003, NNSA has reduced its Federal headcount from 2,003 employees to 1,768. By the end of FY 2004, NNSA plans to reduce its headcount to 1,705. NNSA has also accomplished the following:

- Finalized Managed Staffing Plans for all major organizations that outline their FY 2004 staffing requirements based on analyses of functions;

- Identified new positions and potentially excess positions that will no longer be required after FY 2004;
- Provided advance *Notifications of Expected Position Abolishment* to 65 surplus employees who occupy positions that will no longer be needed after FY 2004;
- Provided *Notices of Directed Reassignment* to 200 employees currently located in Las Vegas, Oakland, and the Washington, DC area, directing them to report to the Albuquerque Service Center no later than August 2004 (100 of the employees accepted the reassignment);
- Created an NNSA Career Transition and Assistance Policy (CTAP) to give hiring preferences and career transition benefits to affected employees; and
- Processed buyouts for 165 employees in targeted parts of the organization.

Currently, NNSA is more than half way through this 21-month redeployment process. We have begun relocating the 100 Service Center employees who have accepted their reassignment to Albuquerque. In addition, NNSA has reduced the number of surplus employees from 65 to 45 voluntarily through reassignments, job placements, and retirements. By September 2004, NNSA plans to have all employees redeployed to the Service Center and to meet its staffing targets.

Workforce Planning

While undertaking the activities needed to staff the restructured organization, NNSA also recognizes the need for a long-term strategic approach to sustaining the new organization with a dedicated, skilled, and properly deployed workforce. As a result, NNSA's vision

for human capital management is to recruit skills to fill critical vacancies and to develop, reward, and retain the workforce.

Since its creation as a semi-autonomous agency, NNSA has developed human resources policies and practices that support this vision. For example, NNSA created a single NNSA-wide Performance Management System to provide feedback to and reward the performance of its employees. Similarly, NNSA established a Merit Promotion Plan to encourage career development.

Perhaps one of the most importance achievements in NNSA's efforts to take a strategic approach to its workforce is the development of the NNSA Workforce Plan, completed in December 2003. The Plan is designed to mitigate the impact of losing a large percentage of the workforce over the next five to ten years by planning for the recruitment and replacement of intellectual talent. NNSA considers this Workforce Plan as vital for a steady flow of recruitment, retention, relocation, management, and retirement of NNSA's most valuable asset—its diverse and talented people.

To develop the Workforce Plan, NNSA conducted an analysis of future staffing requirements and compared them to the projected available workforce. To address findings and close the projected skill gaps, the Plan contains an action plan that NNSA is currently implementing. Based on the Plan, NNSA's path forward is to:

- Develop, institutionalize, and refine a professional career development program;

- Develop recruitment, retention, and relocation strategies based on findings in workforce planning analysis;
- Establish a knowledge management program to transfer the knowledge of the organization to NNSA's current and future workforce;
- Target 15% of NNSA's overall recruitment efforts to entry-level hires for closing skill gaps and "filling the pipeline" through the intern, co-op, and other available special interest programs;
- Review current retention allowance practices;
- Regularly review the effectiveness of management accountability in the performance management systems, and make global modifications, when and where necessary that enforce management accountability;
- Involve NNSA management and other stakeholders in the Workforce Plan initiatives through the Associate Administrator for Management and Administration as the advocate for workforce planning;
- Monitor and review the status of actions, milestones, and progress towards meeting performance measures in the workforce plan; and
- Updating the NNSA Workforce Plan annually or as required by emerging requirements, whichever is sooner.

In addition, the plan articulates the need for NNSA to continue its work to transform itself into an organization that embraces diversity. NNSA has pledged to continue to uphold its vision that emphasizes outreach and recruitment of a diverse workforce and the

establishment of policies that solidify the recruitment goals of underrepresented groups and protect the individual rights of employees.

What's Ahead

During the next six months, NNSA is expected to complete the redeployment needed to staff the NNSA of the Future in its fully implemented state. Success will be measured by the completion of the placement of surplus employees into new jobs, the relocation of all Service Center staff to Albuquerque, and the filling of critical skill vacancies at the Site Offices and at Headquarters. At the same time, NNSA will be implementing actions within its ambitious Workforce Plan designed to build and strengthen the workforce needed to sustain the Nation's nuclear security enterprise into the future.

PPBE Process

Q3. What is the status of NNSA's planning, programming, budgeting, and evaluation process?

A3. The NNSA is now in the third cycle of the Congressionally-directed planning, programming, budgeting, and evaluation process. The process is the core business practice of the NNSA. The cornerstone of the process to date, the Programming phase, has provided the discipline to consider diverse program requirements while remaining within the funding envelope provided through the Future-Years Nuclear Security Program (FYNSP). For example, the significant emerging Design Basis Threat requirements were accommodated within the FYNSP limits by rebalancing other program work to enforce the fiscal discipline inherent with the NNSA's FYNSP.

Significant efforts in the past year focused on improving the use of financial management information and integrating budget and performance. A disciplined evaluation process was defined, with the Administrator conducting an intensive corporate review of every NNSA program. The results of the evaluation process were captured in the Administrators' Annual Performance Report, which documented the results from the corporate reviews, the quarterly performance reporting in the Department's Joule system, and the results of the OMB PART reviews and NNSA self-assessments.

In response to the Congressional requirement for an independent review of the process, the Department of Energy's Inspector General (IG) completed a comprehensive review of the NNSA process. The IG found that the NNSA process was consistent with the Department of Defense process and provided a mechanism for making centralized resource allocation decisions. The IG recommended that NNSA improve the communication of PPBE to employees and contractors through additional training and guidance, and the NNSA has already implemented the appropriate actions. Efforts in the upcoming year will continue to address the IG's finding regarding a formal process for validating contractor budget estimates and assessing management's needs for independent analytical support.

Nuclear Weapons

Q4. How has NNSA developed a plan to effectively coordinate the management of the nuclear weapons science and production functions?

A4. The goal of NNSA's stockpile stewardship program is to ensure the continued safety, security and reliability of the nuclear weapons deterrent. This requires the close and effective integration of science, engineering and production work carried out at the three weapons laboratories, the four production sites and the Nevada Test Site. The formal, integrated process called 6X allows the weapons complex along with the military services to evaluate, plan, and schedule specific refurbishment actions needed to support each weapon system. NNSA has also put in place a planning and budgeting framework that encompasses 5 years and is comprised of 4 major program elements: Directed Stockpile Work, Campaigns,

Readiness in Technical Base and Facilities and Secure Transportation Asset all support the nuclear deterrent.

Q5. GAO and DOE's Inspector General have stated that DOE's Infrastructure and its operations are at high risk due to inadequate maintenance. How do you plan to address these problems?

A5. I am committed to improving the management of the Department's real property assets. I approved a new directive, DOE Order 430.1B, *Real Property Asset Management* , on September 24, 2003, which complements DOE Order 413.3, *Program and Project Management for the Acquisition of Capital Assets,* by putting the Department on the path to improve the management of our real property facilities and infrastructure. The new directive establishes an integrated corporate-level, performance based approach to the life-cycle management of the Department's real property assets. It links real property asset planning, programming, budgeting and evaluation to the Department's multi-faceted missions.

To improve the management of the Department's real property assets, I formally directed the Department's two Under Secretaries to take a leadership role in the implementation of the directive within their organizations.

Successful implementation of this order will enable the Department to carry out our stewardship responsibilities, and will ensure that our facilities and infrastructure are

properly sized and in a condition to meet our mission requirements today and in the future.

Q6. This past November, your Inspector General stated that DOE faces critical internal control problems in contract administration, project management and information technology. How do you plan to address these problems and how did they affect PART evaluations?

A.6. I believe the Department of Energy (DOE) has taken many significant steps to improve contract administration, project management and information technology.

In the area of contract management, DOE has changed its policies with respect to its Management and Operating contracts and has competed over 25 major facility contracts valued in excess of $50 billion. Over the last several years, DOE has introduced a set of formal requirements relating to acquisition planning and contract administration that ensure that a procurement is planned at both the front end of the process as well as in a post-award environment. In addition, DOE has applied the principles of performance-based contracting to its high dollar value service contracts. Further, DOE has instituted a comprehensive career development program for its contract specialist workforce and has achieved a 92 percent level of professional certification for contract specialists.

With regard to project management, we have issued an order which establishes a common Department-wide framework for managing capital asset acquisitions and a manual which further explains the requirements. The order and manual require

the use of Earned Value Management Systems, which are the industry standard to determine project performance. We have also implemented a system to track project performance. The Deputy Secretary or the Associate Deputy Secretary meets personally with the senior leaders responsible for any under-performing projects to discuss strategies to get the project back on track. In addition, the Department has established a Project Management Career Development Program to certify project managers.

With regard to information technology, the Department has established an enterprise architecture, leveraged the Department's purchasing power through the acquisition of enterprise licenses and standardized much of our information technology infrastructure. We have also developed solid business cases for most of our information technology systems and have instituted quarterly reviews of major systems projects to ensure they are on schedule and cost and are meeting performance targets. We have also launched an initiative to build an integrated business management system. The first modules, which include a data warehouse and finance/accounting, will become operational by the end of the year.

To ensure the Department continues to make improvements, we have identified seven areas, including contract competition, project management, and information technology, as management challenges for 2004. Each challenge has a taskforce, which is headed by a senior leader, as well as defined deliverables and action plans. The teams regularly brief the Deputy Secretary on their status.

In the area of contract competition, the taskforce will focus on the recommendations of the recent report by the Secretary's Energy Advisory Board on contract competition. With regard to project management, we will seek to increase the number of certified project managers, expand the use of earned value management, and broaden the use of project management principles. In the area of information technology, we will focus on improving cyber security, implementing our integrated business management system, and improving the management of major IT investments.

With regard to the impact of these initiatives on PART scores, PART reviews are conducted on programs, and areas such as information technology, project management and contracting are factored into PART scores primarily through the "Management" and "Results" sections of the PART. While performance in these areas contributes to the overall success of a program, they do not directly impact PART scores.

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