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GETTING TO BETTER GOVERNMENT: FOCUSING ON PERFORMANCE

HEARING

BEFORE THE

FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY SUBCOMMITTEE

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

OF THE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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GETTING TO BETTER GOVERNMENT: FOCUSING ON PERFORMANCE

THURSDAY, SEPTEMBER 24, 2009

U.S. SENATE,
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, FEDERAL SERVICES,
AND INTERNATIONAL SECURITY,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:36 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Subcommittee, presiding.

Present: Senator Carper.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Good morning, everyone. Thank you all for joining us today. Our colleagues are going to be drifting in and out. We are working on the interior appropriations on the Senate floor, so there is a lot going on today. But as you all know, 8 months ago, we inaugurated a new President, and since coming into office, President Obama has faced—I think it is an understatement—a complicated set of challenges, both domestic and international.

For example, our new President has faced soaring Federal deficits projected to reach some $9 trillion over the next decade. He has inherited an economic crisis that has required unprecedented international cooperation to jump-start the world's economies. He has inherited dangerous security threats in Afghanistan and Pakistan, where I visited recently, and Iraq, Iran, and North Korea, among others.

Those are just a few of the exceptional challenges that our country, including our government, needs to be prepared to address. As the Government Accountability Office (GAO) has pointed out, the Federal Government's performance and the results that it achieves have a profound effect on the most important issues to the American people, for example, issues like creating jobs, providing better health care for less money, overseeing financial markets, reducing pollution, reducing the threat of climate change and global warming, and the challenge of sending additional troops to war to fight against terrorism.

While the strength of our democracy rests on the ability of our government to deliver its promises to our people, we in Congress have a responsibility to be judicious stewards of the resources that taxpayers invest in America. We have a responsibility to ensure

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those resources are managed honestly, transparently, and effectively.

It has been more than 16 years since Congress passed the Government Performance and Results Act to help us better manage our finite resources and improve the effectiveness and delivery of Federal programs. Since that time, agencies across the Federal Government have developed and implemented strategic plans and routinely generated a tremendous amount of performance data. Are Federal agencies using their performance data to get better results?

Producing information does not by itself improve performance. The GAO has shown time and again that Federal managers have much more performance information available today than they did a decade ago. However, the GAO findings also reveal that Federal managers have shown little or no progress in increasing their use of performance information to manage results.

Several years ago, Senator Tom Coburn and I asked the GAO to examine how performance information was being used to better manage Federal agencies and how managers could employ it more frequently for better results.

We also asked the GAO to consider the Clinton Administration's implementation of the Government Performance and Results Act (GPRA) and the Bush Administration's implementation of the Performance Assessment Rating Tool (PART).

Today we look forward to GAO's discussion of its final report, particularly key management practices that can promote the use of performance information in decisionmaking to improve results.

We have a new Administration, with fresh ideas and a renewed commitment to getting results. To demonstrate that commitment, President Obama announced earlier this year the creation of a position for a chief performance officer, a post designed to improve government efficiency and reform budget practices. I am delighted that the Chief Performance Officer, Jeff Zients, is here today to discuss how his team will assist and motivate Federal agencies to improve the effectiveness, efficiency, and transparency of our government by using performance information well.

I would like for us to focus our discussion today on several crucial questions.

One, how will the Obama Administration design and structure its new performance improvement and analysis framework?

Two, what strategies are necessary to support a government-wide transformation to a more results-oriented and collaborative culture?

Three, for agencies that appear to be using performance information the least, to what extent do they employ practices GAO has identified that could facilitate or encourage the use of performance information?

Four, how can Federal agencies make better use of performance information to improve results?

And, five, what are some specific things that we in Congress can do to bring about a greater focus on performance in the Federal Government?

And, finally, how can we use performance information to identify where the Federal Government is not performing well so that we

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can make better decisions about where we should be putting our resources?

Today we face unparalleled challenges both here and abroad, and these require a knowledgeable and nimble Federal Government that can respond effectively. With concerns growing over the mounting Federal deficit and national debt, the American people deserve to know that every dollar that they send to Washington is being used to its utmost potential. Performance information is an invaluable tool that can ensure just that. If used effectively, it can help us to identify problems, find solutions, and develop approaches that improve outcomes and produce results.

Before I introduce our witnesses, I just want to take a moment and say that in yesterday's markup in the Finance Committee on health care reform, I shared with my colleague the work that this Subcommittee has done, Senator Coburn and myself and others have done, on improper payments. I shared with them that earlier in this decade the Congress passed, and President Bush signed, legislation calling on agencies, requiring agencies to report improper payments.

Some agencies did and some did not. As time has gone by, more agencies have subscribed and complied with the reporting requirement of reporting improper payments. Not all have but now most have. And we have identified, as of last year, some $72 billion in improper payments were reported by the agencies that are complying with the reporting requirements.

I think the record would show that several agencies are not complying fully. They include, I think, the Department of Defense, the Department of Homeland Security, and a couple of others—I think Medicaid and Medicare, at least parts of Medicare.

I shared with my colleagues, as I offered an amendment yesterday, that it is not enough for us just to identify improper payments. That is certainly important. It is a start. We have to report them. We have to reduce them. And we need to go out and recover monies that have been improperly paid, especially in overpayments. It is pretty logical.

And we started down that road in one part of Medicare. About 3 years ago, through private contractors, we basically said we want you to go out and work in California, Texas, and Florida to begin to recover overpayments. In some cases, fraudulent payments were made because of fraud. And the first year or two, they did not recover much. Last year, they recovered $700 million.

When the Finance Committee reports out its legislation, hopefully by the end of this week, that experiment, which was started in three States, very successfully now, will be extended to all 50 States to recover, not just Medicare maybe Part A and B, but also Part C and D. Part D is the prescription drug program. And we will take the lessons learned there to also begin going after monies that were overpaid, improperly paid, fraudulently paid with respect to the Medicaid program.

So some work that actually started in Office of Management and Budget (OMB) in the previous Administration with input from this Committee, this Subcommittee, is now about to bear great fruit, enormous fruit, to not only reduce improper payments but to begin to recover monies that have been fraudulently or improperly paid.

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So we are starting to realize some success there. We need to realize a lot of success, and we need to identify success with all this performance information that we are collecting to actually use it to get us to where we need to be, and that is better results in a very challenge environment at home and abroad.

So we welcome this opportunity today, and in introducing our witnesses, I mentioned that Jeff Zients, I think his official title might actually be Deputy Director for Management at OMB, but he is also the government's first ever performance officer. And when we are talking about this particular subject, he is the right person to have here, and we are delighted that you have made time to join us.

Mr. Zients comes to government with an impressive resume, having worked for 20 years as a management consultant and entrepreneur. Mr. Zients also co-founded the Urban Alliance Foundation, a nonprofit that helps economically disadvantaged young people obtain year-round internships and job training.

Sitting beside him is Bernice Steinhardt, the Director for Strategic Issues at the Government Accountability Office where she is responsible for examining governmentwide management issues. For over 9 years, she has led GAO's efforts in strategic planning and helped to develop the organization's first strategic plan. She has also held a number of positions at GAO, including Director of the Public Health Issues Group. And she has served as Associate Director for Energy, Natural Resources, and Science Issues as well as Environmental Protection Issues.

We thank you both very much for joining us today and for testifying. I have just been handed a notice that says to remind the witnesses that they have roughly 5 minutes to speak.

Mr. Zients, why don't you lead us off? And, again, my thanks to both of you for coming.

TESTIMONY OF JEFFREY D. ZIENTS,[1] DEPUTY DIRECTOR FOR MANAGEMENT AND CHIEF PERFORMANCE OFFICER, OFFICE OF MANAGEMENT AND BUDGET

Mr. ZIENTS. Thank you, Senator Carper. I really want to first thank you in that all of us are spending most of our days in that intersection of what is urgent and important, and you have a lot going on. The challenge with this terrain is that it sometimes does not feel urgent in the moment. But I think it is extremely important for this government at this point in time, so your example of improper payments would be a great story on that front. When you tackled it initially, it probably did not feel like it was the stuff of instant return or instant gratification, and now look at the payback. So I am very appreciative of you carving out this time from a very hectic schedule to do this.

Senator CARPER. I am delighted and excited to be here. Thank you.

Mr. ZIENTS. I appreciate the opportunity to be here and discuss our shared objective, which is increasing the effectiveness, efficiency, and transparency of government. Today I want to address

[1] The prepared statement of Mr. Zients appears in the Appendix on page 37.

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my remarks to your questions about Federal agency use of performance information for decisionmaking and resource allocation.

As you said, the current fiscal challenge makes it even more important to maximize the effectiveness of every tax dollar we spend. We need to search continually for increasingly effective and efficient ways to get the job done.

To accomplish this, it is not enough for Federal agencies to produce performance information. The ultimate test of our performance management efforts is whether or not the information is actually used, not just by government agencies but also by Congress, the public, and our service delivery partners.

Across those 20 years, in the private sector as a CEO and an adviser to a CEO, I found that leadership measurement and a motivated workforce together create the foundation for good performance. I am confident after 3 months the same is true here in government.

It is my initial sense after the short period of time on the job that important ground work for governmentwide performance management has been laid by Congress and previous Administrations, including, as you said, the Clinton Administration's implementation of the Government Performance Results Act, and certain elements of the Bush Administration's implementation of the PART system.

But too much emphasis was placed historically on producing performance information for the purpose of complying with reporting requirements and too little attention paid to analyzing and acting on this information. It is time to pay far more attention to the use of Federal performance information as a powerful performance improvement tool for communicating priorities, progress, and raising issues, for illuminating what works and should be continued and what does not work that needs attention, for motivating the best from our workforce and our service delivery partners, and for allocating our scarce resources wisely.

The good news here is that many public and private organizations have developed successful models for increasing the use of performance information, and my intention here is to look for best practices or best examples of what is working in other governments, the private sector, and in our own Federal efforts, and apply these practices across the Federal Government.

The first step in taking on a challenge like this is putting the right leadership team in place, and I am pleased to announce a new member of my team, Shelley Metzenbaum, who is actually in Washington for her first day of work today. She is a leading expert in performance management with both a distinguished academic career and a wealth of government experience. She has authored numerous articles on practical, effective ways to use performance goals and measurement in government, and she has served in key leadership positions in past Administrations in the U.S. Environmental Protection Agency and in the State of Massachusetts.

Our performance management agenda is already moving forward. In this year's spring budget guidance, OMB Director Orszag asked all Federal agencies to identify a limited number of high-priority performance goals reflecting the near-term implementation priorities of each agency's senior managers. These goals commu-

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nicate the priority targets that each agency's leadership hopes to achieve across the next 12 to 24 months. And once this list is final—we will regularly review with agencies the progress they are making and the problems they are encountering and make any mid-course corrections.

We will expect each agency to reach beyond their own organizational boundaries to get feedback about priorities and strategies and to enlist expertise and assistance to reach their targets. Improving the performance of our Federal programs will require cooperation and contribution from many places. Ms. Metzenbaum and I will be leading an effort to develop an improved Federal performance management framework that aligns these high-priority performance goals with GPRA performance reporting in many of the program-level performance metrics that were developed as part of PART.

Our governmentwide performance measurement framework will be focused on outcomes, and it will allow comparisons across programs and agencies. It will also show trends across time. We will use new information technology to make this more feasible, less cumbersome to access, and, most importantly, to meet our ultimate goal of more use across the government.

In addition, the Administration is proposing significant investments in rigorous and independent program evaluations. We will integrate these efforts into this larger performance framework. I am confident we will develop a performance management framework that better serves the needs of agency managers as well as the public, and Congress' need for Federal performance transparency.

These steps will go a long way to helping us improve the effectiveness, efficiency, and transparency of government. This is a cornerstone of my agenda and one of my highest-priority performance goals.

I thank the Subcommittee, and you, Senator Carper, for your belief in improving Federal performance, and I look forward to working with you, with the other members of today's panels, with Federal employees across the Nation, and with our service delivery partners to accomplish this objective.

Mr. Chairman, I would be pleased to answer any questions you have.

Senator CARPER. Thanks very much, and I have several questions, once Ms. Steinhardt has completed her testimony.

Mr. ZIENTS. Thank you.

Senator CARPER. Thanks so much for your testimony and for being here today.

Ms. Steinhardt, you are recognized. Please proceed. Your entire statement will be made part of the record for both of you.

TESTIMONY OF BERNICE STEINHARDT,[1] DIRECTOR, STRATEGIC ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Ms. STEINHARDT. Thanks very much, Senator Carper, and I, too, appreciate the opportunity to be here today.

[1] The prepared statement of Ms. Steinhardt appears in the Appendix on page 40.

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Let me just say first that I was delighted to hear about Shelley Metzenbaum's joining your team. I think she will be a great addition, and we look forward to working with both of you.

Senator CARPER. How do you know her or how do you know of her?

Ms. STEINHARDT. She has been very involved in this area of performance information and management with information for a long time. She has written a lot about it. We have worked together in the past. We have relied on her expertise in doing our own work. So I think she will be enormously valuable here.

Senator CARPER. So a pretty good hire?

Ms. STEINHARDT. A very good hire. [Laughter.]

Senator CARPER. That is good to hear. Thank you.

Ms. STEINHARDT. Well done.

Last year, I was here to talk about the first part of the work that we undertook at your request, which, as you mentioned before, was based on a governmentwide survey of Federal managers. And as you said, Senator Carper, we found that while managers have a lot more information today than they did 10 years ago when we first started doing our surveys, there really has not been much progress over that period in the extent to which they use information to make decisions that could lead to better results.

So to try to figure out what is behind this, we focused the second part of our efforts on a review of management practices at the Department of the Interior and at FEMA, whose managers were relatively low users of performance information compared to other agencies. And at the same time, we also looked at the Centers for Medicare and Medicaid Services (CMS), because they seemed to have made a good bit of progress in using performance information over that period, and we wanted to understand what contributed to that improvement.

What we found was that a number of practices seemed to account for the difference between those places where performance information is widely used and those where it is not. These practices actually may seem obvious. They may seem like common sense. But, in fact, they are not always present, and when that is the case, it makes a big difference.

From our past work, we know that several practices are key, and I will mention just a couple here, and I think Mr. Zients has alluded to a couple of them as well.

First and foremost is the visible commitment of leadership to using and communicating that performance information and performance itself matters; and, second, having performance information that managers themselves find useful in doing their work.

CMS actually turned out to be a good example of how these practices have made a difference. Between 2000 and 2007, the percentage of CMS managers who said that their top leadership demonstrated a strong commitment to achieving results went from 46 to 69 percent—quite a big leap.

Senator CARPER. Say that one more time.

Ms. STEINHARDT. The percentage of managers who said that their top leadership demonstrated a strong commitment to using performance information was 49 percent in the year 2000, and it went up to 69 percent, so more than two-thirds of managers in

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2007 viewed their top leadership as being committed to using performance information.

Nearly all of the CMS officials that we met with credited this commitment, as well as other key practices, with helping to achieve better outcomes in the quality of care for nursing home patients, for one example, as well as in other critical areas.

By the same token, the absence of these practices had a lot to do with the situations we encountered at the Interior and at FEMA. At both agencies, only about a third of the managers surveyed felt that the agencies' top leadership demonstrated a strong commitment to achieving results.

In delving further, it was clear that managers in both agencies had a very strong commitment to their agencies' missions, but the level of commitment to using performance information varied greatly. One official in FEMA, for example, told us that he did not need performance information; he just relied on conversations with people to know whether or not things were running well.

At Interior, we found that while the agency was collecting a lot of performance information, leadership was not effectively communicating to its managers how, if at all, they were using that information to achieve better results. Several Park Service managers that we talked to referred to the reporting process as "feeding the beast" because they got little or no feedback in response to the information that they fed upward. And so they assumed that no one in authority reacted to or acted on the information, and it was not always useful to the managers themselves either.

At the same time, though, we found that both Interior and FEMA had pockets of good practices, places in the agencies, whether in different directorates or locations, where things were going well. And so our report to you includes several recommendations to the agencies that are intended to build upon these good practices.

More widespread adoption of these key management practices is, of course, an important step to building a more results-oriented and collaborative culture in the Federal Government. But beyond this, both the President and the Congress can play vital roles in setting the tone at the top and communicating to agency leaders that performance matters.

Given its vantage point, OMB can play a role in sharing leading practices among agencies and helping those that may need support to adopt them. But, importantly, OMB can also help support collaboration among agencies to achieve results in a number of areas like ensuring the safety of the food supply or combating terrorism, any number of the challenges that you mentioned at the outset, Senator Carper, where actions are required that go beyond the mission of any single agency. So, in this respect, we have long supported the idea of a governmentwide strategic plan and an annual performance plan that is supported by a system of key national indicators, which together could provide important tools for integrating efforts across agencies to address the challenging issues that continue to face our Nation in the 21st Century.

So, with that, I will wrap up my statement and offer my thanks for your time and concern about these issues. And, of course, I would be happy to answer any questions.

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Senator CARPER. Good. Thanks so much. Thank you so much for being here and for your testimony. A special thanks to GAO for your responsiveness to the request that Senator Coburn and I asked a couple of years ago for your help on this, so thank you.

I am told by Wendy Anderson, who is sitting here behind me, my senior staff person on the Subcommittee, that you have mentioned a nursing home example of how managers in performance information were well utilized. I am going to ask you to take a minute and tell us that story.

Before I do, I just want to mention, when I think of using performance information, I go back in time a little bit. As Governor of Delaware, we decided, along with most other governors in most other States, to establish vigorous academic standards about 15 years ago in math, science, English, and social studies. We began trying to measure objectively student progress toward those standards to show what they knew and understood in math, science, English, social studies, and other subjects.

Then we decided how to use that information to improve performance, to incentivize students and faculties, teachers, principals, and superintendents, how to hold folks accountable, including students, schools, school districts, and teachers.

I probably have been to just about every public school in Delaware—there are several hundred—and I still go into them as often as I can, every week or two. I try to go into the schools where they have done a good job of being a so-so school in terms of scoring well and showing progress with respect to academic standards. And I find that the schools that usually make the most progress are schools that focus on the objective performance of students on our annual tests, and soon they will be more frequent. But it is the schools where the leadership of the school—the principal, the assistant principal—are able to convince their faculties to drill down on the information, the performance information, and to act on that performance information.

It comes from the top. You are right about that. It comes from the top. And when you get the faculty members, the teachers, to sort of take ownership of that and believe in that, just amazing things happen in terms of student performance.

Believe it or not—here in Congress—one of the things I love to do is every 2 years, right after the election, we have orientation for new Senators. It was an idea that Senators Voinovich, Alexander, and Mark Pryor of Arkansas came up with about 4 or 5 years ago. And we always had for years orientation for new Senators and spouses. We call it orientation for new governors and spouses that the National Governors Association holds. We never had that kind of thing for Senators, at least not that I knew of. So we took the National Governors Association idea, brought it to the U.S. Senate, starting in 2004. One of our first students was Barack Obama. He has done quite well. [Laughter.]

But one of the things at the orientation for new Senators, we started to teach the new Senators all the things we had done wrong so they will not make the same mistakes that we made as new people or as older people in our jobs.

One of the things I shared with them is how we measure performance in my office—not in every way, but in a couple of ways.

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A lot of people focus on a Senator's job and they think it is what they do in Washington. It is the amendments that we introduce, the bills we vote on and so forth, the legislation we write. That is all important. But a big part of what we do at home is help people. We literally help people. I hosted a family for lunch yesterday. They had won an auction to have lunch with their Senator and help the YMCA back home for a donation. And the kid said—these are kids like 6, 8, and 10. He said, "What do you do, anyway?" And I told him my job is to help make the rules for our country, and we call them laws, and like they have rules at school, rules at home. I said, "We have rules for our country, call them laws, I get to help make those with Barack Obama and Joe Biden and other people." They were pretty impressed. They wanted my autograph. And they said, "Barack Obama, do you know him?" I said, "I have met him."

But a big part of what we do at home is we literally help—dozens of people call us every day with all kinds of problems—relatives in Iraq, relatives in Afghanistan, folks who are being pinged by the IRS for no good reason, Social Security problems, Medicare problems, veterans issues, all kinds of stuff. And we actually have helped thousands, probably 16,000 people in the last 8 years.

Anyway, at the beginning of every month, we send out a customer satisfaction survey to the people, a representative sample of folks we served the previous month. And we asked them to evaluate our service—excellent, good, fair, or poor. And if they come back anything less than excellent or good, we call them on the phone and say, "Why were we fair?" Or "Why were we poor? What could we have done differently?" I think over the last several years we were, I think, about 98 percent excellent or good, so we are very proud of that. And it is great feedback for the folks who work on my staff in—we call it "constituent service."

The other thing we do is we measure mail. We used to get a lot of mail here. Now we get a lot of e-mails. We get faxes, we get phone calls. But with health care and some other issues, climate change legislation, we get thousands of e-mails, letters, and calls a week. And for a little State like Delaware, that is a lot.

But we track the mail, who is writing what issues, and we track timeliness of responses, turn-around times and how long it has been for a response. We are not perfect, but we are very proud of the way we do that. But we actually measure that performance. I get a report every other week, and I review that with my staff and meet every week with my legislative correspondents by phone so they know this is important stuff.

The idea is it starts from the top, and we emphasize how important it is, and it seems to work.

Let me ask you to share with us that nursing home example of how managers used performance information well, if you just could start off with that.

Ms. STEINHARDT. Well, first, I would really like to comment on your stories because I think they are outstanding examples of how that visible concern, that visible commitment to performance, really makes a huge difference. And I think the fact that you made appearances at the schools—it was not only what the principals did, but that you showed up, and as governor you showed that you

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cared, I am sure that made a difference in how everyone at the schools felt about it. So, yes, leadership really does matter.

In the case of CMS, I think the example that you referred to is one that we talk about in our report, and it is one that we found very compelling. CMS is an agency that is responsible for overseeing the quality of nursing home care, but it does it indirectly. It is obviously at the nursing home level where patient care is really affected.

CMS, in one particular region, started collecting information about dimensions of quality of care, including the incidence of pressure ulcers or bedsores. And they started sharing that information with nursing home operators, with the State survey teams, and others who did have the ability to affect the outcomes. And just the availability of the performance information, the regular attention and monitoring of that information eventually led to a decline in the incidence of bedsores within the region by a considerable amount. Over 2,000 to about 2,400 fewer patients experienced pressure ulcers as a result of the attention that they were paying.

Senator CARPER. That is a good story. Thank you.

Ms. STEINHARDT. Yes, and it is real. It is personal.

Senator CARPER. Mr. Zients, given your background in this issue, could you just share with us some insights as to why the overall use of performance information among Federal managers has not significantly increased, I think, over the last 15 or so years? And what strategies do you think are necessary to support our governmentwide transformation to a more results-oriented and collaborative culture?

Mr. ZIENTS. Well, first of all, I think that, like you, it is in my DNA. So as I come in from the private sector, I come with that same mind-set that you have, that you are operating with each day. I have been surprised by the lack of attention to performance, prioritization, and focus starting at the top historically. And I do think it starts at the top. It has to cascade through the organization, but if the senior-most folks are focused on the right performance goals and metrics and are relentlessly tracking them the way you do weekly, then that cascades through the organization. And, unfortunately, if they are not, then it does not happen.

I think we are off to a good start on this front. I chair a group called the President's Management Council, which is comprised of deputy secretaries across all major agencies. And when you think about how busy secretaries are with their external-facing responsibilities, the deputies tend to be the point people for performance. And I am very impressed by the talent around the table and the commitment at that table to focus on a handful of performance goals.

We asked, as in our spring guidance as part of the fiscal year 2011 budget, for each agency to identify a handful of high-priority goals, and I think overall with some variability, the agencies, deputy secretaries, and secretaries did a very good job.

Now, as those goals get finalized and incorporated appropriately into the budget process, we need to make sure that we set up the systems to review progress against those goals, spot problems early, and also reward successes, like your nursing home story, and your improper payment work, as they emerge.

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I think we are off to a good start. It has to be done at a senior level. It has to be focused. There cannot be too many goals. As we move from goals to tracking and metrics, we need to make sure that those metrics are outcomes based. As stated earlier, we need to make sure we have the capabilities to go across program and even across agency in that a lot of our issues or problems or opportunities are not siloed or they do not reside just within a silo or an agency, or a program for that matter.

As we begin to look at what has happened historically, we need to be careful not to throw it all out the window, because there is a lot of good stuff. And we need to at the same time make it more usable, and I think the way we do that is to leverage information technology and bring together the GPRA reporting with the pieces of PART that we want to keep and integrate that with the high-priority performance goal, and as we cascade down the organization, make sure that we have information that is outcomes based, that is usable, and that we track.

I am optimistic. There is a lot of good stuff in place. The foundation has been laid. Now we have the challenge of raising the importance of it, which I think the President has done by making it a high priority. As the first Chief Performance Officer, it is a high priority for me. And as I see the deputies dig into their new jobs, it is clearly front and center for them. So I am optimistic that those statistics will continue to improve across time and, most importantly, we will have better outcomes for the American people.

Senator CARPER. You mentioned the President. In a State, the chief executive, of course, is the governor, and in our State housing had not gotten a lot of attention. And we decided that we were going to provide more attention, not just talk about it but to make the director of the State Housing Authority a member of my Cabinet and to provide Cabinet status to say this is important. And it is amazing what we did in terms of improving quality of homes, homeownership, and just ensuring that people had a decent place to live, and also helped move people from dependency, living in subsidized housing, to becoming homeowners and moving out on their own. But it starts with a lot of things. It starts at the top. The designation in a senior position in this Administration for a Chief Performance Officer is, I think, a very good signal.

Ms. Steinhardt, if I could go back to you, GAO has been monitoring agencies' use of performance information, I think, for maybe more than a decade. Let me just ask, should OMB be doing this type of monitoring? And if so, how do you think they might go about it?

Ms. STEINHARDT. I think OMB should be doing this kind of monitoring as a matter of fact. I think it is appropriate to the extent that they want to keep track of how agency managers are using information, it would be worthwhile for them to have the information.

We now share it. We have been doing this survey every 4 years for the last decade or so, but I think as a regular part of OMB's responsibilities, it would make sense for them to assume that kind of oversight function.

Senator CARPER. From the work that you have done at GAO, could you provide us maybe with an example or two of how an

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agency was able to bring about better outcomes through the use of performance information? You gave us one great example, the nursing home. Anything else that comes to mind?

Ms. STEINHARDT. I wish that there were a huge long list of these examples, but I will just mention another one that we have observed in our experience. The National Highway Traffic Safety Administration, a very interesting agency, collects information on trends in safety across the country, and they have been looking at data, monitoring data on highway fatalities. And through this regular monitoring and through evaluations, they realized that seat belt usage was a major factor in reducing the incidence of highway fatalities.

Now, the National Highway Traffic Safety Administration (NHTSA), does not run anything. They provide grants to States. It obviously states that control—that set traffic laws and regulations. But in their grants to States, they share this information with States. They initiated this click-it or ticket program to encourage States to enforce seat belt usage. And with that, the incidence of fatalities, highway traffic fatalities and injuries fell quite a lot.

So I think just having information, sharing the information, staying on top of it, we have seen some really clear and very credible kinds of results.

Senator CARPER. I will not get into it, but that is an example that for me comes very close to home. Thank you.

Mr. Zients, if I could, another question for you. OMB has signaled that it intends to replace PART with a new performance information and analysis framework. What do you think that new framework will look like? How might it promote the use of performance information by managers? And, third, how will the new framework incorporate the perspectives of the Congress and other stakeholders on what areas of performance need to be reviewed?

Just take those one at a time, if you want. What will the new framework look like?

Mr. ZIENTS. Let me start with the role of OMB and, I think, agreeing with what you said. At the same time, I think that historically—certainly the last 8 years or so—OMB has played the role of a compliance officer rather than a teacher or a facilitator or a hub of best practice sharing. And I think given how big this government is and how talented our Federal workforce is and our manager ranks are, I think we need to move from compliance to teaching and sharing to really achieve what I think all of us agree.

So I think there is a transition for OMB. Not to say that there is not some role for reviewing and prodding, if you will, but I think that in order to create usefulness, we need to make that transition.

Part of that is the Performance Improvement Council (PIC), and it is a group that is made up of senior folks from agencies who are the accountable executives, on performance. That body came together, I believe, a couple of years ago and is getting real traction, and we have asked that group to work on exactly the question that you ask, which is: What do we do with PART? What do we do with GPRA? How do we integrate? How do we make this more usable? And I think that means we need to be more focused than we have been. There are too many metrics out there. So we have to figure out which metrics matter.

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We need to make sure that those metrics are actually outcomes-based metrics and not just process or input metrics. We need to make sure that there are good tracking systems for those and review systems for those and good education systems because this is new. And we need to make sure that we are training and educating through the PIC and other bodies.

So I think it needs to be a collaborative effort, and certainly we want to involve you and your staff in helping us think through how is it most useful to you, and ultimately this needs to come together and matter to Congress and to the American people and be transparent and available for all, and I think also be tied to the budget process to show that performance matters and that we are going to fund programs that work and we are either going to fix or not fund programs that do not.

Senator CARPER. Thank you. A couple more questions for Ms. Steinhardt, if I could.

We were just talking about how the Obama Administration has indicated that it intends to replace PART with a new performance improvement and analysis framework. What do you think OMB can do to make the successor to PART more relevant and useful to Congress and to agency managers? We have heard from Mr. Zients on what the plans are, but if you could just let us know, what do you think OMB can do to make the successor to PART more relevant, maybe more useful, and not just to Congress but also to agency managers?

Ms. STEINHARDT. Well, first, I think one of the lessons we learned from our assessments at GAO of the PART process was that it was too broad, and it really would have benefited from a greater focus on priority areas. And I think that is what Mr. Zients has outlined here as the direction that OMB is taking. I think that is a constructive and hopefully effective approach. Rather than trying to look at everything, I think PART assessed a thousand programs. Focusing on priority areas should be very helpful.

I think certainly consulting with Congress in that process would be very important and valuable. It was something that did not work very well during the PART process, and we have an opportunity now to do better.

I think in terms of making information more useful or helping to support agency managers, I think what Mr. Zients has outlined as a kind of coaching, supportive approach to sharing information and good practices is also very important. We found in our past work that training in using performance information has actually been the factor that is singly most important in effecting use of performance information. So whatever OMB can do there to help promote good practices, to help support those agencies where it seems to be missing, and also to share what they learn from agencies where it is working well, those could be very valuable, I think, for going forward.

Senator CARPER. Before I ask one more question of you, Mr. Zients, do you want to respond at all to anything that Ms. Steinhardt has said?

Mr. ZIENTS. No. I read the report, there was not a single place where I paused and said, "Hmm." It all felt exactly on point, and I do not think there is any disagreement around what needs to be

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done here. It is about us putting our heads down and getting it done.

I do think the training component is important. I was reminded of it last night. My oldest of four is 14, and to date, I have been OK at helping her with her math homework. She needs to go to her Mom for other stuff. But now she is into geometry, and I think she was not only disappointed but did not quite believe me that I could not do it. And then, if you go back and actually read it, geometry comes back to you, but, other math sort of sticks with you because you use it every day.

There is a component here in that all of this stuff, when you see the right metrics, you say, yes, that is pretty obvious. But it is not a natural exercise, and we do need to sort of remind people of their geometry or teach their geometry. And once we do that and we have lots of folks who are capable of teasing out these right metrics and coming up with the right systems to do that relentless pursuit and review that you described, I think it will catch. We will hit a tipping point. But we need to do some training and education to ensure that happens.

Senator CARPER. I was watching, and when you talked about your 14-year-old and hitting the point where homework, the math homework and geometry or advanced algebra or whatever, I saw some nodding heads. [Laughter.]

Mr. ZIENTS. It is the least of my issues with my 14-year-old, but a lot of this I will not be able to relearn.

Senator CARPER. Thanks for sharing that one with us.

GAO has previously recommended that OMB should work with agencies to ensure they are making adequate investments in training on performance planning and measurements, with a particular emphasis on how to use performance information to improve program performance.

But, again, you have covered this a little bit already, at least indirectly, but just talk with us again about what steps OMB has taken or what steps will you take to address this recommendation from GAO.

GAO has previously recommended that OMB should work with agencies to ensure they are making adequate investments in training on performance planning and measurement, with a particular emphasis on how to use performance information to improve program performance. Would you respond to that in part?

Mr. ZIENTS. I will cover some ground that we have already talked about. One is making sure that the deputies understand the importance of this, and so that when they are going through their budget allocation exercise, they are doing that consistent with their high-priority performance goals, but also preserving money for training and education across the board and on this specific topic.

I think the Performance Improvement Council is a great vehicle here. It is meeting monthly. I am the chair of that council, and Ms. Metzenbaum will be dedicating a lot of time and energy to the meetings and to working sessions in between. So I think that it is the focus at the senior levels. It is the commitment to training. I think OMB can play a part here by putting our energy toward training and education and sharing best practices, and I think recognition here is very important, too, in that we need to make sure

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that we are celebrating the successes. There are a lot of successes, and we need to make sure that we spend appropriate time celebrating those.

Senator CARPER. Good. And one last question, if I could, Ms. Steinhardt, for you. You were good enough to give us an example or two from agencies in terms of performance. Do you have any examples in which Congress has articulated performance expectations in its oversight capacity and followed up with agencies to assess their progress toward meeting those expectations?

Ms. STEINHARDT. Actually, there are probably many more examples than come to mind. But Congress has been very influential in affecting performance. Improper payments, the example you gave earlier, I think is one very vivid example of where setting a target or directing agencies to first understand where they are and then set targets for reducing it has made a very important difference.

Another example that comes to mind has to do with the IRS. In the IRS Restructuring Act in 1998, among other things, Congress directed that IRS increase electronic filing. And it set a target in the legislation that by the year 2007 some 80 percent of tax returns would be filed electronically. And that has enormous implications for service to the taxpayer. For one thing, electronic filing could get taxpayers their refunds much more quickly. And it would reduce costs of processing enormously.

And through setting the target and then overseeing IRS' efforts along the way, that target has not been completely met, but I think now it is around 72 percent of tax returns are filed electronically. So we have made enormous progress through that direction that Congress set in statute.

Senator CARPER. Mr. Zients.

Mr. ZIENTS. I just thought I would add one, because I think there are many, and that is security clearance reform. Senator Akaka and Senator Voinovich held a hearing a couple weeks ago, and I am chair of the task force, and it is an honor to be part of such an important problem, but it is also nice to enter at a point where so much progress has been made. A stake was put in the ground as to progress across a period of time, and that group is on track. So, again, I think it is the power of setting a goal and the relentless pursuit of that goal.

Senator CARPER. Well, good. With that, let me just close by saying I know you all have a lot on your plates. We very much appreciate the preparation that you put into coming here today and your commitment to making sure that at a time when we are facing enormous challenges, and a lot of them budgetary and fiscal in nature, that there is a real focus that comes in from the top, and we have GAO to make sure that we get some help and good advice and counsel in addressing these matters.

I am told by my staff that we have some legislative ideas on a lot of what we have discussed here today, and let me just say we look forward to working both with GAO and with OMB on those in the weeks to come.

Thank you very much. Keep up the good work. Everything I do I know I can do better. And, frankly, the same is true with almost everything we do in government and outside of government. And our job and our challenge is to make sure we do it better.

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Thank you.

Ms. STEINHARDT. Thank you.

Mr. ZIENTS. Thank you.

Senator CARPER. And with that I am going to ask our second panel to come forward and join us at the witness table, please.

Good morning, everyone. It is great to see you. Thanks so much for joining us. I see Mr. Fugate, our FEMA Administrator, often. He has only been in the job a short while, but I see him a lot. But I do not get to see the rest of you quite that often, so we are delighted that you are here.

I am going to provide a short introduction on each of you, but before I introduce our witnesses, I want to take a moment to thank you for appearing, but I think it is also impressive that you have not only been invited but you have shown up, and that the commitment of agency heads and senior leaders to results-oriented management is critical, which we heard from our first panel, critical to increased use of performance information for policy and program decisions. If it is not a priority at the top, it will not be a priority down the line. And that you are here is, I think, a testimony to your commitment, and for that we are grateful.

I am going to start from my left, in introducing Craig Fugate. Mr. Fugate began serving in the position of Administrator of the Federal Emergency Management Agency in May 2009. It has only been about 4 or 5 months. It probably seems like 4 or 5 years. But you are holding up well. We are glad that you have joined us today.

Prior to coming to FEMA, Mr. Fugate served as Director of the Florida Division of Emergency Management. If there is any way to learn about emergency management, that is a good State in which to get your training. In that role, I think since 2001, he managed 138 full-time staff and a budget of $745 million. His agency coordinated disaster response, recovery, preparedness, and mitigation efforts with each of the State's 67 counties and local governments. I come from a State with three counties, and some of my colleagues say that during the course of a year they will visit or every 2 years they try to visit all their counties.

But in 2004, Mr. Fugate successfully managed the largest Federal disaster response in Florida history as four major hurricanes impacted his State in quick succession. Homeland Security Secretary Napolitano has called Mr. Fugate one of the most experienced emergency managers in the country, and he is. We are lucky to have him in this post.

Rhea Suh, thank you so much for joining us. I understand you were sworn into office as the Assistant Secretary for Policy, Management, and Budget at the Department of the Interior in May, working with one of my old compadres from the Senate, Ken Salazar. I mentioned that Senator-elect Obama and his wife, Michelle, were in our very first orientation class for new Senators and spouses, and the only other Democrat in that class was Ken Salazar. So we have two who graduated, and one has gone on to be President and the other, Secretary of the Interior, where he works with you.

But in your role at the Interior, you oversee, I am told the financial, administrative, and programmatic policy for the Department, including budget formulation, implementation, and accountability.

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Prior to this, I believe you served as a program officer at the David and Lucile Packard Foundation—that is a big foundation; that is a big job—where you managed a $200 million, 6-year initiative designed to build ecological integrity and resilience in key land and watersheds in western North America. Our thanks to you and the foundation for that work.

From 1998 to 2007, Ms. Suh was a program officer at the William and Flora Hewlett Foundation, where she managed the foundation's portfolio of grants designed to protect the ecosystems of the western part of North America.

And during the Clinton Administration, I believe you served as a senior legislative assistant on the staff of Senator Ben Nighthorse Campbell, a Native American, a former Olympian, I think, as I recall, and one of my colleagues. He and I used to work out together in the House gym, and he is an old compadre. It is nice to know you have worked with Senator Nighthorse Campbell.

Michelle Snyder, Acting Deputy Administrator and the Deputy Chief Operating Officer for the Centers for Medicare and Medicaid Services (CMS). With the Acting Administrator, she oversees daily operations and a staff of over 4,000 people. A big operation. Formerly, I believe you were CMS's Director of the Office of Financial Management and the agency's first Chief Financial Officer. Is that right?

Ms. SNYDER. That is right.

Senator CARPER. Under your leadership, CMS achieved its first clean audit opinion and developed its first comprehensive strategic plan on program integrity. During that time, she also oversaw one of CMS's most significant efforts involving the integration of its financial and accounting systems to better manage Medicare trust fund. Thank you for joining us. Thanks for your work.

Dr. Paul Posner is Director of the Public Administration Graduate School at George Mason University. Prior to his current position, I understand that he directed the Federal budget work of the General Accounting Office for 14 years. Did you know anybody on our first panel?

Mr. POSNER. A few of them, yes.

Senator CARPER. I understand you are also the President of the American Society for Public Administration and a fellow of the National Academy of Public Administration. Dr. Posner, I understand you cut short an important California trip in order to be with us today, and we greatly appreciate that. We look forward to your testimony.

With those introductions under our belts, Administrator Fugate, would you please proceed? Again, I would ask that you try to keep your comments to 5 minutes.

Mr. Fugate, thanks again for your testimony. Let me again mention your entire testimonies will be made part of the record, so feel free to summarize as you see fit. Thank you. Please proceed.

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TESTIMONY OF W. CRAIG FUGATE,[1] ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. FUGATE. Well, good morning, and thank you, Chairman Carper.

When we talk about management performance, FEMA usually does not come to mind as one of the leading examples on how to do it right.

Senator CARPER. You are probably right. That is a understatement.

Mr. FUGATE. But I also think there is a double edge to this. There is also the tendency—when we are asked to measure things, the natural tendency is to measure things that are easy to measure. That does not actually mean they change an outcome.

I think that part of our challenge is defining what outcomes we are trying to achieve and then identifying the processes that will get us to that outcome. Just because it may be easy to measure does not necessarily lead to a successful outcome.

It is our challenge at FEMA, as we look at how do we define what an outcome is and then make sure that we have the processes and procedures to support that outcome, to achieve what we are trying to achieve on behalf of the governors that we support in a disaster. What is it and how are we going to measure it? And, more importantly, how do we hold managers accountable to that performance?

As we were discussing earlier, you cannot fix what you do not measure. You do not know where you are going if you don't have a destination. And without some way to tell how fast the speedometer is going, you do not know when you are going to get there.

So part of this comes back to, as we look at what we are doing at FEMA, is to make sure that we understand from the top down we have to be accountable as to the leadership for those outcomes. We have to be accountable that if we accept and state that these are going to be our performance measures, that we actually pay attention to it, and we look at what our performance is, we look at what the root issues are if we are not achieving that performance, and we take action. We do not wait for other folks to come in and tell us we need to improve. We self-improve ourselves, and we have to build the tools to do that.

Secretary Napolitano and I are committed to defining these outcomes, providing these measures, and holding ourselves and our team accountable to achieving that improvement process. Mr. Chairman, to give you an example—I have several, but one which you are very familiar with. In the Post-Katrina Emergency Management Reform Act, we were defining a national housing strategy. Well, if you read the national housing strategy, it talks about process.

I came back and asked the team, I said, "Well, I want to give you a number. Can you provide, and how would you provide, housing in a disaster for half a million families within 60 days of an event occurring?"

[1] The prepared statement of Mr. Fugate appears in the Appendix on page 63.

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That challenged that strategy because it was not based upon an outcome; it was based upon describing process.

How can we know we are getting close to or have built the tools to get us where we needed to be based upon the disasters we face if all we are doing is talking about a process and a strategy?

And so these are the steps we are taking, and sometimes, as you say, and has been presented, sometimes the things we try to measure may not necessarily be what the outcome is, and that is where we are trying to go.

The other part of this is to provide tools so that we have that dashboard approach, so we can look at things and see where we are and are we getting performance measures.

I want to talk about something else that I think is very dear to you, Mr. Chairman. Coming up in October, we will be remembering the losses in this country, the line-of-duty deaths of firefighters and emergency medical personnel. You know what one of the leading causes of deaths in this country for these folks, line-of-duty deaths is? Going to and coming back from the emergency itself.

I sat down with Chief Cochran. I said that we are collecting this data, but where is our emphasis on changing this? We have programs in place. We are putting emphasis on this. But we need to do more than just talk about dying and getting severely injured going to and coming from an emergency being unacceptable to how do we put some measures on that. Are our programs effective? So rather than just reporting out how many line-of-duty deaths are traffic crashes and how many injuries are traffic crashes, we want to look at what our data has been for the last couple years and say let us cut it in half. Now let us start driving our programs so we get an outcome that saves lives.

You should not have deaths responding to and coming back from emergencies. Everybody should go home after the emergency. But if we just talk about how we measure the numbers but we do not say we need to reduce the numbers and now drive our programs to achieve that, we will continue to report line-of-duty deaths without a change in outcome.

Thank you, Mr. Chairman.

Senator CARPER. Thank you very much. Just coming out of our markup over in the Finance Committee on health care reform, there was a lot of discussion about defensive medicine and what we might want to do to reduce the incidence of defense medicine and improve the quality of health care outcomes and maybe reduce the frequency of litigation and medical malpractice. And what I think we are going to probably end up doing is really directing a series of robust demonstration projects in States using different approaches—health courts, safe harbors—a certification process. Let us say Dr. Posner is an actual medical doctor, he is my doctor, and he takes off the wrong leg in a procedure, and I want to sue him. In my State now, before I can do that, I have to go before a panel of people who are trained experts and say, "This is my case. What do you think?" And if they do not think I have a case, I do not make the case in court. So that would be an approach where—some States have caps on medical malpractice, non-economic damages, and so we will test a couple of those as well.

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The idea is to see what is working in different States to robustly test them, analyze the results, and then hopefully encourage States to do more of what works and less of what does not.

Ms. Suh, you may proceed.

TESTIMONY OF RHEA S. SUH,[1] ASSISTANT SECRETARY FOR POLICY, MANAGEMENT, AND BUDGET, U.S. DEPARTMENT OF THE INTERIOR

Ms. SUH. Mr. Chairman, thank you. I sincerely appreciate the opportunity to appear before you today to talk about the management issues at the Department of the Interior. As we said earlier, in the interest of time, I will be submitting my full testimony for the record, and I will summarize my remarks briefly.

One of my highest priorities as Assistant Secretary for Policy, Management, and Budget at the Department of the Interior is a rigorous and renewed focus on management. Effective management begins with a clear articulation of a success for the organization. If you do not know where you are going, any road is going to take you there.

Senator CARPER. Did you guys collaborate on the testimony? [Laughter.]

That was pretty good.

Ms. SUH. So we are communicating very clearly with employees about the direction that the Department is taking, and we are building in performance information that holds them accountable for the achievement of these goals. But doing that well is not easy. Let me give you a few examples of the challenges and tell you how we are beginning to address these challenges. For these purposes, let us consider our national parks and the issue of restoration.

First, performance information has to be specific enough for implementation, so for restoration purposes, we need information about restoration for every national park. Each national park is unique. We have 391 units of them. So collecting individual park information is critical. It is relevant to managers, and it allows us to hold them accountable and to set goals for what we can achieve. And yet performance information must also aggregate so that we can make agency-level decisions.

Because there are 391 national park units, we must be able to pull the information up about restoration across these parks so that we know what is going on with the entire system. We are doing that by creating common measures that can be aggregated. But we must also be able to communicate about and assess what we are doing beyond just the national parks. We are, after all, a large and fairly complex agency of 70,000 people organized within nine different bureaus. We want all of our employees to know that what they do fits into a larger priority set within the Department.

National Parks Service employees who work on restoration need to know why their work makes sense in the larger ambitions and mission of the agency. We are thus developing a framework that pulls together the vision for the entire Department.

All of these challenges are really why we are revising the current existing strategic plan to reflect Secretary Salazar's new vision and

[1] The prepared statement of Ms. Suh appears in the Appendix on page 71.

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to provide a streamlined framework that embodies our existing functions. This framework will enable us to create a feedback loop that links policy, human resources, and financial information at the resource level up to the Department level and back down.

Specifically, we will refine and refocus our existing performance benchmarks to ensure that we are not only measuring the things that are meaningful, but that the emphasis is less on compliance and more on performance. We will use these measures both as a mechanism to prioritize resources, expanding the link between performance and resource allocations as well as the tool to establish individual responsibility and accountability associated with these goals.

We deeply appreciate your interest in performance management and very much support the need to expand the effective use of performance management data. The GAO report was very helpful to us, and as I have described, we are implementing many of its recommendations.

Secretary Salazar, has established a new and very high bar of accountability for the Department. We take this quite seriously, and our renewed effort in expanding the meaningful use of performance measures is one of the most important tools, I believe, in meeting these high standards and in successfully accomplishing our critical resource protection and management goals.

Mr. Chairman, that concludes my statement. Obviously, I would be pleased to answer any questions that you have.

Senator CARPER. I will just ask one quick one before I turn to Ms. Snyder. There are 391 national parks or units of national parks in all across the country. Are there any States that do not have a national park?

Ms. SUH. There are no States that do not have a national park unit.

Senator CARPER. The answer is there is one. The first State to ratify the Constitution, the First State has no national park, and Ken Salazar was in our State earlier this year to announce that probably next year—you know the saying in the Bible, the first shall be last, the last shall be first. Well, the First State will become next year the last State to host a national park.

Ken Burns, the documentary film maker of great renown, has completed a new film series. It is going to debut very soon, if it has not already, on national public TV, and it is called "America's Best Idea: The National Park." He grew up in Delaware. And maybe we will have a sequel to that.

Ms. SUH. I stand corrected. Thank you, sir.

Senator CARPER. You bet. Ms. Snyder, welcome.

TESTIMONY OF MICHELLE SNYDER,[1] ACTING DEPUTY ADMINISTRATOR AND DEPUTY CHIEF OPERATING OFFICER, CENTERS FOR MEDICARE AND MEDICAID SERVICES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. SNYDER. Good morning, Mr. Chairman. It is an honor and a pleasure to be here today to discuss with you CMS's efforts to increase the use of performance information within the agency.

[1] The prepared statement of Ms. Snyder appears in the Appendix on page 74.

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In total, as CMS outlays about $700 billion a year on health care expenditures, which is one of the largest categories of Federal Government spending. The Administration, the Congress, beneficiaries, and taxpayers clearly expect CMS to be accountable for the efficient and effective administration of the oversight of the Medicare, Medicaid, and Children's Health Insurance programs. We take this role very seriously because we know that this oversight impacts over 98 million lives in this country. And our experience shows just how important it has been, and continues to be, to use performance information in the evaluation and running of those programs.

When I talk about performance information, I really mean the data that is used by CMS to measure our progress towards the Department and agency goals that lead to the improvement of programmatic oversight, better quality of care for our beneficiaries, and more effective management of staff and resources.

As you heard previously from GAO, CMS has made great strides in the use of data to assist in making key agency decisions. However, we also hear your charge that no matter how well we have been doing, we can always do better.

One area that we focused on is appropriate oversight of our programs. An example is the CFO audit that CMS undergoes annually. In early audits, we were unable to provide sufficient documentation to support the amounts reported in our financial statements.

We worked hard to fix that by putting plans in place to improve the collection of financial data, and we tracked our progress in strengthening our internal financial controls and addressing material weaknesses. Today a detailed corrective action plan is developed, monitored, and implemented for each finding in the CFO audit. This tracking has led to clean opinion audit ratings for each of the last 10 fiscal years, and a reduction in the number of material weaknesses that have, therefore, strengthened our financial oversight of the Medicare program.

Performance information is also integral to achieving our vision of a transformed and modernized health care system and instrumental in improving the quality of health care for those 98 million Medicare, Medicaid, and CHIP beneficiaries that I mentioned. For instance, two CMS quality initiatives that rely on performance information include the Nursing Home Compare website that enables consumers, providers, States, and researchers to compare information on nursing homes in particular geographic areas.

Many nursing homes have also made significant improvements in the care provided to residents, recording a decrease in the use of restraints and number of beneficiaries suffering pressure ulcers in nursing homes.

And one other website I would like to mention is——

Senator CARPER. This sounds familiar.

Ms. SNYDER. It sounds familiar. And the Hospital Compare website, which also includes public reporting and comparisons of hospital performance information. We have seen improvement in the results of the hospitals, including a decrease in the percentage of surgical patients receiving incorrect surgical care and antibiotics, which in turn reduces mortality, morbidity, and rehospitalization rates.

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We continue to plan to build on these quality initiatives. Performance measurement is essential for health care providers to learn where they stand, and public reporting can be a powerful catalyst for improvement.

Finally, I would just like to say that CMS has developed a series of strategies to utilize performance information to improve the efficiency and management of our staff. A key strategy is implementing performance plan evaluations for all CMS employees. These plans are developed with clear measurable and observable standards. Initially, and intentionally, the performance measures selected fit under and link with HHS and CMS goals. This cascading of goals, as we call it, allows CMS to align each employee's work with our overall objectives. Through better use of performance information, we also plan to provide even more data tools to employees in their decisionmaking.

This early work that we put in place is bearing fruit. We have been recognized for our improvements, but we do want to continue to evaluate and monitor our progress and improve on what we are doing.

One example where we are also using the performance measures, which I think is something that is very important to folks in this room, is implementation of the Recovery Act at CMS. We are building on what we have learned in other parts of the agency in terms of project and performance management experience. We have designed a project management officer to manage and monitor implementation and ensure that the Department has information timely to work with us in implementing this key legislation.

In addition, we are employing a tool which we call the Priority Project Tracker (PPT), that is giving us enhanced capability to look at dependencies across our projects and components and ensure timely information is made available to senior leadership in the agency.

We look forward to working with you to make sure that performance information is available to ensure operational risks are immediately identified, employees are held accountable for meeting the agency's goal, and our overall performance is easily measured.

Thank you for allowing me to share how CMS uses performance information, and I look forward to answering any questions you may have.

Senator CARPER. Thank you so much.

When we go into the questions—I will just give you a heads up. You mentioned the stimulus package. One of the issues of great interest to us, particularly as we approach health care reform legislation, is the money that is in the package, $20 billion for health IT, the implementation of health IT. I might be asking you just to share some thoughts with us as to how we are doing in terms of getting that money out there and putting it to work.

Dr. Posner, again, thanks so much. We are delighted. Again, we appreciate your being willing to change your own schedule to be here, and we are deeply grateful. Thank you.

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TESTIMONY OF PAUL L. POSNER,[1] DIRECTOR, PUBLIC ADMINISTRATION PROGRAM, DEPARTMENT OF PUBLIC AND INTERNATIONAL AFFAIRS, GEORGE MASON UNIVERSITY

Mr. POSNER. Thank you, Mr. Chairman. Thank you for holding this hearing, and I want to tell you my personal metric for gauging the maturation of performance in government, 10 years ago, when I used to do these hearings, there were about five people in the audience, and now you have filled the room. So I think that is a good sign that there is greater interest here. And it is important——

Senator CARPER. When you are running a budget deficit, in the last 8 years we ran up as much new debt as we did in the first 208 years of our Nation's history, this year on track to our biggest budget deficit ever, and if we look forward to the next 10 years and $9 trillion of additional debt, we need to focus on improper payments, we need to focus on performance. And I think it is kind of like you guys and gals are going to be the stars and help point us in the right direction, and we need to be right there leading the way. Thank you.

Mr. POSNER. Absolutely, you stated the importance much better than I could have.

I think when we think about where we are, it is a good time to take stock. We have made surprising progress. Those who were there when the GPRA was passed in the middle of the night thought this would go in the dust bin of history along with PPB and ZBB and the rest, but it has not. It has stayed around for a long time. I think we have developed a supply side very well. Agencies have developed data and information thanks to PART and to, obviously GPRA.

We still have concerns about the demand for this information. Managers are using this more, I think, for their own needs, which is very important. What we need to think about is how can we incent decisionmakers and the Congress and the Executive to use it for budget issues and the like.

When we think about how to use this information in budgeting, by the way, one important thing to recognize is to set our expectations right. This is not going to eliminate politics from budgeting. It is not going to say if the performance goes up, we are going to increase money; if performance goes down, we are going to decrease money. We would not want to say if drug abuse goes up, we are going to cut money for drug programs. What it does, it provides questions for people to think about, not answers, which are properly political and priorities, among other things.

So, with that in mind, how can we think about keeping the ball rolling and generating more use of this information. I have an agenda that I have laid out in the testimony.

First of all, continuity is very important. I am pleased to see this Administration is continuing the effort of the previous two Administrations to put high-level emphasis on this from OMB down, and I think that trickles to the agencies and incents even Congress to take notice of this.

Second, I think it is important to think about this as multifaceted. We have agencies, OMB and the Congress, all who have

[1] The prepared statement of Mr. Posner appears in the Appendix on page 89.

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to have a line of sight between performance and their own interests. And so this is going to look, I think, different for different kinds of actors in our system.

First of all, I think it is important to keep the foundations going. This is a long-term enterprise getting performance right, if you will, particularly in the Federal level, much more difficult than at the local level. I started my career in the New York City budget office. Performance was pretty easy. People in Queens knew when the garbage would be picked up. We measured it, and we were able to improve things.

Now, as Ms. Steinhardt said in her testimony, we are dealing with complex things where the Federal Government really writes the checks and issues the rules and leaves it to other people—State and local governments and nonprofits—to really do the work. How do you instill performance motivations and incentives in people who do not work for you, who have different values and interests? That is a really difficult challenge for Federal officials, so we need to think about how we get our grants and contracts aligned with performance as well as direct Federal employees.

Then think about how we get our budget structures aligned. The appropriations and budget structures are oriented in many different ways. Some are focused on inputs. Some are focused on organizations. Some are focused on performance goals. It is not consistent. Other nations and States have kind of reformed their budget structures to focus decisionmakers on performance-related units of analysis. We have a long way to go there. Obviously, Congress has to be front and center.

We need to think about imparting a more strategic focus to this. Yes, agencies are important, but many things that we care about as a Nation, like food safety, are scattered around 14 agencies. Job training, we have 60 programs. Student aid and higher education assistance, we have a welter of tax credits, loans, guarantees, and grants, all of which sing off of different pages and send different incentives.

How can we figure out a way to be more strategic about what we are trying to achieve in these broad mission areas? I think it is one of the next stages of performance as we move forward.

We need to keep the best of PART, which was a dedication to reexamine programs periodically, but we need to do it, as has been said here, in a more selective, targeted way, and a way that engages the interests of everybody in the process.

The last point is the Congress. I want to say that the Congress is not the performance wasteland that many people portray. In fact, this hearing testifies to that. The use of performance in authorizing and appropriation committees is actually fairly impressive.

How can Congress better select key areas in performance to review each year? How can it develop its own capacity to target key areas that need to be reviewed? Can it work with the President to agree on a set of targets and actually collaborate on some kind of an assessment process like they do in the Netherlands, like you see in other countries? Can we do that here? It is a real question, obviously.

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Can you marshal the forces of my old agency, the GAO, and others to help you in this process, to synthesize what amounts to almost a fire hydrant of information? One of the problems with performance is we have too much information. We need a synthesis and filtering of that to make is useful for decisionmakers.

And, finally, I make this point in the testimony which I have been making for years when I was at GAO. The one process that we have that annually looks at all programs together is the congressional budget process. The question is whether there is a way to take the budget resolution and make that into a performance vehicle. Can the budget resolution, in other words, become more of a performance resolution alongside its traditional functions? That is the question for the future.

Thank you.

Senator CARPER. Good. Thank you. Thank you very much for those comments. You got a lot in, in a relatively short period of time.

One of the things that we are talking about, using performance in making budgetary decisions, we had a great debate a month or so ago in the Senate on the future of the F–22 fighter aircraft. It is an aircraft that is built—the components are built in maybe 30, 40, 45 States. And so there are a lot of States that have an economic interest in the planes or sub-assemblies of the planes. They are very expensive. And along with Senator McCain and Senator Levin, I was very active in the floor debate with my colleagues saying, a plane that we have been building all these years, its mission-capable rate is down around 50 percent, where we spend, I think, about $40,000 per flight hour for the aircraft that has never flown a single mission in Iraq or Afghanistan, maybe that is not an airplane we should continue to build several hundred more.

By a fairly decent margin, we voted to pull the plug, and that sort of thing does not happen often enough. But we did use pretty good performance data, and I think it was instructive and helpful to my colleagues as they made the tough decisions for some of them.

I need to leave so I am not going to keep you long. I have been summoned back into our Finance Committee markup. But let me just ask a question, if I could, of all of you.

What suggestions do you have for the Obama Administration on how to design and structure their new performance and analysis framework? How can OMB support your efforts to create a more results-oriented culture in your organization? I would ask this really of the first three witnesses on this panel.

Mr. Fugate, would you just lead us off?

Mr. FUGATE. Thank you, Mr. Chairman. I actually consider myself part of the President's team.

Senator CARPER. You are.

Mr. FUGATE. Within the team, I think my experience has been that you have to define what the outcome is. You have to then define what is your performance measures. You have to have either a dashboard or a reporting system that everybody can see. And then you have to hold managers accountable for those outcomes given the resources and other external factors that may affect the outcome. But you have to keep focused in on where you are going.

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And that is the thing that oftentimes is the hardest. You identify what you are trying to do and you identify performance measures, and then other issues come up. And then you start getting away from that. And then you start getting distracted. And then it no longer is a management issue, because we are looking at something else.

That either tells me that we were not serious about performance measures or we were not measuring the right thing, because it was not important enough to the organization to stay focused on it.

I think that is where we have to work in partnership with OMB, is make sure we are measuring things that are important to FEMA, that we hold our leadership accountable, we give them the tools to measure it, and we are not out there just measuring things that will get distracted and chase that rabbit down another hole. It is core to our mission. Everybody understands and gets why we have to improve, and we hold ourselves accountable to that in such a way that, when you ask, I can show you our report card, and I can show you what we are doing to get better.

Senator CARPER. Good. Thank you. I like to use a football analogy. Vince Lombardi, legendary former football coach of the Green Bay Packers, used to say, "Unless you are keeping score, you are just practicing." And I would sort of lead that to the next step. I think the next step would be not just unless you are keeping score you are just practicing, but unless you actually study the films of the games and the films of not only your own games but your opponents' games, and sort of drill down like we are doing in our schools, you are not doing yourself much good. So thank you.

Ms. Suh.

Ms. SUH. I have two specific responses. First, on what I think is working well, in the 2011 budget formulation process, as we have talked about earlier, we are working with OMB on something called high-priority performance goals. I think the goals which are essentially small logic models or strategic plans, if you will, are enormously helpful for us as a Department in defining our priorities and figuring out what our road maps are amongst those priorities. In addition, having it be tied to an actual budget process I think is an enormously helpful process that we are working through right now with OMB. So on that side, I think that is working very well.

In terms of potential suggestions, I think all of us within the Department and within OMB seem to find ourselves in a disaggregated world, a world that has performance managers, a world that has budget managers, a world that has policy people, and those things are not often really working together as well as they can. Even in the structures that exist at OMB and the structures that exist at the Department of Interior, you tend to, again, get these silos of people that are only focusing on one thing and not really understanding the connections between them.

And so as we struggle through this within our own agency, it would be helpful to be able to partner with OMB in developing ways to break down these silos and, again, to really think through all of the elements of budget performance management for personnel and policy systematically to ultimately perform much more satisfactorily.

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Senator CARPER. Thank you. Ms. Snyder.

Ms. SNYDER. I think one of the things that would be most helpful to us from OMB is a focus on really what are cross-cutting goals for government. All of us contribute in varied and different ways to overall achievements that are needed in government. So helping us know what those cross-cutting goals are and how we could contribute to that, I think, is important.

The other thing is support for the identification of what we call the "vital few." In our programs, we literally could have thousands and thousands of performance measures if we went down that route. But identifying what are the vital few, actually collecting the data, and then knowing that you have a demonstrated result that you are held accountable for I think is really the key to making it work inside an agency and really anywhere in government.

And the other thing that I would say is this is one of those things you cannot just talk about it once a year, so talking about it, having regular, discussions, whether it is through some council mechanism for performance improvement, whatever that may take, it has to be kept on the front burner, or it just simply gets caught up in the press of other business.

And I think the only other thing that I would say is there is a big difference between just reporting on things and folks looking at it to see that you really did demonstrate a result, a change, an improvement. And so talking about those changes and improvement versus just saying we collected these data, I think, is absolutely key to really making it a real program.

Senator CARPER. Good. Thank you.

Dr. Posner, I saw you nodding your head in agreement with some of what Ms. Snyder was saying. Do you want to underline——

Mr. POSNER. I thought it was very good. I appreciate those. If I could just make a distinction, OMB wears two hats—the budget hat and the management hat. The budget hat, good budgeting includes good performance analysis. It always had. Small "p." I think the budget process needs to kind of become more performance oriented so that the process is about a performance discussion: What metrics are we going to achieve? What targets are we going to achieve with the resources we have? I think they have made progress in that area, starting from GPRA, and I think that has got to continue.

But the management hat is different. The management hat involves this kind of ironic way of promoting, learning, and innovation from the top down. Not easy to do. Scorecards and shame do not necessarily produce that. They produce short-term gain, not necessarily long-term change. So I think the challenge and trick for OMB is how can you instigate a culture of learning and innovation that these people are talking about here from the top down, and that is what remains to be seen.

Senator CARPER. All right. Good.

Ms. Snyder, I said I was going to come back and raise the issue of information technology, trying to infuse and really expand the use of information technology in the delivery of health care. There is about a $20 billion allocation in the stimulus package. I had not planned on raising this, but any comment you could give us, brief

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comments, in terms of how we are using that money, how we are putting it to use?

Ms. SNYDER. Well, the first thing we did when we got the legislation was we used some of our performance management tools. We took our Project Planning and Tracker, and we sat down and we figured out what provisions have to get implemented and when. How do you bring this program up to achieve congressional intent? That is well underway. We have mapped all of that.

The other thing is the key partners in this, in HHS, are the Office of the National Coordinator, Dr. Blumenthal, and working with CMS. We are joined, literally joined at the hip on this and are working through the issues.

We believe that we are going to be on time in getting the first regulation out so that we will be able to get information back on what constitutes meaningful use, so we look forward to working through that regulatory process. We are anticipating probably a number of comments to that. There is a great interest, as in the provider community.

We are also starting to look at what do we need to do operationally to change underlying systems to bring all that together to get the program up and running and to get payments out the door, as Congress intended, as soon as we can.

It is a big job. Right now we look like we are on schedule, according to our tracker right now.

Senator CARPER. Great. Thank you for that update and for the approach you all are taking to it.

I just received a more urgent summons to go to the Finance Committee markup, so this will be my last question, unfortunately, and I am going to direct it to Dr. Posner, if I could.

You talked a bit about this already, but how can this new Administration get agency leaders to use performance information to improve their management decisions? I realize you talked about this a bit already, but I want you to flesh it out just a little bit more. How can the leaders of an organization get its managers to pay more attention to outcomes to achieve superior performance? Again, you have spoken to that as well, but just kind of wrap it together in one response.

Mr. POSNER. I think it is partly setting the tone at the top that has been talked about here and setting a series of discrete goals and objectives. I think the problem with many initiatives at the State, local, and Federal levels, there is too much and there are too many goals, too many data points. And so it is the vital few, I think was mentioned, that is very important, and targeting that and being persistent and consistent with that in all phases of the process, including paying attention to it in budgeting is very important.

Senator CARPER. Thank you. I feel badly that I have to go, but what we are working on just down the hall in the next building is, I think, of historic consequence. What we are doing here is really of great consequence as well. And as I think Dr. Posner reflected, the number of people in this audience today as compared to the number that might have been here a few years ago is indicative that folks are starting to better understand that importance.

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We are looking at ways to enable me to maybe be in two places at once, and I do not think we are going to allow human cloning anytime soon. I joke with my colleagues that maybe what we could is create cardboard cutouts of us, and the real person could be do in one place, but maybe we have a cardboard cutout here in this chair and a member of my staff—we would cut out the lips, and then a member of my staff would be behind the cardboard cutout and just ask the questions and say—people always say that at the end of the hearing, "It was a good hearing, but he seemed stiff." [Laughter.]

We have not figured out how to perfect this just yet, but I am really glad that I could be here. I am really glad that each of you could be here, and our first two witnesses, one of whom is still here. And I am grateful for the time and the thought that you have put into your presentations, and this is important. This is important stuff, and we are going to do better. We have got to do better as a Nation and as a government.

This hearing record will be open for the next 2 weeks for the submission of some additional statements and questions. I expect we will have some. There will not be a huge volume, but there will be some. And if you receive those, I would just ask for your cooperation in providing prompt responses to those questions that might be submitted for the record.

With that, one last thank you, and on behalf of the people of our country, the taxpayers of our country, I especially want to say thank you.

With that, this hearing is adjourned.

[Whereupon, at 12:15 p.m., the Subcommittee was adjourned.]

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APPENDIX

FOR IMMEDIATE RELEASE

TOM CARPER

UNITED STATES SENATOR · DELAWARE

FOR RELEASE: Sept. 24, 2009
CONTACT: Bette Phelan, 202-224-2441

Statement of Senator Thomas R. Carper, Chairman

Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security

Committee on Homeland Security and Governmental Affairs

"Getting to Better Government: Focusing on Performance"

September 24, 2009

Eight months ago, we inaugurated a new President. Since coming into office, President Obama has faced a complicated set of urgent challenges, both domestic and international.

Our new President has faced soaring federal deficits projected to reach $9 trillion over the next decade; an economic crisis that required unprecedented international cooperation to jumpstart the world's economies; and dangerous security threats from Afghanistan, Pakistan, Iraq, Iran and North Korea.

These are but a few of the exceptional challenges that the federal government must be prepared to address. As the Government Accountability Office (GAO) has pointed out, the federal government's performance and the results it achieves have a profound effect on the most important issues to the American people – creating jobs, providing health care, overseeing financial markets, reducing pollutants and sending additional troops to war.

While the strength of our democracy rests on the ability of our government to deliver its promises to the people, we in Congress have a responsibility to be judicious stewards of the resources taxpayers invest in America, and ensure those resources are managed honestly, transparently and effectively.

It has been more than 16 years since Congress passed the Government Performance and Results Act (GPRA) to help us better manage our finite resources and improve the effectiveness and delivery of federal programs. Since that time, agencies across the federal government have developed and implemented strategic plans and routinely generate a tremendous amount of performance data. The question is – are federal agencies using their performance data to get better results?

Producing information does not by itself improve performance.

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The GAO has shown time and again that federal managers have significantly more performance information available today than they did a decade ago. However, the GAO findings also reveal that federal managers have shown little or no progress in increasing their use of performance information to manage results.

Several years ago, Senator Tom Coburn and I asked the GAO to examine how performance information was being used to better manage federal agencies and how managers could employ it more frequently for better results.

We also asked the GAO to consider the Clinton Administration's implementation of the Government Performance and Results Act (GPRA) and the Bush Administration's implementation of the Performance Assessment Rating Tool (PART).

Today, I look forward to GAO's discussion of its final report, particularly key management practices that can promote the use of performance information in decision-making to improve results.

We have a new administration, with fresh ideas and a renewed commitment to getting results. To demonstrate that commitment, President Obama announced early this year the creation of a chief performance officer (CPO), a post designed to improve government efficiency and reform budget practices. I am pleased that the Chief Performance Officer, Jeffrey Zients, is here to discuss how his team will assist and motivate federal agencies to maximize the productive use of performance information to improve the effectiveness, efficiency and transparency of our government.

I would like us to focus our discussion on several crucial questions:

One. How will the Obama Administration design and structure its new performance improvement and analysis framework?

Two. What strategies are necessary to support a government-wide transformation to a more results-oriented and collaborative culture?

Three. For agencies that appear to be using performance information the least, to what extent do they employ practices GAO has identified that could facilitate or encourage the use of performance information?

Four. How can federal agencies make better use of performance information to improve results?

Five. What are some specific things that we, in Congress, can do to bring about a greater focus on performance in the federal government?

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Finally, how can we use performance information to identify where the federal government is not performing well so we can make better decisions about where we should not be putting our resources?

Today we face unparalleled challenges both here and abroad, and these require a knowledgeable and nimble federal government that can respond effectively. With concerns growing over the mounting federal deficit and national debt, the American people deserve to know that every dollar they send to Washington is being used to its utmost potential. Performance information is an invaluable tool that can ensure just that. If used effectively, it can identify problems, find solutions, and develop approaches that improve outcomes and produce results.

Thanks again to our witnesses for taking this opportunity to talk with us today about the challenges before us and how best to address them.

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STATEMENT OF SENATOR JOHN MCCAIN, RANKING MEMBER

"Getting to a Better Government: Focusing on Performance"

September 24, 2009

Senator Carper, thank you for holding this hearing today. Congress passed the Government Performance and Reform Act (GPRA) in 1993, in an attempt to make the federal government leaner and more effective. Agencies were directed to think strategically, set goals, and act on measured results, thereby establishing greater accountability for program performance.

Unfortunately, GPRA has met with mixed results. According to Government Accountability Office surveys of federal managers in 2000 and 2007, some agencies still fail to use performance information to improve their management practices.

Agencies' failure to use performance information leads to inefficient use of resources and wasteful spending – neither of which this country can afford. The Congressional Budget Office now projects that the federal budget deficit will hit $1.6 trillion at the end of this fiscal year. Of course, in the past twelve months, the federal government has spent trillions of taxpayer dollars: $787 billion in the so-called stimulus package and another $783 billion in bank and auto industry bailouts. Depending on how health care reform shakes out, taxpayers may be on the hook for another $900 billion to $2 trillion. With all of this spending, we cannot afford to waste even a single penny of taxpayer money through poor management practices.

For the first time in history, the federal government has a Chief Performance Officer to oversee government reform and rein in wasteful spending. The new Chief Performance Officer, Jeffery Zients, has a monumental task ahead of him. Today, I want to hear from Mr. Zients about concrete steps that OMB is taking to enhance the government's overall performance and transform it into a leaner, more efficient and effective organization.

In closing, I would like to thank all of the witnesses for their participation and look forward to their testimonies.

Thank you again, Mr. Chairman.

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Statement of Jeffrey D. Zients
Deputy Director for Management of the Office of Management and Budget
Before the Committee on Homeland Security and Governmental Affairs
Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security
United States Senate
September 24, 2009

Chairman Carper, Ranking Member McCain, and Members of the Subcommittee:

I appreciate the opportunity to come before you today to discuss our shared objective – increasing the effectiveness, efficiency, and transparency of government. More specifically, I want to address my remarks to your questions about Federal agency use of performance information for decision-making and resource allocation.

The current fiscal challenge makes it more important than ever to maximize the effectiveness of every tax dollar we spend. We need to search continually for increasingly effective and efficient ways to get the job done. To accomplish this, it is not enough for Federal agencies to produce performance information. The ultimate test of our performance management efforts is whether or not the information is used – not just by government agencies, but also by Congress, the public, our service delivery partners, and others.

Across twenty years in the private sector as a CEO and advisor to CEOs, I found that leadership, measurement, and a motivated workforce create the foundation for good performance. I am confident that the same is true in government.

In government as in the private sector, leadership starts with putting together the right team and articulating the right goals for an organization. Managers must translate the goals into operating plans with clear metrics and frequent checkpoints, and analyze data to search not only for serious problems, but also for the strongest performers in order to share best practices and replicate what works well.

It is my initial sense after three months on the job that Congress and previous Administrations laid important groundwork for government-wide performance. This includes the Clinton Administration's implementation of the Government Performance and Results Act (GPRA) and the Bush Administration's implementation of the Performance Assessment Rating Tool (PART). However, too much emphasis was placed on producing performance information for the purpose of complying with reporting requirements, and too little attention paid to analyzing and acting on this information.

That is not to suggest that the performance plans and reports required by the GPRA are not a good idea, nor that many of the PART questions were not good questions. On the contrary, the evidence suggests that requirements of the GPRA have proven a persistent driver pushing agencies to articulate what they are trying to accomplish and to measure progress toward these goals. It also suggests that the PART questions helped translate expectations for performance information down to the program level, where so many key government decisions are made. Nonetheless, it is time to pay far more attention to the use of Federal performance information

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as a powerful performance-improving tool – useful for communicating priorities, progress, and raising issues; for illuminating what works that should be continued and what does not work that needs attention; for motivating the best from our workforce and our service delivery partners; and for allocating scarce resources wisely.

In addition to these successful Federal efforts, State and local governments are also providing instructive lessons in smart ways to use performance information. Local governments such as New York City, New York; Charlotte, North Carolina; Baltimore, Maryland; King County, Washington; and Austin, Texas have demonstrated how performance information can be used to improve outcomes, reduce crime, increase housing starts, and drive down costs. Several State governments are also paving new government performance management paths, including Washington State's Government Management Accountability and Performance program, which "drills down" on specific issues to understand problems and find opportunities for performance gain, and Maryland's StateStat, where Governor Martin O'Malley is applying and adapting lessons he learned while Mayor of Baltimore to improve state-wide performance.

My intention is to look for the best examples of what works – in other governments, the private sector, and in recent Federal efforts – and apply these practices to the Federal government. The first key step in taking on this challenge is, as I suggested earlier, putting in place the right leadership team.

I am very pleased to announce a new key member of my leadership team, Shelley Metzenbaum. Shelley is a leading expert in performance management, with both a distinguished academic career and a wealth of government experience. She founded the Collins Center for Public Management at the McCormack Graduate School of Policy Studies, University of Massachusetts Boston, and served as Executive Director of the Executive Session on Public Sector Performance Management at Harvard's Kennedy School of Government, where she earned her doctorate in public policy. She has authored numerous articles on practical, effective ways to use performance goals and measurement in government, and served in key leadership positions at the U.S. Environmental Protection Agency and the State of Massachusetts.

Our performance management agenda is already moving forward. In this year's spring budget guidance to agencies, OMB Director Orszag asked all major Federal agencies to identify a limited number of high priority performance goals reflecting the near-term implementation priorities of each agency's senior managers. These goals communicate the priority targets that each agency's leadership wants to achieve over the next 12 to 24 months, within its existing funding and legislative authority. Most major agencies identified between 3 and 8 goals, and OMB is currently working with agencies to finalize the list of priority goals. As agencies achieve these near-term goals, new ones will be added.

Once this list is final, we will regularly review with agencies the progress they are making and the problems they are encountering. We will expect each agency to reach beyond their own organizational boundaries to get feedback about priorities and strategies and to enlist expertise and assistance to reach their targets. Improving the performance of our Federal programs will require cooperation and contributions from many places.

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Shelley and I will also lead an effort to develop an improved Federal performance management framework that aligns these high priority performance goals, GPRA performance reporting, and many of the program-level performance measures developed for the PART. Our government-wide performance measurement framework will be focused on outcomes, allow comparisons across programs and agencies, and show trends over time. The most *useful* performance information is that which supports long-term, central office strategic decisions about targets and organizational strategies as well as key decision-makers in the service delivery chain including those in Federal field offices, State and local partners, non-profit grantees, and contractors. We will use new information technologies to make this more feasible, less cumbersome, and far more useful than past alignment efforts. In addition, the Administration is proposing historic investments in comparative effectiveness research and evaluations, and we will integrate these efforts with our performance management work.

I am confident we will develop a Federal performance management framework that better serves the public and Congress' need for Federal performance transparency, as well as the learning and decision needs of agency managers and our service delivery partners. To help us in that effort, we will work closely with the Performance Improvement Council - made up of Performance Improvement Officers (PIOs) from every Federal agency.

PIOs are key to our success. They have a good sense of the broad scope of their agency programs, how they work, and what must be done to improve them. We also want to enlist Federal program managers, regional office officials, and our service delivery partners as a front-line forum and feedback mechanism that enables us to better understand how the actions we take in Washington translate to actions on the ground, and ultimately, to the results we want to achieve.

I also Chair the President's Management Council (PMC), comprised of the Deputy Secretaries of cabinet agencies. I am committed to using the PMC to facilitate the exchange of best management practices and to foster a common leadership vision for reform. In addition, I see my whole management team with its broad focus on finance, information, procurement, and personnel as supporting improved performance. The government has barely begun to tap the full benefits of recent advances in information technology, and we need to change the way we manage procurement, finance, and personnel to place far more emphasis on using performance information to improve results and far less on checking compliance with prescribed practices.

I am committed to helping and motivating Federal agencies maximize the productive use of performance information to improve the effectiveness, efficiency, and transparency of government. This is a cornerstone of my agenda and one of my highest priority goals.

I thank the Subcommittee for holding this hearing and for your belief in improving Federal performance. I look forward to working with you, with the other members of this panel, with Federal employees across the nation, and with our service delivery partners to accomplish this objective. Mr. Chairman and Members of the Subcommittee, I would be pleased to answer any questions you may have.

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United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

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GOVERNMENT PERFORMANCE

Strategies for Building a Results-Oriented and Collaborative Culture in the Federal Government

Statement of Bernice Steinhardt, Director
Strategic Issues

GAO
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GAO-09-1011T

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September 24, 2009

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Highlights

Highlights of GAO-09-1011T, a testimony before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

GOVERNMENT PERFORMANCE

Strategies for Building a Results-Oriented and Collaborative Culture in the Federal Government

Why GAO Did This Study

Since 1997, periodic GAO surveys indicate that overall, federal managers have more performance information available, but have not made greater use of this information for decision making. To understand the barriers and opportunities for more widespread use, GAO was asked to (1) examine key management practices in an agency in which managers' reported use of performance information has improved; (2) look at agencies with relatively low use of performance information and the factors that contribute to this condition; and (3) review the role the President and Congress can play in promoting a results-oriented and collaborative culture in the federal government. This testimony is primarily based on GAO's report, *Results-Oriented Management: Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*, which is being released today. In this report, GAO made recommendations to the Departments of Homeland Security and the Interior for improvements to key management practices to promote greater use of performance information at FEMA, the National Park Service, Bureau of Reclamation, as well as at Interior. Both DHS and Interior generally agreed with these recommendations.

The testimony also draws from GAO's extensive prior work on the use of performance information and results-oriented management.

View GAO-09-1011T or key components. For more information, contact Bernice Steinhardt at (202) 512-6543 or steinhardtb@gao.gov.

What GAO Found

GAO's prior work identified key management practices that can promote the use of performance information for decision making to improve results, including: demonstrating leadership commitment; aligning agency, program, and individual performance goals; improving the usefulness of performance information; building analytic capacity; and communicating performance information frequently and effectively. The experience of the Centers for Medicare & Medicaid Services (CMS) illustrates how strengthening these practices can help an agency increase its use of performance information. According to GAO's most recent 2007 survey of federal managers, the percentage of CMS managers reporting use of performance information for various management decisions increased by nearly 21 percentage points since 2000—one of the largest improvements among the agencies surveyed. CMS officials attributed this positive change to a number of the key practices, such as the agency's leaders communicating their commitment to using performance information to drive decision making.

Conversely, the experiences of the Department of the Interior (Interior) and the Federal Emergency Management Agency (FEMA) within the Department of Homeland Security indicated that the absence of such commitment can discourage managers and their staff from using performance information. According to GAO's 2007 survey, Interior and FEMA ranked 27 and 28, respectively, out of 29 agencies in their reported use of performance information for various management functions. Based on further survey data analysis, reviews of planning, policy, and performance documents, and management interviews, GAO found that inconsistent application of key practices at FEMA and Interior—such as routine communication of how performance information influences decision making—contributed to their relatively low survey scores. While both FEMA and Interior have taken some promising steps to make their performance information both useful and used, these initiatives have thus far been limited.

The President and Congress also have unique and critical roles to play by driving improved federal agency performance. By focusing attention on certain high-level goals and tracking agency performance, the President and the Office of Management and Budget (OMB) can send a message that using performance information is critical for achieving results and maximizing the return on federal funds invested. Through its oversight, Congress can also signal to agencies that results matter by articulating performance expectations for areas of concern and following up to ensure that performance goals are achieved. The President and Congress can also play a role in improving government performance in areas that require the concerted efforts of multiple agencies and programs to address, such as preparing for and responding to a pandemic influenza. A governmentwide strategic plan could support collaborative efforts by identifying long-term goals and the strategies needed to address crosscutting issues.

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here to discuss our work on strategies that can help foster a more results-oriented and collaborative culture across the federal government. How the federal government performs and the results it achieves have a significant effect on many of the American public's most pressing concerns—whether it be preparations for and response to pandemic influenza, reduction in pollutants that contribute to climate change, or rigorous oversight of financial markets. Given increasing public demands for a more effective and accountable federal government, it is more important than ever that federal agencies establish meaningful goals for improving performance, monitor progress in achieving their goals, and use information about performance to make decisions that can improve results.

It has been more than 16 years since Congress passed the Government Performance and Results Act (GPRA) in an effort to ensure that federal agencies have the infrastructure and tools they need to improve results.[1] Across the federal government, agencies have developed strategic plans and are routinely generating performance information to measure and report progress toward their strategic goals. However, as we testified before this subcommittee in July 2008,[2] our periodic surveys of federal managers on their use of performance information show that while significantly more federal managers reported having performance measures for their programs than they did 10 years ago, their reported use

[1]Congress enacted the Government Performance and Results Act of 1993 (GPRA) to address several broad purposes including improving federal program effectiveness, accountability, and service delivery, and enhancing congressional decision making by providing more objective information on program performance. GPRA requires executive agencies to complete strategic plans in which they define their missions, establish results-oriented goals, and identify the strategies that will be needed to achieve those goals. GPRA also requires executive agencies to prepare annual performance plans that articulate goals for the upcoming fiscal year that are aligned with their long-term strategic goals. Finally, GPRA requires executive agencies to measure performance toward the achievement of the goals in the annual performance plan and report annually on their progress in program performance reports. Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

[2]GAO, *Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Achieve Results*, GAO-08-1026T (Washington, D.C.: July 24, 2008). In addition to our testimony, our survey results are also available: GAO, *Government Performance: 2007 Federal Managers Survey on Performance and Management Issues, an E-supplement* to GAO-08-1026T, GAO-08-1036SP (Washington, D.C.: July 24, 2008).

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of performance information to make management decisions has not changed significantly.[3]

To better understand the barriers to and opportunities for more widespread use, we drew from our extensive body of work assessing the progress federal agencies have made in managing for results,[4] including our work on key management practices that can contribute to the use of performance information in management decision making.[5] These practices are: demonstrating leadership commitment, communicating the importance of using performance information frequently and effectively, creating a clear "line of sight" linking individual performance with organizational results, improving the usefulness of performance information, and developing the capacity to collect and use performance information (see fig. 1).

[3]Our surveys were completed in 1997, 2000, 2003, and 2007 and were designed to obtain the observations and perceptions of respondents on various aspects of results-oriented management topics such as the presence and use of performance measures, hindrances to measuring performance and using performance information, and agency climate. Most of the items on our surveys asked respondents to rate the strength of their perception on a 5-point extent scale ranging from "to no extent" at the low end of the scale to "to a very great extent" at the high end.

[4]See Related GAO Products listed in GAO, *Results-Oriented Management: Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*, GAO-09-676 (Washington, D.C.: Aug. 17, 2009)

[5]GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, GAO-05-927 (Washington, D.C.: Sept.9, 2005).

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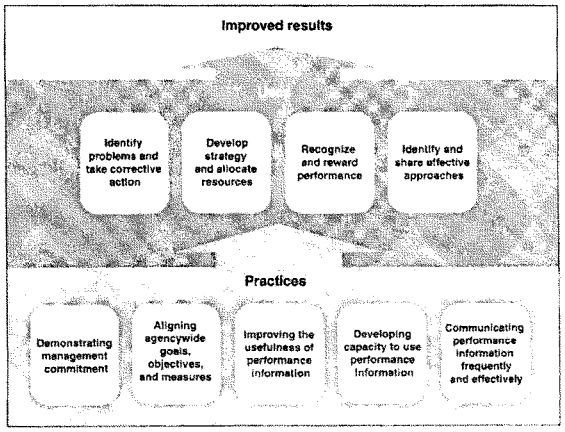
Figure 1: Practices That Can Promote the Use of Performance Information for Decision Making



Source: GAO.

We also conducted further analysis of our surveys of federal managers on their use of performance information. Using this analysis as a starting point, we looked in depth at the management practices at the Department of the Interior (Interior) and the Federal Emergency Management Agency (FEMA), where a smaller percentage of managers reported making extensive use of performance information compared to their counterparts

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across the federal government.[6] According to our 2007 survey, Interior and FEMA ranked 27 and 28 respectively out of 29 agencies in their reported use of performance information for various management functions (see app. 1 for ranking of all 29 agencies).[7] We also examined the management practices at the Centers for Medicare & Medicaid Services (CMS) within the Department of Health and Human Services (HHS), where managers' reported use of performance information increased significantly over a seven-year period. To obtain the different perspectives of bureau, program, and field managers on challenges they faced in using performance information, we interviewed officials from selected component organizations that covered significant and diverse aspects of each agency's mission. At Interior, we selected the National Park Service (NPS) and Bureau of Reclamation (Reclamation); at FEMA, we selected the Disaster Assistance and Mitigation Directorates; and at CMS, we selected officials and managers in Regions IV and IX, and in two lines of business—the Consortium for Quality Improvement and Survey & Certification Operations (CQISCO) and the Consortium for Financial Management and Fee for Service Operations.[8]

In our report that is being released today, *Results-Oriented Management: Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*, we described the factors that contributed to differences among managers' reported use of performance

[6]As part of our analyses of the 2007 survey data, we identified a set of nine items from the questionnaire that inquired about key uses of performance information. Using those items, we developed an index that reflected the extent to which managers' perceived their own use of performance information for various managerial functions and decisions as well as that of other managers in the agency. To obtain an index score of reported use of performance information, we computed an average score for each respondent across the nine items we identified. We then averaged the respondent scores from each agency to produce an overall index score for each agency. By using this average index score, which yields values in the same range as the 5-point extent scale used on each item, we were able to qualitatively characterize index score values using the same response categories used for the items constituting the index.

[7]Although the Forest Service had the lowest ranking among all federal agencies, our recent work at this agency had already resulted in recommendations to address key management issues that we will continue to monitor.

[8]We performed our audit work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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information at CMS, FEMA, and Interior.[9] In my testimony today, I will highlight the main findings from this report focusing on (1) the practices that helped CMS promote results-oriented management and (2) actions FEMA and Interior can take to improve their use of performance information for decision making. In addition, drawing from earlier work, my testimony will highlight opportunities for the President and the Office of Management and Budget (OMB) to strengthen agency efforts to use performance information to manage for results and the role that Congress can play to support governmentwide initiatives to improve performance.

Adoption of Key Management Practices Promoted Greater Use of Performance Information at CMS

In 2000, significantly fewer managers at CMS—then known as the Health Care Financing Administration—reported using performance information for various management decisions, as compared to their counterparts in the rest of government. Between our 2000 and 2007 surveys, however, CMS showed one of the largest average increases in the percentage of managers who reported using performance information for certain decisions. This increase placed CMS in about the middle of our agency rankings, which were based on an index of 2007 survey results designed to reflect the extent to which managers at each agency reported using performance information.[10] Our analysis of CMS survey results, management interviews, and agency policies, performance reports, and other relevant documents indicated that the adoption of key management practices contributed to this improvement.

Demonstrating Leadership Commitment to Using Performance Information

Our 2007 survey results showed that significantly more CMS managers agreed that their leadership is committed to achieving results, than they did in 2000 (see fig. 2).

[9]GAO-09-676.

[10]See GAO-09-676 for a more detailed explanation of how we ranked agencies.

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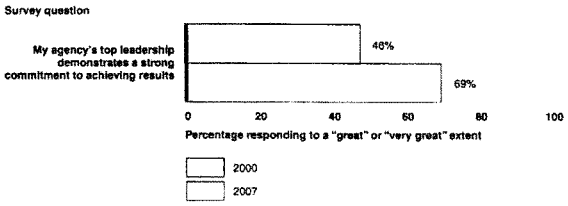
Figure 2: Percentage of CMS Managers Who Reported Top Leadership Demonstrated Commitment to Achieving Results



Source: GAO.

Nearly all of the CMS officials we interviewed credited the commitment of one or more agency leaders—such as the CMS Administrator or the Chief Operating Officer—for their increased use of performance information to achieve results. One way in which leaders can demonstrate their commitment is through frequent communication of established goals and progress made toward those goals. As an example, in an effort to reduce the incidence of pressure ulcers among nursing home residents, a Region IV manager described to us how regional leadership began to routinely share performance information about the pressure-ulcer problem with the many stakeholders involved with patient care including hospital and nursing-home personnel, patient advocates, emergency medical technicians, and others. CMS contracts with states to assess the quality of care provided by Medicare and Medicaid-participating facilities, such as nursing homes, and is therefore several steps removed from the delivery of health-care services to patients and the resulting health outcomes. According to CMS Region IV managers we interviewed, this indirect influence had been considered a limiting factor in CMS' ability to affect outcomes among nursing-home patients. However, these same managers said that leadership commitment to getting stakeholders to the table and sharing performance information with them were critical factors in bringing about a reduction in the incidence of pressure ulcers. In that region, between fiscal years 2006 and 2008, this improvement translated into nearly 2,500 fewer long-stay nursing-home residents with pressure ulcers.

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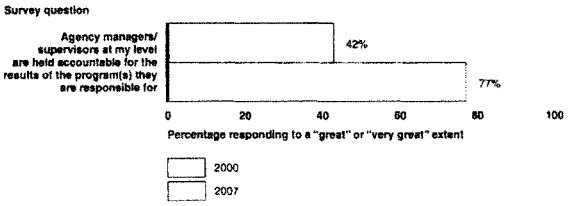
Strengthening Alignment among Agency, Program, and Individual Performance Goals

Our survey results also indicated that between 2000 and 2007, a significantly greater percentage of CMS managers reported that they were held accountable for program results (see fig. 3).

Figure 3: Percentage of CMS Managers Who Reported That Agency Managers at Their Level Are Held Accountable for the Results of Their Programs



Source: GAO.

In 2006, as part of a change throughout HHS, the agency adopted a new performance-management system that links organizational and program goals with individual accountability for program results. Top CMS headquarters officials said that the new system had made individual accountability for program results more explicit. They described how agency goals and objectives were embedded in the Administrator's performance agreement and cascaded down through the management hierarchy, so that each level of management understood their accountability for achieving the broad department and agency-level goals.

To illustrate, broad goals for preventive healthcare cascade from HHS through a CMS director responsible for increasing early detection of breast cancer among Medicare beneficiaries, to a CMS Health Insurance Specialist responsible for communications to raise awareness of the importance of mammograms and other preventive measures.

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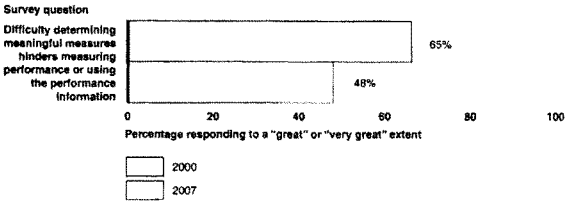
Improving the Usefulness of Performance Information

Our survey results show that between 2000 and 2007, there was a significant decline in the percentage of CMS managers who reported that difficulty developing meaningful measures was a hindrance to using performance information (see fig. 4).

Figure 4: Percentage of CMS Managers Who Reported Difficulty Determining Meaningful Measures Hinders Using Performance Information



Source: GAO.

According to CMS officials, to ensure that performance information was useful to managers, they limited the number of measures for GPRA reporting purposes to the 31 that represented the agency's priorities. This official noted that it would be unmanageable to measure and report on every aspect of their programs and processes. They ultimately settled on a set of performance goals that helped managers and staff identify performance gaps and opportunities to improve performance to close the gaps.

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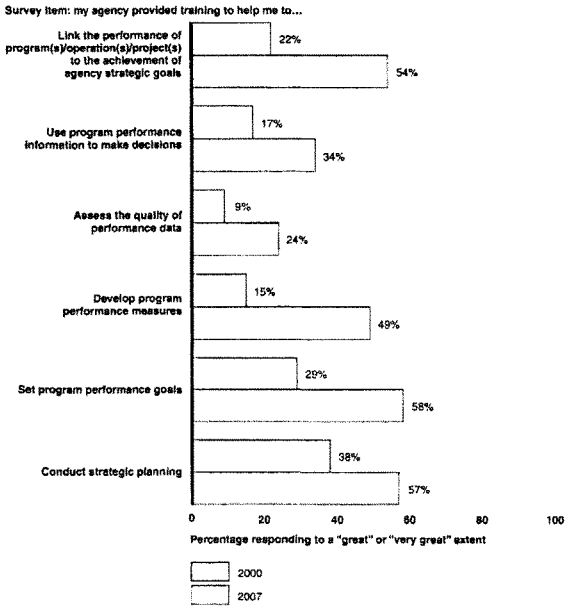
Developing Analytic Capacity to Use Performance Information

Our survey results and interviews with several CMS officials indicate that the agency also took steps to develop their staff's capacity to use performance information, such as investing in improved data systems and offering increased training opportunities on a range of topics related to performance planning and management. Between 2000 and 2007, there was a significant positive increase on all six survey questions related to managers' access to training over the past three years on the use of performance information for various activities (see fig. 5).

Figure 5: Percentage of CMS Managers Who Reported That Training Was Provided to Help Accomplish Key Management Tasks



Source: GAO.

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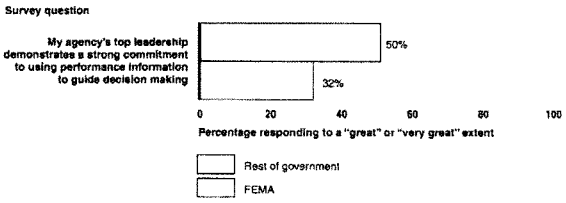
According to one official we spoke with, increasing her staff's skills in conducting analyses of performance information and presenting findings was a gradual process that required training, coaching, and guidance.

FEMA and Interior Were Hindered in Using Performance Information for Decision Making by Weak or Inconsistent Application of Key Management Practices

Just as the adoption of key management practices can facilitate greater use of information and a greater focus on results, the absence of these practices can hinder widespread use. Fewer managers at FEMA and Interior reported making extensive use of performance information for decision making compared to managers at other agencies. Survey results, interviews with senior level-officials and regional and program managers, and a review of policies and other documents related to performance planning and management at both agencies showed that inconsistent use of these practices contributed to this condition.

Our 2007 survey results indicated that, compared to the rest of government, a smaller percentage of FEMA managers agreed their top leadership demonstrated a strong commitment to using performance information to guide decision making (see fig. 6).

Figure 6: Percentage of Federal Managers Who Reported That Agency's Top Leadership Demonstrated a Strong Commitment to Using Performance Information to Guide Decision Making



Source: GAO.

Our interviews with officials at FEMA were consistent with these survey results, indicating that management commitment was demonstrated inconsistently across the program directorates and regions we reviewed. Leaders and managers we spoke to throughout the management hierarchy were clearly committed to carrying out FEMA's mission. The level of commitment to using performance information for decision making, however, appeared to vary among those we interviewed. For example, in the Disaster Assistance Directorate, one headquarters official told us that

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he does not need performance targets to help him determine whether his directorate is accomplishing its mission, relying instead on verbal communications with the leadership and with FEMA's regions, joint field offices, and members of Congress to identify issues to be addressed and areas that are running well.

Another headquarters official within the Disaster Assistance Directorate's Public Assistance program said he does not receive formal performance reports from regional program managers, nor are any performance reports required of him by his supervisors; rather, he said that he spoke to the regions on an ad hoc basis as performance problems arose. These officials expressed reluctance toward holding their staff accountable for meeting performance goals due to external factors, such as the unpredictability of disasters beyond their control. Further, they expressed uncertainty as to how they could use performance information in the face of uncontrollable external factors. As noted below, however, other managers in FEMA have found ways to take unpredictable occurrences into account as they monitor their progress in achieving performance goals.

FEMA faces other hurdles, including the lack of a performance-management system requiring managers to align agency goals with individual performance objectives, which makes it challenging for managers to hold individuals accountable for achieving results. The agency also lacks adequate information systems for ensuring that performance information can be easily collected, communicated, and analyzed. For example, in order to gather performance information across directorates, one official reported that it was necessary to write programs to generate specific reports for each of the systems and then manually integrate the information, making it difficult to produce repeatable and verifiable reports. Further, according to several officials we interviewed, there was a limited number of staff with the analytic skills necessary to work with performance metrics.

As with FEMA, at Interior we observed that leaders and managers at all levels conveyed a strong commitment to accomplishing the agency's mission. Interior's survey results were similar to FEMA's results on items related to managers' perceptions of their leadership's commitment to using performance information. Interior's 2007 results were also lower than those in the rest of government (see fig. 7).

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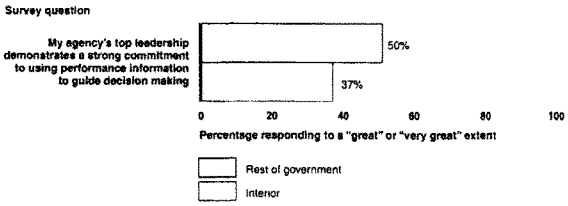
Figure 7: Percentage of Federal Managers Who Reported That Agency's Top Leadership Demonstrated a Strong Commitment to Using Performance Information to Guide Decision Making



Source: GAO.

According to officials we interviewed, leaders at Interior and NPS did not effectively communicate to their staff how, if at all, they used performance information to identify performance gaps and develop strategies to better achieve results. Several NPS managers referred to the performance reporting process as "feeding the beast," because they receive little or no communication from either Interior or NPS headquarters in response to the information they are required to report, leading them to assume that no one with authority reviews or acts on this information.

Furthermore, some bureau-level managers at NPS and Reclamation said the performance measures they are required to report on were not always useful for their decision making, either because there were too many or because they were not credible. We have previously reported that to be useful and meaningful to managers and staff across an agency, performance measures should be limited at each organizational level to the vital few that provide critical insight into the agency's core mission and operations. However, in the seven years since the inception of the former

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administration's Performance Assessment Rating Tool (PART) initiative,[11] Interior has expanded its performance reporting to include 440 PART program measures, in addition to the approximately 200 strategic performance measures used to track progress against its strategic and annual plans, as required by GRPA. A senior headquarters official at Interior said that the number of measures makes it difficult for senior leaders and managers to focus on priorities and easily identify performance gaps among the different program areas. At NPS alone, managers were required to report on 122 performance measures related to GPRA and PART.

Managers at both NPS and Reclamation also described performance information that lacked credibility because the measures either did not accurately define comparable elements or did not take into account different standards across bureaus or units. For example, several NPS managers noted that one of the measures on which they report, "percent of historic structures in good condition," does not differentiate between a large, culturally significant structure such as the Washington Monument and a smaller, less significant structure such as a group of headstones. Consequently, a manager could achieve a higher percentage by concentrating on improving the conditions of numerous less significant properties.

Poorly integrated performance and management information systems further hindered NPS and Reclamation managers' efforts to use performance information to inform their decision making. For example, according to some Reclamation managers we interviewed, there is no one centralized database to which a Reclamation executive can go to find out

[11]The PART was a diagnostic tool created by OMB that was intended to provide a consistent approach for evaluating federal programs as part of the executive budget formulation process during the 2004-2008 budget cycles. The tool applied 25 questions to all federal programs under four broad topics: (1) program purpose and design, (2) strategic planning, (3) program management, and (4) program results (i.e., whether a program is meeting its long-term and annual goals). Within the second topic, the first question was "Does the program have a limited number of specific, ambitious long term performance goals that focus on outcomes and meaningfully reflect the purpose of the program?" If OMB determined that a program did not have such long term goals or existing goals were not sufficient, the program would receive a lower rating and OMB could require the development of new or revised goals. In our review of OMB's 2004 PART process, we found that, according to OMB, 115 out of 234 programs (49 percent) lacked "specific, ambitious, long-term performance goals that focus on outcomes." See GAO, *Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the Fiscal Year 2004 Budget*, GAO-04-174 (Washington, D.C.: Jan. 30, 2004).

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how the bureau is doing on all of Reclamation's required performance goals. The lack of linkage among the different Reclamation systems required managers to enter the same data multiple times, which some managers said is a burden.

Despite the challenges facing FEMA and Interior, we also observed various initiatives and program areas within the agencies where leaders were committed to increasing the use of performance information; and were demonstrating that commitment by communicating the importance of using data to identify and solve problems, involving their managers in efforts to develop useful measures, and connecting individual performance with organizational results. Within FEMA, Mitigation Directorate officials we interviewed reported that they had begun to use performance information to plan for and respond to factors outside of their control, a change that they attributed in large part to the former Mitigation Administrator's commitment to performance and accountability. For example, storms and other natural events can disrupt the Mitigation Directorate's production work related to floodplain maps modernization, which is a key step in ensuring that flood-prone communities have the most reliable and current flood data available. To plan for possible disruptions, Mitigation Directorate officials said they reviewed performance information on progress toward map modernization goals on a monthly basis with their external stakeholders, including state and local governments and insurance companies and FEMA's regional management, which sent a clear signal that Mitigation's leadership was paying attention to outcomes. According to these officials, this review helped them to determine in advance if they were at risk of missing performance targets and to identify corrective actions or contingency plans in order to get back on track toward achieving their goals. Moreover, they said, they were able to meet or exceed their performance target of 93 percent of communities adopting new floodplain maps, in part, as a result of their frequent communication and review of performance information.

Mitigation Directorate officials said that developing measures and holding staff and contractors accountable for their performance was not an easy transformation. They said that one key to this culture change was for the leadership to strike an appropriate balance between holding managers accountable for agency goals and building trust among managers and staff that performance information would be used as an improvement tool, rather than as a punitive mechanism. Finally, Mitigation Directorate officials said that managers and staff became more supportive of their leadership's efforts to use performance information in their decision

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making once they began to see that measuring performance could help them to improve results.

At Interior and NPS, officials were aware that managers continue to struggle with the high volume of performance information they are required to collect, and have initiated various strategies designed to improve the usefulness of performance information without adding to the existing data-collection and reporting process. For example, NPS' Core Operations Analysis is a park-level funding and staffing planning process, recently adopted by several regions, that is intended to improve the efficiency of park operations and ensure that a park's resource-allocation decisions are linked to its core mission goals. Regional-level managers who engaged in the Core Operations Analysis said it was useful in establishing goals based on the park's priorities, monitoring progress toward achieving those goals, and holding park superintendents accountable for meeting established goals.

Our report contains recommendations to the Secretary of the Department of Homeland Security (DHS) for FEMA and the Secretary of the Interior, designed to build upon the positive practices we identified within these agencies. We recommended that FEMA augment its analytic capacity to collect and analyze performance information and strengthen linkages among agency, program, and individual performance. We also recommended that Interior, NPS, and Reclamation review the usefulness of their performance measures in conjunction with OMB and refine or discontinue performance measures that are not useful for decision making. Finally, to FEMA, Interior, and NPS, we made recommendations intended to improve the visibility of agency leadership's commitment to using performance information in decision making. Both DHS and Interior generally agreed with these recommendations.

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Building an Enduring Results-Oriented and Collaborative Culture Requires Demonstrated Leadership Commitment from the President and Congress

As we have noted in the past, the President and Congress both have unique and critical roles to play in demonstrating their commitment to improving federal agency performance results. Both OMB and Congress can send strong messages to agencies that results matter by articulating expectations for individual agency performance and following up to ensure that performance goals are achieved. At the same time, they also need to address performance problems in the areas of government that require the concerted efforts of multiple agencies and programs. Increasingly, many of the outcomes we look for—such as prevention of terrorist attacks, reduction in incidence of infectious diseases, or improved response to natural disasters—go beyond the scope of any one single agency. In these cases, agencies must work closely together to achieve desired results.

The President and OMB Can Promote Greater Use of Performance Information Governmentwide

The President can send a signal to federal managers that using performance information is critical for achieving results and maximizing the return on federal funds invested by selecting and focusing his attention on achieving certain critical goals, such as creating or retaining jobs through investments under the American Recovery and Reinvestment Act of 2009.[12] As a first step, OMB has begun to issue guidance to agencies on identifying a limited number of high-priority performance goals, with the explicit message that performance planning is a key element of the President's agenda to build a high-performing government.[13] With this recent guidance, OMB has also put agencies on notice that the executive-branch leadership is paying attention to their performance, by establishing regular reviews of the progress agencies are making to improve results in these high-priority areas.

As the primary focal point for overall management in the federal government, OMB can support agency efforts to use performance information by encouraging agencies to invest in training, identifying and disseminating leading practices among agency managers, and assisting agencies in adopting these practices where appropriate. As we previously reported, our survey results showed a positive relationship between

[12]Pub. L. No. 111-5, 123 Stat. 115 (Feb. 17, 2009). The Recovery Act requires recipients of Recovery Act funds to report, among other information, an estimate of the number of jobs created and number of jobs retained by projects and activities. Recovery Act, § 1512(c)(3)(D), 123 Stat. 288.

[13]M-09-20, *OMB Memorandum for the Heads of Departments and Agencies on Planning for the President's Fiscal Year 2011 Budget and Performance Plans*, June 11, 2009.

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managers who reported receiving training and development on setting program performance goals and those who report using performance information when setting or revising performance goals.[14] However, as we testified in July 2008, while our survey found a significant increase in training since 1997, only about half of our survey respondents in 2007 reported receiving any training that would assist in analyzing and making use of performance information.[15] We previously recommended that OMB ensure that agencies are making adequate investments in training on performance planning and measurement, with a particular emphasis on how to use performance information to improve program performance.[16] Although the agency has not yet implemented this recommendation, an official who oversees OMB's management initiatives said that OMB has recently launched a collaborative Wiki page for federal agencies. According to this official, the Wiki is intended to provide an on-line forum for federal managers to share lessons learned and leading practices for using performance information to drive decision making.

In addition to providing support to help improve agency-level performance, OMB is uniquely positioned to facilitate collaborative, governmentwide performance toward crosscutting goals. As noted above, there are numerous performance challenges, ranging from combating terrorism to preventing the spread of infectious diseases, which transcend organization lines and require the concerted efforts of multiple agencies and programs. We have previously reported that GPRA could provide OMB, agencies, and Congress with a structured framework for addressing crosscutting program efforts.[17] OMB, for example, could use the provision of GPRA that calls for OMB to develop an annual governmentwide performance plan to integrate expected agency-level performance. Such a plan could help the executive branch and Congress address critical federal performance and management issues such as conflicting agency missions, jurisdiction issues, and incompatible procedures, data, and processes. As we pointed out in our July 2008 testimony, this provision has not been implemented fully.

[14]GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, GAO-04-38 (Washington, D.C.: Mar. 10, 2004).

[15]GAO-08-1026T.

[16]GAO-04-38.

[17]GAO-04-38.

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In addition to the annual performance plan, a governmentwide strategic plan could identify long-term goals and strategies to address issues that cut across federal agencies. To that end, we have also recommended that Congress consider amending GPRA to require the President to develop a governmentwide strategic plan.[18] Such a plan—supported by a set of key national outcome-based indicators of where the nation stands on a range of economic, environmental, safety and security, social, and cultural issues—could offer a cohesive perspective on the long-term goals of the federal government and provide a much-needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities.

Ensuring Performance Information Is Useful to and Used by Congress Is Key to Success of Governmentwide Performance Initiatives

By routinely incorporating agency performance issues into its deliberations and oversight, Congress can send an unmistakable message to agencies that they are expected to manage for results. As we have noted in our earlier work, however, Congress needs to be actively involved in early conversations about what to measure and how to present this information.[19] We previously reported that the PART process used by the prior administration did not systematically incorporate a congressional perspective and promote a dialogue between Congress and the President.[20] As a result, most congressional committee staff we spoke to did not use the PART results to inform their deliberations. Although the Obama Administration intends to adopt a new performance improvement and analysis framework, any new framework should include a mechanism to consult with members of Congress and their staffs about what they consider to be the most important performance issues and program areas warranting review. Engaging Congress early in the process could help target performance improvement efforts toward those areas most likely to be on the agenda of Congress, thereby increasing the likelihood that they will use performance information in their oversight and deliberations.

Additionally, as we noted in our July 2008 testimony, Congress could consider whether a more structured oversight mechanism would be helpful in bringing about a more coordinated congressional perspective on governmentwide performance issues. Just as the executive branch needs to better address programs and challenges that span multiple departments

[18]GAO-04-38.

[19]GAO, *Performance Budgeting: OMB's Performance Rating Tool Presents Opportunities and Challenges for Evaluating Program Performance*, GAO-04-550T (Washington, D.C.: Mar. 11, 2004) and GAO-08-102GT.

[20]GAO-04-550T.

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and agencies, Congress might find it useful to develop structures and processes that provide a coordinated approach to overseeing agencies where jurisdiction crosses congressional committees. We have previously suggested that one possible approach could involve developing a congressional performance resolution identifying the key oversight and performance goals that Congress wishes to set for its own committees and for the government as a whole. Such a resolution could be developed by modifying the annual congressional budget resolution, which is already organized by budget function.[21] This may involve collecting the input of authorizing and appropriations committees on priority performance issues for programs under their jurisdiction and working with crosscutting committees such as the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and the House Committee on Rules.

In conclusion, while federal agencies have become better positioned to manage for results, there is still much to be done to shift the focus of federal managers from merely measuring agency performance to actively managing performance to improve results. Our work indicates that widespread adoption of the key management practices we have identified is a critical first step. At the same time, the President and Congress each have unique and critical roles to play in building a high-performing, results-oriented, and collaborative culture across the government. Beyond this, the creation of a long-term governmentwide strategic plan, informed by a set of key national indicators, and an annual governmentwide performance plan could provide important tools for integrating efforts across agencies to achieve results on the challenging issues that increasingly face our nation in the 21st century.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or other members of the subcommittee may have at this time.

[21]GAO, *21st Century Challenges: How Performance Budgeting Can Help*, GAO-07-1194T (Washington, D.C.: Sept. 20, 2007).

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GAO Contacts and Acknowledgments

For further information about this testimony, please contact me at (202) 512-6543 or steinhardtb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. Individuals who made key contributions to this testimony were Elizabeth Curda (Assistant Director), Jessica Nierenberg, Laura Miller Craig, Kate Hudson Walker, Karin Fangman, Melanie Papasian, A.J. Stephens, and William Trancucci.

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Appendix I: Agency Ranking Based on 2007 Survey Results on Use of Performance Information

Rank	Agency/Component
1	National Aeronautics and Space Administration
2	Nuclear Regulatory Commission
3	Department of Veterans Affairs
4	Social Security Administration
5	National Science Foundation
6	General Services Administration
7	Department of Energy
8	Department of Housing and Urban Development
9	Department of Education
10	Department of the Treasury (excluding Internal Revenue Service)
11	Internal Revenue Service
12	Environmental Protection Agency
13	Small Business Administration
14	Centers for Medicare & Medicaid Services
15	Department of Commerce
16	Office of Personnel Management
17	Federal Aviation Administration
18	United States Agency for International Development
19	Department of Labor
20	Department of Agriculture (excluding Forest Service)
21	Department of Homeland Security (excluding Federal Emergency Management Agency)
22	Department of Defense
23	Department of State
24	Department of Transportation (excluding Federal Aviation Administration)
25	Department of Justice
26	Department of Health and Human Services (excluding Centers for Medicare & Medicaid Services)
27	Department of the Interior
28	Federal Emergency Management Agency
29	Forest Service

Source: GAO.

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Statement for the Record
W. Craig Fugate, Administrator
Federal Emergency Management Agency
Department of Homeland Security

Before the

United States Senate

Committee on Homeland Security and Governmental Affairs
Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security

"Improving Federal Program Management, Government Information"

September 24, 2009

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Introduction

Chairman Carper, Ranking Member McCain and Members of the Subcommittee, I am honored to provide testimony today on how we are working to instill a culture of results-oriented management at FEMA.

As the recent report of the Government Accountability Office (GAO), *Results–Oriented Management: Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*, demonstrates, results-oriented management is not about developing metrics for the sake of developing metrics. In the current economic environment, more than ever, we owe it to the American public to tell them where their dollars are going and how those dollars are being effectively used.

As I mentioned at my first address to all FEMA employees, I want to produce measurable outcomes. I want to know what impact our contributions on behalf of a State or locality actually have on an affected community or region, and not just how many people or materials we delivered to points on a map. While those numbers are certainly important, they don't tell the whole story. My goal is to deliver consistently substantive and excellent emergency management *outcomes*, not simply a statistically polished report on process that loses sight of the intent of performance metrics.

FEMA's Efforts to Improve Outcomes

So what does results-oriented management really mean?

It means that FEMA will develop meaningful metrics that do not merely measure the processes that support disaster response and short-term recovery, but will further measure the actual *outcomes* of our disaster response and recovery programs. We are under no illusions about how difficult this task will be. It's easy to measure a process, but it is quite another thing to measure how that process has positively impacted a family or a community.

Secretary Napolitano and I are leading an effort to expedite the identification of these outcome-based measurements at FEMA. For instance, one metric that we are considering is measuring the work of Joint Field Offices (JFOs) – the federal multiagency coordination centers created to oversee recovery efforts following a federally declared disaster. The metric would describe how quickly we put disaster money in the hands of the survivors and local governments, with the intent of creating an outcome of more timely restored homes and jobs. With more expeditious assistance, we will be able to close the JFO and turn any remaining projects over to the appropriate FEMA regional office.

More broadly, my vision is to establish an outcome-based management and accountability tool within FEMA. I want each FEMA directorate and every regional office to have innovative goals and plans that will focus on how to make our programs

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even more effective. Our regions not only represent diverse geographical areas, they are charged with maintaining and delivering the core mission of FEMA. Accordingly, I plan to work to ensure that all FEMA Regions move expeditiously to implement plans and goals that address their states' unique geographic and demographic needs.

Thankfully, we have a foundation of work to build upon. As required by the Government Performance and Results Act (GPRA), FEMA has already started to develop outcome-based metrics and, as we move forward, we will build upon this work to establish even more tools that can be used to measure the effectiveness of our programs. Our plan of attack includes a number of measures, outlined below, that address the recommendations of the GAO report.

I. Prioritizing Strategic Goals

FEMA will focus first on outcomes for those strategic goals that we deem most critical for the Agency's core mission and operations. FEMA's Strategic Plan includes a Performance Addendum that highlights 19 "initial" baseline measures reported in the FY09 Department of Homeland Security's Annual Performance Report. FEMA analyzed the measures using a cascading goals methodology to align measures to the Agency's strategic goals and objectives, and identify potential gaps in coverage across the Agency's five mission areas: Preparedness, Protection, Response, Recovery, and Mitigation. The measures support FEMA's mission: "*To support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.*"

FEMA is conducting further analyses to identify possible shortfalls in implementing the Strategic Plan, and is developing and refining additional measures to address newly identified issues and gaps. In addition, FEMA will continue to assess its programs and recalibrate associated measures, thus ensuring program effectiveness and support in implementing the Agency's Strategic Plan.

FEMA has ten Regional Offices, which are FEMA's principal interface for building state and local disaster response capability. The Agency is continuing to develop Regional Strategic Plans and performance measures that align with Agency-wide goals and objectives. We continue to move toward giving Regional Administrators greater authority for day-to-day management, as we can best achieve accountability and responsiveness by empowering our Regions and leveraging their regional structure capabilities.

II. Performance Review Coordination and Linking Measurement Outcomes to Resource Allocation Decisions

To develop Agency-wide and program performance goals and measures, FEMA will conduct frequent, regular performance review meetings involving managers from different organizational levels in the Agency.

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In accordance with Executive Order 13450 (November 13, 2007), Improving Government Performance, FEMA appointed a career member of the Senior Executive Service (SES) as the Performance Improvement Officer (PIO). The executive order strengthens existing laws and mechanisms for measuring performance, such as the Government Performance and Results Act.

The FEMA PIO attends the Department of Homeland Security quarterly Performance Improvement Council (PIC) meetings to report on the status of FEMA's ongoing efforts to improve our outcome-based measurement systems. FEMA established its own PIC this past spring. The FEMA PIC meets monthly to address and coordinate all aspects of program performance management to improve programmatic outcomes, share best practices, and analyze existing measures to ensure they meet the elements of a SMART measure; i.e., one that is Specific, Measureable, Actionable, Relevant and Timely. FEMA's PIC recently provided performance measurement training to all FEMA directorates and offices to enhance their knowledge and competence as the agency continues to strengthen focus on budget-performance integration.

In FY10, the PIC will provide FEMA's Investment Working Group (IWG) with data-driven results that will allow for more informed resource decisions for spending taxpayer dollars. The IWG is working toward improving the usefulness of performance metrics and data to better meet FEMA management's decision-making needs. The IWG is made up of budget analysts and senior representatives from across the agency, and serves as the intra-agency body responsible for increasing the visibility of effective FEMA initiatives and programs, encouraging discussion of programmatic resource needs, developing investment recommendations and assisting in implementation of resourcing decisions.

The FEMA Quarterly Review will link the performance aspects of the PIC with the resource component of the IWG. FEMA's budget spreads dollars across a number of activities, known as "Things You Do" (TYD). Starting next month, each FEMA program will start measuring their TYDs. For each of these activities, we have mandated that programs develop at least one measure, so that by April 2010 they will be able to demonstrate a first step toward budget-to-performance integration. FEMA's IWG will conduct quarterly budget and performance reviews that show, side-by-side, dollars spent and performance achieved for those resources (TYDs). The goal of this effort is to more effectively manage resource adjustments.

Traditionally, when a budget decrease is imposed, the response is to cut funding from common discretionary areas; for example, training and/or travel. However, with this activity-based approach, FEMA will be able to, over time, quantify what a budget decrease in a particular activity will mean in terms of performance. For example, were we to cut MERS (Mobile Emergency Response System) TYD funding by 10 percent, the operational impact would be that it would take an average 12-18 additional hours for detachments to arrive at the scene of a disaster. An activity-based approach will allow

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decision makers to better assess the impact of funding decisions and carefully balance outcomes when having to make difficult choices in a declining budget environment.

III. Meaningful Performance Indicators

In its September 2009 report, the GAO commented that FEMA has "no consistent, reliable means of measuring preparedness." For example, it noted that in one of FEMA's National Preparedness Priorities – Expand Regional Collaboration – there is no current tool for measurement. Based on this observation, when FEMA sets performance and outcome measurements, we will ensure that we allow for better periodic performance "diagnostic checks" that gauge FEMA's performance against the Agency's strategic goals and objectives.

However, it should be noted that the GAO also cited the performance measurement used by FEMA's mitigation team as a positive example. The Mitigation Directorate built trust among its managers and staff that their performance information would be used as an improvement tool, rather than as a punitive mechanism. By taking this approach, we avoid the common trap that many organizations fall into: setting safe, but less important, target goals to avoid being penalized. By contrast, we want our performance metrics to be real and meaningful, using performance measures to make decisions. For example, in fiscal year 2009 FEMA began the transition from Map Modernization, which focused on outcomes that fixed outdated or inaccurate maps, improved management infrastructure, changed mapping technologies and more effectively engaged stakeholders, to Risk MAP (Mapping, Assessment and Planning) that focused on collaborating with State, Local, and Tribal entities to develop outcomes that will help deliver quality data that increases public awareness and leads to action that reduces risk to life and property. Performance measurements in Risk MAP are tracked on a monthly basis during governance meetings, including Joint Program Reviews, to assess regional project status and headquarters control accounts. FEMA's key goal for Risk MAP is to address gaps in flood hazard data to form a solid foundation for flood risk assessments, floodplain management, and actuarial soundness of the National Flood Insurance Program.

In addition to the Mitigation Directorate's efforts, the Grant Programs Directorate (GPD) at FEMA has developed the Cost-to-Capability (C2C) Initiative to identify the information and develop the tools needed to effectively manage GPD's portfolio of Federal preparedness grant programs. With the tools generated by the C2C Initiative, grantees will be able to maximize their local preparedness investment strategy with respect to the Nation's Homeland Security priorities. By design, these tools will adapt to changes in the Nation's Homeland Security Strategy, translating national priorities into a clear prioritization of capabilities-based investments that all levels of government can use. C2C tools will inform grantees' use of limited grant funding and better measure how grants increase the capability of States and local communities to respond to all-hazards.

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During summer 2009 FEMA released the "Grant Program Accomplishments Report: Summary of Initial Findings (FY03-07)," the first-ever study of how grantee spending builds target capabilities. GPD analyzed grantee data spanning the last five fiscal years from its core grant programs, which accounted for 64.8% of GPD's preparedness grant portfolio from FY 2003 through 2007. To complete this study, GPD used a new analytical approach that sought to connect DHS preparedness policy to grantees' use of their preparedness grant awards across a portfolio of grant programs.

By participating in several upcoming C2C pilots and focus group sessions, State and local grantees will have the opportunity to test and provide feedback on the core components of the C2C Initiative and to help shape further iterations of C2C tools. These tools will focus on supporting investment planning activities, such as streamlining grant applications and supporting grantees in allocating obligated funds across subgrantees and projects. Over time, C2C tools will evolve to support all phases of the grants management lifecycle from pre-award allocations through closeout and monitoring.

The enhanced C2C methodology will allow FEMA to better manage its portfolio of federal preparedness grant programs and support the needs of State and local grantees, and will enable grantees to quantify the outputs of preparedness grant programs, streamline grant application and reporting processes across grant programs, identify investment efficiencies across the preparedness grant portfolio, and facilitate investment allocation decisions.

Ultimately, the goal of the C2C Initiative is to provide a flexible tool, allowing grantees to manage anything from a relatively small portfolio of grants for a locality to a more complex portfolio across programs and subgrantees.

IV. Stakeholder Participation

To ensure that all perspectives are considered as we improve FEMA program management, we will consult with FEMA's National Advisory Council, created by the Post Katrina Emergency Management Reform Act, and external stakeholders, such as intergovernmental/professional organizations and non-profit and private sector organizations. We will bring all of these stakeholders to the table for frequent, candid discussions of performance measures and outcomes to foster cooperation and accountability. In fact, one of my top priorities for FEMA is to build a more structured organization that will integrate the knowledge and resources of all of FEMA's key partners. FEMA is committed to strengthening its ties to a range of external stakeholders – they are our partners, and we will collaborate closely with them on the development of performance measures and outcomes.

V. Performance Technology System

Finally, FEMA will develop a system to compile consistent, timely, valid, relevant, and credible complex data that can be integrated and readily accessible in a performance technology system. Personnel of course must be trained to use the information system.

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FEMA is actively pursuing a well-integrated information technology system for performance information. Information technology systems must attribute specific performance results to discrete funding sources, because gains in performance are often the result of multiple funding sources over multiple years. Currently, FEMA is evaluating a new pilot budget–performance integration system, which will make high-level program and performance information readily available to senior managers.

Preliminary reports indicate the pilot system will help improve collaboration during the Planning, Programming, Budgeting and Execution process. The pilot has the ability to integrate with our current accounting system and share budget formulation and execution information efficiently across the organization, enabling easy collaboration and communication of a complete and standardized view of all budget information in order to gain a better picture of goals and objectives and their link to the strategic plan. An online system will assist in enforcing guidance and organizational rules and allow FEMA to manage spending plans through lining them up with actual expenditures.

FEMA is also in the development stage of a "performance module" that will track budget dollars at the Planned Program Activity, or PPA, level and the performance measures linked to that specific funding stream. The module will enable us to monitor a program's progress using performance metrics and compare those metrics with the funding a program activity receives. We will therefore be able to generate a return on investment report that can be shared with our stakeholders.

Department of Homeland Security Efforts to Improve Outcomes

FEMA is coordinating with DHS and integrating its performance measures into the Department's Congressionally-mandated Quadrennial Homeland Security Review (QHSR).

The Department of Homeland Security is conducting the first QHSR in order to determine the best path forward for DHS. This review of the national homeland security "enterprise" will guide the Department for the next four years as DHS develops the Nation's homeland security policies, programs, and missions. The QHSR includes five principal study areas, based on the Secretary's priorities for homeland security, including the priority of preparing for, responding to, and recovering from disasters. This study area is being managed by the FEMA Chief of Staff, and is examining each of the elements of an all-hazards emergency management system. Within the QHSR, FEMA is also involved in providing input in the overarching study area of "Maturing and Unifying DHS and the Homeland Security Enterprise," with three more specific areas including: DHS Strategic Management; Homeland Security National Risk Assessment; and Homeland Security Planning and Capabilities. The Secretary views the QHSR as an opportunity for unprecedented collaboration with our stakeholders, and throughout the QHSR process, federal, state, local, tribal, voluntary agency, private sector, and non-profit stakeholders have been asked for their opinions and guidance on the future of the homeland security "enterprise."

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Conclusion

The idea of performance-based management is fairly straightforward. When we are spending taxpayers' dollars, measuring outcomes rather than merely processes should be the common sense approach. However, putting that idea into practice is often more difficult than it sounds. That is why I am pleased that we have a solid foundation of outcomes-based performance measurement that we will continue to build upon at FEMA.

As I have noted above, the agency is working hard to comply with the Government Performance and Results Act to ensure that all FEMA programs can be measured by how they impact families and communities. As Administrator, I intend to expand that effort. I look forward to working with our stakeholders, this subcommittee, and the entire Congress to develop the accountability and outcome-based measurement tools that our Agency needs to serve the American people. I am committed to seeing that FEMA is the best possible steward of the public safety *and* the public purse.

Thank you for the opportunity to provide testimony today. I am prepared to answer any questions that the Subcommittee may have.

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STATEMENT OF RHEA SUH, ASSISTANT SECRETARY FOR POLICY, MANAGEMENT AND BUDGET, U.S. DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVCIES AND INTERNATIONAL SECURITY OF THE SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE, OVERSIGHT HEARING ON GETTING TO BETTER GOVERNMENT: FOCUSING ON PERFORMANCE

SEPTEMBER 24, 2009

Mr. Chairman and Members of the Committee, I appreciate the opportunity to appear before you today to discuss management at the Department of the Interior. I am joined here today by Dr. Richard Beck, Director of the Department's Office of Planning and Performance Management.

Introduction

One of my highest priorities as the Assistant Secretary of Policy, Management and Budget is to initiate a rigorous and renewed focus on management at the Department. Comprised of over 70,000 people, and organized within eight different bureaus with eight distinct missions, management of such a large organization is an enormously complex and challenging task that demands rigorous performance metrics and accountability conducted in a meaningful and efficient manner.

We welcome the review of management at our agency both by this Committee and by the Government Accountability Office (GAO). We have reviewed the GAO's study, titled "*Results-Oriented Management, Strengthening Key Practices at FEMA and Interior Could Promote Greater Use of Performance Information*" and agree in principle with its recommendations. Tracking and utilizing performance information are important elements of decision making and effective management systems; and leadership and communication by senior management on these issues is critical.

I believe that effective management begins with a clear articulation of success for the organization. It has been said that if you do not know where you are going, any road will take you there. I would like to share with you today the important steps that we are taking to strengthen management at the Department.

Strategic Plan

We are in the process of revising our integrated Department-wide Strategic Plan. The Strategic Plan establishes the Department's overarching mission, vision, and common goals.

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Although the statutory mission of the Department and its bureaus has not changed, the revised Strategic Plan will reflect the priorities of President Obama and Secretary Salazar. The Strategic Plan will also identify the corresponding metrics that will be used to gauge our success, manage our budgets and define areas for improvement. In this way, the Strategic Plan will define where the Department is headed in the future.

In updating the Strategic Plan this year, we have developed a framework that provides, on a single page, a road map of proposed mission areas, goals, and areas of performance measurement. This framework introduces a hierarchical approach to aggregating details in a meaningful way, so that supporting level details may be easily retrieved and used to make Departmental decisions. We believe that this framework brings a significant amount of data together in a usable format.

We are a large and complex Department, and the Department collects a significant amount of information. As noted in the GAO report, the Department records over 600 performance measures; some are very project-specific, while others are aggregated Department-wide. It is our hope that the framework will connect information about the performance of the Department, which is essential in management, with information about implementation, which is often most relevant to employees.

We have found that performance measures that are too broadly defined are considered by local project managers to lack credibility and usefulness, while measures that are too narrowly defined become too numerous to be used effectively by decision makers at the Departmental level. Consequently, in many instances, performance information captured at one level may not be useful for decision making at another. The objective is to ensure that performance information is useful in decision making, both at the local and at the Departmental level.

Communication

We are communicating this proposed framework for a new Strategic Plan, including its goals and measures, throughout the Department. We want the actions of employees to be aligned with the direction of the Department. By making goals and measures traceable from the Secretary's priorities down to the levels of implementation, employees will be able to see where their performance contributes to the achievement of the Department's goals. Involving managers and employees in the planning process will help ensure ownership and accountability across the Department's bureaus and offices. Greater communication and input by employees and managers will also lead to the increased use of performance information across the organization, and ultimately improved effectiveness and results

On September 11, 2009, we published notice of the availability and request for comments on the Strategic Plan framework in the Federal Register. We are planning a series of town hall meetings to discuss the elements of this framework for revising the Strategic Plan. In this manner, internal and external stakeholders, the general public, and Tribal communities, among others, will have an opportunity to comment on the proposed framework. The framework is currently open for public comment until November 10, 2009.

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Innovation

We recently assessed the potential for using aggregated performance information to measure the Department's overall progress against its mission level outcome goals. We started with 25 "representative performance measures", which we considered key indicators of performance across the agency, and produced a mapping of the major aspects of performance that could be used on a repeatable basis. Related program areas were added to this mapping through corresponding performance measures. The results, and a projection into the next year, were graphed for each representative performance measure. A corresponding trend in funding investment was also provided for comparison. This high level information provides the Department's decision makers with a dashboard to evaluate performance.

Both the detailed and aggregated performance information is very important for our decision making. Knowing how well or poorly a program is performing with a given budget helps resource managers make informed decisions about the allocation and reallocation of finite dollars. By tracking performance and expenditures of Interior programs, we can identify areas of challenged, sustained, or improved performance and make recommendations for increasing, decreasing, or maintaining resource levels. This assessment has been especially appropriate for those programs that take multiple years of effort and for performance to be realized.

This year we expect to expand the assessment to cover a larger percentage of our budget with similar performance/funding trends. We hope that this approach will provide a more understandable report for senior level decision making. Ultimately, we hope to make performance measures a routine part of discussion and decision making at the Department.

Developing and utilizing meaningful performance measures is a continually evolving process. As we move forward, we will continue to look to other agencies and organizations to adopt best practices.

Conclusion

I am committed providing strong agency leadership on these issues. I appreciate very much the Committee's support and encouragement for tracking and utilizing performance information. As we have described, it is a valuable tool for decision making and effective management.

This concludes my testimony. I am happy to answer any questions that you may have.

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STATEMENT OF

MICHELLE SNYDER
ACTING DEPUTY ADMINISTRATOR
AND THE DEPUTY CHIEF OPERATING OFFICER
CENTERS FOR MEDICARE & MEDICAID SERVICES

ON

GETTING TO BETTER GOVERNMENT: FOCUSING ON PERFORMANCE

BEFORE THE

U.S. SENATE COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS,
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, FEDERAL SERVICES
AND INTERNATIONAL SECURITY

SEPTEMBER 24, 2009

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Testimony of
Michelle Snyder

Acting Deputy Administrator and the Deputy Chief Operating Officer
Centers for Medicare & Medicaid Services

Before the

U.S. Senate Committee on Homeland Security and Governmental Affairs,
Subcommittee on Federal Financial Management, Government Information,
Federal Services and International Security

On

"Getting to Better Government: Focusing on Performance"

September 24, 2009

Chairman Carper, Senator McCain, and distinguished Subcommittee members, thank you for inviting me here to discuss the Centers for Medicare & Medicaid Services' (CMS) initiatives to increase the use of performance information within the Agency.

CMS is responsible for administering several of the Nation's key health care programs, including Medicare, Medicaid, and the Children's Health Insurance Program (CHIP). Medicare and Medicaid alone account for 35 cents of each health care dollar spent in the United States.[1] In total, CMS expends over $700 billion per year on health care expenditures, one of the largest categories of Federal government spending. This has led to CMS becoming the largest purchaser of health care in the country, serving over 98 million beneficiaries. We take this role very seriously as our oversight responsibility impacts millions of lives.[2]

[1] National Health Expenditures data 2009.
[2] Budget in Brief, Fiscal Year 2010, U.S. Department of Health & Human Services, page 53.

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The Administration, the Congress, beneficiaries and taxpayers clearly expect CMS to be accountable for the efficient and effective administration and oversight of our programs. Furthermore, the Government Performance and Results Act of 1993 (GPRA) requires Federal agencies, effective fiscal year (FY) 1999, to have strategic plans, set goals and objectives, measure performance, and report their accomplishments as part of movement toward a performance-based, results-oriented government. For FY 2010, CMS has 31 GPRA performance goals representing the purview of our programs, including, among other things, decreasing the prevalence of restraint and pressure ulcers in nursing homes and increasing the frequency of state surveys of nursing homes and home health agencies. The GPRA goals, combined with internal management tracking tools, have become an integral part of the management culture at CMS and have been effective in making our employees aware of the Agency's commitment to the use of performance information to manage our programs and resources.

The Administration's focus on performance and accountability provides an opportunity for CMS to expand our strategic management practices and improve how work is managed and reported throughout the Agency. For CMS to effectively manage our many mission-critical activities, quickly respond to new program priorities and requirements, address an ever-growing workload, and implement new statutory mandates, we must excel at strategic thinking and action. CMS must ensure that resources are directed towards priorities, operational risks are immediately identified, employees are held accountable for meeting the Agency's goals, and performance is easily measureable.

The Agency is pleased with the progress we have made to this point, as noted by GAO, and recognize that such progress requires an ongoing commitment. By utilizing performance metrics and data, we can continue to improve the programs under our oversight.

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CMS' Use of Performance Information

As the largest purchaser of health care in the United States, CMS processes around 4.6 million claims per day.[3] The challenge has been how to take this significant amount of data from claims processes and other data submission methods and apply proper analysis with program analysts, health care clinicians, contractors, and actuaries to turn it into valuable and useful information. These challenges continue to grow with new Congressional mandates.[4]

With the passage of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), CMS had the responsibility of implementing the most sweeping changes to the Medicare program since its inception in 1965, launching a prescription drug benefit. The use of performance information was key in developing, tracking, and reporting our progress towards implementing this new Medicare benefit. By performance information, I mean the data used by CMS to measure progress towards Department and Agency goals that lead to the improvement of programmatic oversight, better quality of care for our beneficiaries, and more effective management of staff and resources.

Within the last four years, Congress has passed the Deficit Reduction Act of 2005, the Tax Relief and Health Care Act of 2006, the Medicare, Medicaid, SCHIP Extension Act of 2007, the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), the Children's Health Insurance Program Reauthorization Act of 2009, and the American Recovery and Reinvestment

[3] FY 2010 Congressional Justification, page 36. In FY 2010, CMS will process approximately 1.2 billion claims per year. Number cited assumes 260 working days in a year.
[4] CMS FY 2010 Online Performance Appendix, page ii.

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Act of 2009 (Recovery Act). Implementing each of these laws has also required the Agency to use performance information in order to stay focused on key targets and deadlines.[5]

Through these initiatives, the Agency has found that use of performance information is essential in fulfilling our mission. As cited in the Government Accountability Office's (GAO) 2008 testimony to this Subcommittee, we have improved in the use of performance information to accomplish strategic goals and objectives.[6] Performance information has been and will continue to be helpful in three core areas of CMS' workload:

1. Improving the administration and implementation of CMS programs;
2. Transforming the delivery and quality of the health care system for CMS beneficiaries; and
3. Improving the efficiency and management of CMS staff.

Improving the administration and implementation of CMS programs

Programmatic performance information is necessary for us to be not only a well-run Agency, but also one that positively affects the lives of our beneficiaries and is good value for all Americans. One-way in which we have institutionalized the use of performance information and accountability within the Agency is through the Strategic Planning and Management Council (SPMC) that meets monthly to assess potential risks to CMS programs and develop strategies to move CMS towards identified results. This senior team of executives promotes the effective and integrated implementation of the Agency's ongoing operations, allocation of resources and key strategic initiatives. The SPMC's efforts focus on the program areas that drive change and

[5] FY 2010 CMS Justification of Estimates for Appropriations Committees, page 1.
[6] Government Accountability Office, "Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Improve Results," GAO-08-1026T.

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improve the Agency's performance, including budget formulation and strategic investments, the Agency's operating plan, human resource management programs, the Agency's performance evaluations, and CMS and HHS priorities.

As an example of how the SPMC works collaboratively and strategically to improve Agency operations, the SPMC commissioned the Resource Analysis Project (RAP) during FY 2008 to link CMS' full-time equivalents (FTEs) to their primary functions and activities. The effort provided a great deal of insight into the Agency's resource distribution especially during a time of increasing workloads and decreasing FTE levels. The data were updated during August 2009 and we are in the process of analyzing the data trends to align this employee specific information with our priorities and our revised Strategic Action Plan. Using this information, CMS will be better able to function as one integrated organization with a focus on results, and to ensure that resources are directed toward the most critical activities.

The Chief Financial Officers (CFO) Act of 1990 instituted the requirement that all Federal agencies prepare financial statements and undergo an annual audit. In early CFO audits, CMS provided insufficient documentation to support the amounts reported in its financial statements. CMS made considerable progress in strengthening its financial internal controls and addressing material weaknesses identified by auditors, which resulted in CMS' first "clean," unqualified audit opinion in fiscal year (FY) 1999. Over the last ten consecutive fiscal years, the Agency has been able to maintain its "clean" opinion and reduce the number of material weaknesses. By continuously improving financial reporting processes, guidance, and oversight, CMS has ensured that our financial information is accurate, reliable and timely. CMS is aware of our fiduciary responsibilities and the need for the continuous monitoring and improvement of our programs. Therefore, we remain committed to strengthening our efforts to improve the financial

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management of CMS' operations so that we can continue to maintain fiscal accountability and financial integrity in our programs.

One way CMS has accomplished this is through the development of the Risk Management and Financial Oversight Committee to institute a coordinated process and cross-functional team to monitor Agency activities such as the CFO audit and other internal controls. One of the Committee's main functions is to ensure that issues causing legal, operational, or financial risk affecting the integrity of our quarterly financial statements and the CFO audit are discussed with the executive team and resolved in a timely manner. In addition, the Committee ensures that detailed corrective action plans (CAPs) addressing all findings from CMS' annual financial statement audit are developed and timely implemented and it assists in the oversight responsibilities for 1) the integrity of the Agency's financial statements, 2) the Agency's compliance with legal and regulatory requirements and 3) the proper functioning of internal controls, including the Office of Management and Budget (OMB) Circular A-123 assessment and documentation. Since the Committee's formation, it has played a critical role in focusing senior leadership attention on those areas where our CFO auditors have identified weaknesses or vulnerabilities by ensuring that CAPs were developed and implemented to address the Agency's deficiencies in an effective manner.

Given the number of statutory changes of recent years, CMS has used performance information and management techniques to enable the Agency to meet key implementation milestones. For instance, the magnitude of the new prescription drug benefit in the MMA required CMS to take a strategic and systematic approach to managing the implementation and oversight of this program. To this end, CMS developed the Priority Project Tracker (PPT), an enterprise tool based on project management fundamentals that provides a method for CMS to identify and

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capture the universe of priority projects within the Agency. PPT provides us with an enhanced capability to analyze the dependencies across our projects and components and serves as a decision-making tool for Senior Agency Leadership by providing an integrated view of the multiple programs for which we are accountable and executive level reports that provide updated information on the status of our priority projects. In turn, these reports are used to make informed, data-driven strategic planning decisions.

Transforming the delivery and quality of the health care system

Collecting, integrating, and utilizing health care data for performance improvement is integral to achieving the vision of "a transformed and modernized health care system" and instrumental in improving the quality of health care for the millions of Medicare, Medicaid, and CHIP beneficiaries who rely on CMS. Consistent with both past and FY 2010 GPRA goals, CMS recently launched a series of initiatives reliant on performance information, including the Quality Improvement Organizations (QIO) 9th Statement of Work (SOW), Nursing Home Quality Initiative, hospital quality reporting, and the Physician Quality Reporting Initiative (PQRI).

The QIO 9th SOW' framework is based on measurable, specific performance metrics designed to drive improvement and evaluate the value of the QIO interventions. Through the QIO program, CMS is measuring improvements in increasing vaccination rates, reducing healthcare-associated infections, reducing unnecessary re-hospitalizations, and other system-wide changes that increase the quality of care.

In November 2002, CMS began a Nursing Home Quality Initiative, which includes quality measures published on the *Nursing Home Compare* Web site (www.medicare.gov/nhcompare/). The Web site enables consumers, providers, States, and researchers to compare information on

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nursing homes in a particular geographic area. Facilities are assigned star ratings from a low of "one star" to a high of "five stars" based on health inspection surveys, staffing information, and quality of care measures. Many nursing homes have already made significant improvements in the care being provided to residents because of *Nursing Home Compare* and the support of QIO staff. The Quality Initiative has recorded a decrease in the use of restraints and number of beneficiaries suffering pressure ulcers in nursing homes.

Congress has required CMS to implement a series of quality reporting initiatives for the hospital setting since 2003. The outgrowth of those statutory requirements is the Reporting Hospital Quality Data for Annual Payment Update (RHQDAPU) initiative, which requires hospitals to report quality data to CMS to receive a full payment update, and the *Hospital Compare* Web site (www.hospitalcompare.hhs.gov/), which allows the public to view quality comparisons between hospitals. Over this time, CMS has increased the number of measures for both programs (for instance RHQDAPU will have 43 measures in FY 2010, up from 10 measures in FY 2006). CMS has also seen improvement in the results of the hospitals, including a decrease in the percentage of surgical patients receiving incorrect surgical care antibiotics, which reduces mortality, morbidity, and re-hospitalization rates.

Physician quality reporting has undergone a similar expansion of statutory authorizations and processes. Under PQRI, eligible professionals may earn a bonus payment of 2.0 percent of total allowed charges for covered Medicare physician fee schedule services in 2009 if they satisfactorily report data. As required by MIPPA, CMS will also post the names of individual eligible professionals who satisfactorily report data on quality measures for the 2009 PQRI on the CMS Web site.

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CMS plans to continue to build on these initiatives and use performance information to drive our decisions. Performance measurement is essential for health care providers to learn where they stand, and the public reporting of the data can be a powerful catalyst for improvement. CMS has already announced plans to include hospital readmission rates and Hospital Outpatient Department data on the *Hospital Compare* Web site in 2010.

Improving the efficiency and management of CMS staff

Since GAO's initial 2000 survey, CMS has developed a series of strategies to utilize performance information and improve the Agency's performance, especially in the efficiency and management of our staff. For 2006-2009, CMS developed a Strategic Action plan to serve as a blueprint showing how it will carry out its mission, focused on the following five elements: 1) Skilled, Committed, and Highly Motivated Workforce, 2) Accurate and Predictable Payments, 3) High-Value Health Care, 4) Confident, Informed Consumers, and 5) Collaborative Partnerships. As part of this larger initiative, CMS made sure that the work of each employee would fit under at least one of these goals and provide for the "cascading" of Agency goals to the performance plan of each CMS employee. An updated Strategic Action Plan for 2010 to 2013 is being planned and will likely keep many of the same goals and objectives, while varying the implementing tactics to reflect lessons learned.

As part of our continuing efforts to improve management and performance, CMS visited several other Federal agencies to learn how they use performance data, transform it into performance information, and produce demonstrable results. These visits reaffirmed the importance of developing an approach to integrate project management, employee performance management, resource allocation, and risk management in the day to day business of the Agency.

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This early work is already bearing fruit. Both GAO and the internal U.S. Department of Health and Human Services (HHS) process have recognized CMS' improvement in the key area of integrating performance measurement in our performance in FY 2008. In 2009, CMS plans to develop an Organizational Self-Assessment in order to gauge how the Agency performed against its goals and then incorporate those lessons learned into the 2010 performance assessment period. While the Agency has made great strides, we believe it is imperative to continue to work on performance management initiatives and to evaluate and monitor our progress.

We know the importance of ensuring that incentives are in alignment with the employees and the Agency's strategic goals and objectives. For example, during the CMS New Employee Orientation, we brief new employees on the CMS Strategic Action Plan, the CMS Mission, and the CMS Core Values. Our objective is to begin the process of connecting our employees to the larger goals of the Agency from day one and to ensure that employees see themselves as connected to the larger mission of serving the 98 million beneficiaries of our programs.

As a follow up to the initial training, first line managers meet with all new employee's within thirty days to discuss their individual performance expectations and the expected outcomes. This discussion once again demonstrates to new employees how their individual performance outcomes and results will contribute to HHS and CMS' strategic plans and goals. Training continues for all managers throughout the year. We provide Webinars on developing mid-year performance reviews and performance measures for employees. Additionally, CMS has just developed a workbook and will be conducting labs in the coming weeks to help first-line managers write "Exceptional" employee performance standards for next year's rating cycle so that employees will be clear on expectations in order to be rated "Exceptional." We also have on-going communication strategies to inform employees of the key Agency metrics and work

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plans. In addition, we recently implemented the CMS Leadership Institute, which sponsors training for mid-level to senior executive service (SES) employees, as a means of improving leadership skills at all levels of CMS and improving the proficiency of CMS managers in the core competencies promulgated by HHS.

All new managers at CMS are required to complete our Leadership in Context training, which includes modules that address communications and managing employee performance, in addition to training on other management responsibilities. Manager training continues with periodic Webinars and presentations on developing performance measures, rating employee performance against results, addressing poor performance, and creating individual development plans. Finally, Leadership Open Door Forums are held via monthly calls between front line managers and senior management on key issues. This fosters an environment where all levels of management feel a commitment and connection to the work of the Agency.

To remain vigilant and foster continual improvement, staff need more than training and they must be held accountable for their actions and their decisions. Growing out of the 2006-2009 Strategic Action Plan, CMS requires all employees and managers to be reviewed annually on performance measures that fit under and link with the overall Agency and Department goals. This "cascading of goals" has allowed the Agency to align all employees' work with the overall objectives of our organization contained in the HHS Strategic Plan and the CMS Strategic Action Plan. Each year for SES employees, under the Performance Planning System, and for non-SES employees, under the Performance Management Appraisal Program (PMAPs), all employees have a performance plan developed that includes clear, measurable, and observable standards. Intentionally, strategic plan objectives are cascaded down through the Performance Planning System, and from there to non-SES employee's PMAPs.

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Organizationally, CMS has also established an assessment process that focuses on results-oriented measures; links organizational performance goals to individual performance metrics; and uses performance data to develop and reward employee performance, or take corrective action as appropriate. This system also provides multiple opportunities for discussion and coaching between managers and employees about individual goals and progress toward those goals through the collaborative writing of annual performance plans, mid-year progress reviews, and end-of-year performance plan evaluations.

Senior level managers and front line managers have the responsibility to continue to reinforce this performance-based message. In preparation for the roll out of the 2006-2009 Strategic Action Plan, the Agency prepared managers for these conversations with a series of trainings and high-level summaries so that they would be comfortable speaking with employees regarding performance tracking accountability, the overall cascading Agency goals, and the PMAP process. This led to a successful rollout and understanding of all employees of the importance of this accountability and change. In some divisions within CMS, the Strategic Action Plan and component-specific program and operational performance goals are posted so employees remain mindful of the larger organizational goals on a daily basis.

Additional challenges

CMS is pleased with the progress we have made in our efforts to better utilize performance information in staff management, program management and implementation, and in improving the quality of care for millions of Americans. However, the journey in using performance information effectively has only begun.

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The Recovery Act, enacted on February 17, 2009, requires CMS to support the adoption of health information technology by incentivizing the use of electronic health records by Medicare and Medicaid providers. With funding provided by the Recovery Act, CMS is also working to advance wellness and prevention by helping reduce the incidence of healthcare-associated infections.

Implementation of the Recovery Act at CMS is built on the Agency's project and performance management experience. CMS has designated a Project Management Office to manage and monitor the implementation of the Recovery Act and to ensure that the Department has timely information to work with us on the implementation of this key legislation. CMS is continually refining and enhancing our project and performance management methodologies to ensure transparent reporting to the White House, the Congress, and the public.

In moving towards an environment where quality and performance data drive decisions, we are also mindful of our important responsibility to protect beneficiaries against disclosure of sensitive health information. CMS is balancing the goal of promoting research-driven results and increased transparency with the commitment to do so within existing beneficiary privacy protections.

As with any large data set, CMS has the challenge of ensuring the quality of the data used to assess the performance of our partners and our staff. CMS is committed to working even closer with the States to take advantage of new technologies and industry standardization to improve the quality, detail and timeliness of data reported for Medicaid and CHIP.

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Conclusion

CMS is strongly committed to improving the health care provided to beneficiaries of the Medicare, Medicaid, and CHIP programs and ensuring effective management of these programs. As evidenced by my testimony today, the Agency has taken significant action in recent years to increase our use of performance information. We are proud of the progress we have made. Yet, this is only the beginning of a long journey and we know we have more work to do. The Agency is committed to continual improvement and strives to ensure that we provide the highest quality of services to the over 98 million Americans who rely on our programs for their health care needs.

CMS faces the challenges of managing a myriad of mission-critical activities and competing priorities in a fast moving environment of change. Facing these new and changing statutory and regulatory mandates and operational directives means CMS must continue to work smart and excel at strategic thinking and action.

For our beneficiaries and their families, failure is simply not an option. Creating a strong strategic management framework around what we do will ensure our success and the accomplishment of our strategic goals. CMS will continue to work to ensure that limited resources are used wisely, operational risks are identified and mitigated, employees are held accountable for achieving results, and both program and employee performance is clearly measured.

I look forward to answering any questions you might have.

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Performance Budgeting: A Learning Strategy

Statement Prepared by Paul L. Posner
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Hearing before the
Subcommittee on Federal Financial Management, Government Information,
Federal Services and International Security
Senate Committee on Homeland Security and Governmental Affairs
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Performance Budgeting: A Learning Strategy

Paul L. Posner
George Mason University

Mr. Chairman and Members of the Committee

I appreciate this opportunity to share my perspectives on the prospects for performance budgeting. The beginning of a new Administration offers a propitious time to take stock of the performance movement within the federal government. As we face ever growing fiscal challenges and an agenda of new ambitious policy initiatives, the performance agenda has, if anything, become more relevant. Strengthening our framework for budgeting for results can help promote more effective decisions and delivery of programs and outcomes

Our recent history offers much promise and considerable lessons for the future design of new initiatives.. In brief, performance informed budgeting has become institutionalized at the federal level through two successive Administrations, and the Obama Administration has reaffirmed its importance in their management agenda. We have succeeded in instituting a supply of valuable performance information, metrics and plans throughout federal agencies. The challenge now involves stimulating the demand for that information on the part of budget decision makers in both the executive and the Congress. If demand for management information goes unrequited, the supply of performance analysis and data may eventually wither.

Policymakers have an opportunity to build on the existing performance institutions created under the past two Administrations. GPRA itself must remain the bedrock of the supply side of performance. As agencies have gained more experience, the quality of data, coverage and depth of information continues to improve. The commitment to prepare plans, reports and data and use it to manage people and programs should, if anything, be redoubled.

The impetus behind PART must be preserved as well – performance information must be used to inform decisions on increasingly difficult budget choices faced by the President and Congress. However, rather than engaging in yet another round of reviews revisiting the same programs, it is time to build on the base of measures and assessments developed under both GPRA and PART to do broader- based and more selective assessments of broad program areas. Such assessments should review the relative contribution of multiple programs to overarching program goals, e.g. improving food safety, or providing for low income housing, and should include all major tools of government used by the federal government to reach those broad outcomes, including tax expenditures. The

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assessments should also be performed in an open and inclusive manner that ensures the engagement of significant stakeholders and the Congress itself. Enhancing the prospects for Congressional attention to performance issues is vital if we are to promote this agenda for the future.

The Surprising Staying Power of Performance Budgeting

Performance based reforms have had a long history in the United States at all levels of government. Often led by state and local initiatives, public administrators at all levels have become gripped by waves of performance reforms intended to improve performance and enhance public confidence in government. Ushered in with great expectations, reforms such as Planning-Programming-Budgeting, Zero Based Budgeting, and Total Quality Management, achieved significant improvements but are widely acknowledged to have fallen well short of their mark in institutionalizing a sustainable focus on performance within government over the longer term. This checkered history of reforms encouraged a certain amount of cynicism about the efficacy of performance management to achieve lasting success in government.

One lesson learned from these past initiatives is that the ultimate success of performance reforms will be predicated on their integration with the most important process engaged in by public managers every year – the budget process.[1] The introduction of performance goals and metrics into the budget process gained the moniker of "performance budgeting" and this has become a fundamental feature of current performance reforms at federal, state and local levels of government, as well as in most OECD nations.[2]

While the linkage of performance plans and metrics with budgeting was viewed as critical to the success of performance management, few really examined what this meant. Indeed, most simply treated performance budgeting as a proverbial "on-off switch" - you either did it or you didn't. In reality, performance budgeting is more like a dimmer switch, with a continuum of different strategies to link budget decisions to performance data:

- Presentations – Budgets are infused with information discussing the performance consequences of budget decisions. The presentations can be linked at both the individual account level in the budget or at the aggregate performance plan goal level.
- Budget Restructuring – The fundamental basis of budget decisions – budget accounts – are reorganized to reflect performance goals. This can reinforce the shift in focus of budgeting from inputs to performance outcomes.
- Performance reviews and assessments- Formal assessment processes, such as PART, evaluate how well programs and operations are meeting performance goals and outcomes

[1] U.S. General Accounting Office, Performance Budgeting: Past Initiatives Offer Insights for GPRA Implementation (Washington, D.C.: GAO, 1997)
[2] Organization of Economic Cooperation and Development, Performance Information in the Budget Process: Results of the OECD 2005 Questionnaire (Paris: OECD, 2005)

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- Performance targets – Agencies have targets that are set in either outcome or output terms for performance for the coming year which are integrated with the budget request and appropriation.
- Performance linked funding – Under this approach, resource allocation decisions are driven in some mechanical way by performance levels and comparisons. Agencies achieving greater efficiencies by producing at higher levels get higher payments, while those falling short experience budgetary reductions. This approach is what many advocates of performance budgeting envision, but is typically the most difficult to implement.
- Outcome based budget formulation - Several jurisdictions have sought to go beyond the confines of traditional agency-centered models of budget formulation to establish outcomes rather than agencies as the primary decision unit for the budget process. The state of Washington notably was among the first to initiate this reform, with the help of David Osborne and other consultants with Public Strategies Group.[3]

Regardless of the form that performance budgeting takes, it is important to have realistic expectations about what such reforms can accomplish. The integration of performance information cannot, and should not, be expected to "take politics out of budgeting" or to supplant the judgment of performance evaluators and analysts for elected officials. There are too many other important criteria that properly belong in budgetary debates, including judgments about equity, needs and the relative priorities given to competing claims.

Some argue for a mechanical model of performance budgeting -- if performance goes up, the agency or staff get rewarded with increased resources, if it goes down, they get penalized. While appealing on first glance, such a model presupposes that there is a single budgetary answer to performance trends, when in fact there are many. Thus, for instance, if the number of drug abusers goes up, it is unlikely that we would penalize drug programs with a loss of funds. In fact, we may find that increased funding is necessary to bring about performance improvements, along with other needed management and program reforms.

The goal of performance budgeting should not be to provide the **answers** to inherently political choices in the budget process but rather to provide a new set of **questions**. The shift in the agenda for the budget process could be expected to bear fruit in a more informed debate that adds performance goals and results to the other important issues addressed in annual resource allocation debates.

Government Performance and Results Act (GPRA)

The Government Performance and Results Act (GPRA), passed in 1993, fits well within the presentational models of performance budgeting. Very sensibly, the authors of the act felt that the budget linkage required a supply of credible information before it would be taken seriously by budget officials. Accordingly, the authors of the Act conceived of a

[3] This reform formed the basis for David Osborne's book with Peter Hutchinson, The Price of Government(New York: Basic Books, 2004)

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phased implementation process. Agencies would develop strategic plans, followed by annual performance plans and reports to develop a credible "supply side" of goals, measures and data to build a solid foundation for performance management. Such information would be included in budget presentations and proposals

GPRA has ushered in a period where performance information and justifications have become widely accepted in federal agencies, in OMB reviews and even, sporadically, in certain committees of the Congress itself. GAO's periodic survey of federal employees, similarly reports growth in the availability of performance information and measures, although the use of the information to make decisions remained a challenge. [4] The surprising staying power of GPRA is partly due to its statutory origins, as reformers realized that past initiatives undertaken without the support of the Congress failed to transcend the terms of their executive political champions

Program Assessment Rating Tool (PART)

The Bush Administration built on the GPRA infrastructure to carry performance budgeting initiatives further along the continuum. While the agencies had made progress in developing the "supply side" of performance plans and measures under GPRA, the demand for this information by budget decision makers proved to be episodic at best, particularly in the Congress.

The Bush Administration sought to strengthen the linkage of performance with budgeting. First, they encouraged agencies to restructure their budget presentations and underlying account structures to better align budget resources with performance goals. Beginning with the fiscal year 2005 budget, OMB required agencies to submit a "performance budget" that would integrate the annual performance plan and the congressional budget justification into one document. For instance, the Department of Veterans Affairs sought to consolidate budget authority for its burial program from separate operating, construction, and grant appropriations accounts into a single account. While framed as a strategy to promote the GPRA agenda of linking plans with budgets, this initiative was viewed by appropriators and some agency managers as laying down the proverbial gauntlet by eliminating traditional information presentations that long served as the foundation for congressional appropriations and oversight. [5]

The Administration's Program Assessment Rating Tool (PART) added a program review and assessment component to performance budgeting. The PART initiative was justified as a way to promote greater attention to the performance perspective that was originally fostered by GPRA. Moreover, the initiative also was premised on the need to transcend the traditional focus of budget process from one that focused disproportionate attention on incremental changes to existing programs to a process where the base itself is

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[4] Bernice Steinhardt, Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Achieve Results (Washington, D.C., GAO, 2008, GAO-08-1026T

[5] U.S. Government Accountability Office, Performance Budgeting: Efforts to Restructure Budgets to Better Align Resources With Performance (Washington, D.C.: GAO, 2005) GAO-05-117SP

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periodically reexamined. Given the fiscal challenges facing the nation both now and over the longer term, such a periodic reexamination can be healthy for any political system.[6]

The PART process consisted of a series of questions rating the purpose and design, planning, management and results of each program in the budget. Programs receive ratings based on the answers to these questions, with ratings ranging from effective to ineffective and a separate category, results not demonstrated, when programs fail to have sufficient information or documentation. To date, OMB has assessed the performance of nearly 1000 programs, covering 96 percent of all programs in the budget.

While PART can be viewed as building on GPRA, there are differences to be sure. PART constituted a more active strategy, where performance information would form the basis for explicit judgments of a program's effectiveness that would become part of the Presidential budget formulation process. Moreover, while GPRA plans and metrics were largely developed by federal agencies themselves, PART marked a significant shift in control of the performance agenda from the agencies to OMB. It was the President's budget agency that designed the process and made the final judgments on program assessments, with the active participation of the agencies. At least in the initial years of implementation, agencies were encouraged to replace GPRA goals and measures with those developed under PART, substituting OMB's judgment for that of the agencies.

The PART process has itself been assessed by GAO and others in the federal community. The process has institutionalized more formal and systematic program reviews in the executive budget process and has helped to instill a more regular conversation between OMB and the agencies on the performance of their programs. If for no other reason, agencies had a more powerful incentive to improve their performance data and measures to protect themselves in this review process in the future.[7]

However, the PART process raises some vexing questions about the ability of any process to develop the appearance of a "bottom line" rating for complex government programs. Unlike the private sector, there is no single bottom-line for most federal programs. Given the multiple purposes and goals reflected in most programs, OMB staff invariably had to make judgments on how to answer yes/no questions on such issues as whether the program was effective in reaching its goals and whether the costs of the program were reasonable. Notwithstanding claims that PART rests on "objective" ratings, this is often not possible in the high stakes world of federal budgeting where multiple stakeholders have their own interpretations of seemingly straightforward numbers. A single program often has multiple performance goals and a single performance indicator, whether it is trends in drug abuse, serious crimes or welfare caseloads, is subject to multiple interpretations about what the performance data mean and how it should be used in making decisions. The GAO assessment of PART

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[6] U.S. Government Accountability Office, 21st Century Challenges: Reexamining the Base of the Federal Government (Washington, D.C.: GAO, 2005) GAO-05-325SP

[7] U.S. Government Accountability Office, Performance Budgeting: PART Focuses Attention on Program Performance, but More Can Be Done to Engage Congress (Washington, D.C.: GAO, 2006, GAO-06-26)

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concluded that the experiences with the rating tool illustrate "the inherent limitations of any tool to provide a single performance answer or judgment on complex federal programs with multiple goals."[8]

Moreover, the PART process used discrete budget program activities as its unit of analysis for assessments. The assessment of detailed budgetary activities have the advantage of more closely tying performance assessments to the budget, but at the price of accepting the current budget structure as a given. However, there is a tradeoff – while performance data may gain greater influence in budgeting, this may come at the expense of the breadth and openness that characterize strategic planning processes. The PART focus on relatively narrow budget accounts and activities contrasts with the broader planning and goal orientation of the GRPA planning process. The key question agencies are charged with answering in their GPRA plans and metrics is what difference does the agency and its programs make for outcomes that matter to the various publics in a democratic society? In many cases, whether it be low income housing, job training, food safety or child nutrition, such outcomes are achieved from the results of a number of programs and governmental tools that transcend the narrow contours of budget accounts.

The experience with PART suggests that any assessment will invariably reflect the interests of the entity that controls the process. As part of the President's budget preparation, PART clearly must serve the President's interests. However, it is unlikely that the broad range of actors whose input is critical to decisions will use performance information unless they believe it is credible and reliable and reflects a consensus about performance goals among a community of interested parties. This consensus building process is critical – if the goals in the plans gain broad support, their use in the budget will become more accepted and credible. The measures used to demonstrate progress toward a goal, no matter how worthwhile, cannot appear to serve a single set of interests without potentially discouraging use of this information by others. In the case of PART, the control of the process by OMB has arguably served to erode the support for the assessment process by such key players as Congressional appropriators and authorizers. The absence of broad based support will limit the impact that such a process can have longer term on the sustained development and improvement of linkages between performance and budgeting.

I might add that most efforts to integrate performance information into budgeting suffer to some degree from the absence of open collaboration with stakeholders and the Congress, reflecting the closed nature of the executive budget process where deliberations are considered to be "predecisional" and not subject to public disclosure our debate. This is true not only for the budgetary figures and decisions themselves, but also for performance data and plans that are part of the budget formulation process – whether it be the PART scores of the Bush Administration or the performance plans of the Clinton Administration.

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[8] U.S. Government Accountability Office, Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the FY 2004 Budget (Washington, D.C.: GAO, 2004, GAO-04-174)

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Were Do We Go From Here?

PART and GPRA established the valuable expectation that performance will inform budget decisions. Continuity is important – the attention devoted to performance information by both Clinton and Bush Administrations have prompted agencies to take the generation of goals and measures and data more seriously. The new Administration is moving to continue the momentum, albeit with its own imprint. The question is – how do we build on the recent reforms to establish a performance budgeting process that will be sustainable and relevant over the longer term?

In our system of separated institutions sharing powers, performance budgeting will necessarily serve many masters and needs. To be sustainable, performance initiatives, accordingly, must be Janus-faced, accommodating various dimensions and emphases to satisfy the numerous accountability interests and actors in our system of government. . Different kinds of information will be appropriate for different actors and settings. Higher level outcome systems such as Oregon's Benchmarks are useful for strategic planning but not for oversight and control of government agencies. On the other hand, such "real time" performance management systems such as Citystat and other data management systems are useful for day to day control but not for overarching goal setting. [9] Rather than a single performance regime, a "menu approach" to performance management makes far more sense of our system of government.

Taking this into account, I will conclude with some suggestions for initiatives that can advance and sustain the use of performance information in budgeting across federal agencies, OMB and the Congress going forward.

Strengthening the foundations

First, the foundation for performance budgeting must continue to be strengthened at the agency level. This entails continued development of credible performance measures, data and plans to foster greater confidence and agreement by decision makers that is a precondition for the use of this information in budgeting. Make no mistake, this is a long term enterprise and not all agencies have reached this level. It is only when such information is perceived to be fair, balanced, comprehensive and accurate that it will be taken seriously as a new input to an inherently political process.

OMB should work with agencies to support and encourage the development of these metrics as part of the budget formulation process. The conversation between OMB, the agencies and appropriators should ideally come to focus on the setting and accomplishment of discrete performance targets in budget presentations within the executive process as well as in appropriations debates and reports.

With support from the Congress, efforts should continue to reconstitute budget presentations and account structures to improve alignment of the building blocks of

[9] Dall Forsythe, "Pitfalls in Designing and Implementing Performance Management Systems", in Dall Forsythe, Quicker, Better, Cheaper?, p. 522.

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budget decisions with performance goals and strategies. This initiative, begun under the Clinton Administration and carried forward during the Bush Administration, now needs to engage the Congress more fully to support structural reforms. Congress has resisted such initiatives before, partly on the grounds that the new account structures threaten to eliminate information and support about the inputs of programs, e.g. numbers of staff, status of contracts, which are vital to effective congressional oversight of the executive. Accordingly, any reforms to introduce performance into budgeting can be expected to be additive, supplementing rather than replacing traditional information and controls.

Building a strategic focus for budgeting

As we think about the priorities of government, it has become more apparent that the important goals and objectives of policy cut across the narrow confines of budget accounts, bureaus, and departments at the federal level. For instance, nearly one half of FY 2009 budget authority for homeland security is provided by numerous agencies outside the Department of Homeland Security. Indeed, most of the major missions of government transcend the boundaries of the federal government itself, requiring partnerships with state and local governments, nonprofit organizations and private for profit firms.

A focus on outcomes lends itself to a cross cutting focus, as achieving most outcomes engages the resources of many agencies and nonfederal actors alike. The traditional unit of analysis in budgeting, however, is the budget account and the federal agency, with little cross over to recognize the crosscutting dimensions of performance. The focus of GPRA largely reinforces this by emphasizing the preparation of plans by agencies and bureaus within departments.

However, the GPRA also included a requirement for the President to prepare a governmentwide performance plan. Such a plan could begin to reframe budget decisions by providing information on performance for the broad mission of government that cut across traditional agency lines. For the most part, this plan has not been forthcoming. Only once in 1998 did OMB prepare a presentation by budget function – the nearly 20 major mission areas of government. This presentation illustrated how the value of such a process by presenting the outcomes for major federal agencies sharing responsibility for common mission areas. For instance, the Natural Resources and Environment chapter included an extended discussion of the many agencies involved in federal land management, presented in the context of three governmentwide federal land management goals: protecting human health and safeguarding the natural environment; restoring and maintaining the health of federally managed lands, waters, and renewable resources; and providing recreational opportunities for the public to enjoy natural and cultural resources. Moreover, the discussions included not only discretionary programs but the involvement of other tools of government such as tax expenditures and regulations in promoting the broad missions of the government. [10]

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[10] Government Accountability Office, The Results Act: Assessment of the Governmentwide Performance Plan for FY 1999 ((GAO-AIMD-GGD-98-159, 1998)

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Reconstituting program assessment

With federal budget deficits forecast as far as the eye can see, some kind of periodic assessment of federal program results will continue to be an important dimension of performance budgeting in the years to come. While the PART sparked such a review process, it is an ideal time to rethink the assessment process. As all programs in the budget have gone through at least one review cycle, simply continuing the current process through yet another round of assessments would not constitute the best use of scarce analytic resources in the agencies and the budget community. The completion of the cycle of PART reviews, instead, should provide the occasion to refocus the attention of the budget community on a broader, yet more targeted assessment process that would be more inclusive and open than PART has proved to be. The process I have in mind would refocus assessments on the broader outcomes that individual federal programs are attempting to influence together, building on the results of both GPRA planning and individual PART reviews.

The experiences of other nations can be examined to help us rethink our own process. In the Netherlands, reconsideration reviews are conducted on both particular programs as well as broader crosscutting areas selected for each budget cycle, with participation by working groups of central budget and departmental staff as well as external experts, resulting in a public report with recommendations to be considered. According to OECD, the process has been in place since 1981 and has lead to significant savings as well as many reforms of major policy areas. [11] In their broader crosscutting reviews, which they call Interdepartmental Reviews, their system is different than PART in several respects. First it is selective, with about 10 reviews each year. Second, it has a broader focus as reviews address an entire policy area or governmentwide management concern. Third the reviews are more collaborative involving a partnership the budget office, agencies and outside researchers and academics.

Our own recent experience as well as that of other nations suggests it is time to consider a revised assessment process within the context of continuing and enhancing the connection between performance planning and budgeting.. Such a process should include the following elements:

- Targeting future assessments based on such factors as the relative priorities, costs, and risks associated with related clusters of programs and activities addressing common strategic and performance goals. More selective reviews would help ration scarce analytic resources as well as focus decision makers' attention on the most pressing policy and program issues.
- Adopting a broader unit of analysis keyed to program outcomes, not budget accounts. PART's focus is overly narrow and fails to focus attention on the most important areas for governmental policymaking – the relative contribution of different programs and tools to policy outcomes. Thus, rather than producing separate reviews of the many different job training programs in differing budget years, a more comprehensive review process would cover all significant programs

[11] OECD, Reallocation: The Role of Budget Institutions (Paris, OECD: 2005)

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together in one assessment. Such a review should cover all significant governmental tools address broader outcomes, including the more indirect tools such as tax expenditures and regulatory programs.

- Establishing a more open process that is more independent of OMB and the agencies. The Netherlands process entails reviews by committees often chaired by independent experts, with participation by budget and agency officials. There are many options to open up the assessment process here. One option that could be considered would be to anchor the process in a nonprofit organization while guided by OMB and the Congress. While including a broader base of stakeholders, such assessments must be truly independent and neutral to attain the credibility necessary to influence budgetary decisions.

Engaging the Congress

Mr. Chairman, it is vital that such a revised assessment process engage the Congress. Given the strong role Congress plays in both budgeting and management oversight, Congressional involvement will prove to be vital in reinforcing the importance of performance assessment and ensuring that such a process reflects a broader base of values and interests.

It is important to note that Congress is not the performance wasteland that some critics suggest. GPRA itself was the creation of the Congress and, as this hearing attests, Congressional committees have retained a vital oversight interest in monitoring progress. Authorizing committees include performance targets in legislation and often focus on how well agencies are meeting goals and performance expectations. [12]Appropriations reports are replete with congressional expectations for performance, often requiring monitoring of agency workloads and outputs. It is true that appropriators have generally not been as supportive of outcomes and have been resistant to executive attempts to restructure long standing budget accounts and presentations, partly because these initiatives threatened to eliminate information on inputs and staffing that is vital to congressional control of spending.

When it comes to using performance to assess programs, the PART was viewed by many in Congress as serving the President's needs, and therefore not those of the committees. Performance assessments could be more credible if Congress were engaged in selecting reviews, highlighting key differences with executive interpretations and using their own information resources to challenge executive data.

Several alternatives might be considered to enhance Congressional involvement in program assessment:

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[12]A Congressional Research Service report found that mentions by Congressional authorization committees grew to the point where 76 public laws from the 106th Congress (1999-2000) contained statutory or committee report language relating to GPRA and performance measurement Virginia A. McMurtry, Government Performance and Results Act: Overview of Associated Provisions in the 106th Congress, (Washington, D.C.: CRS, 2001).

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- A more collaborative approach could be adopted where the new President and the Congress could reach agreement about those areas to be assessed in each budget year. Congress could help ensure that areas that are ripe for reexamination, such as those up for reauthorization, would get attention in the executive review process. The resulting assessment process could have greater credibility in the process. Such a process would require the Congress to articulate its oversight and reexamination priorities centrally and OMB to invite Congress to help determine executive assessment priorities.

- Congress could request the GAO to undertake a series of assessments of broad program areas deemed in need of reexamination by the leadership. The agency would engage in an evaluation synthesis, systematically examining the evidence from other studies, including its own, of the effectiveness of federal program design for the area in question. Such studies could, in effect, constitute Congress' own assessment process oriented to the oversight and performance priorities expressed by its own leadership in contrast to those articulated by the President.

- Congress could adopt its own performance assessment and review process linked to the budget process. The Budget Committees could be the vehicle to accomplish this by reporting out a "congressional performance resolution" as part of the budget resolution. Such a resolution could be the vehicle to engage the full Congress in debate over those areas most ripe for review and assessment each year. The resolution could be viewed as a requirement that committees undertake the assessments through hearings, GAO studies and other vehicles that they deem appropriate to reexamine the program areas identified in the resolution. Such a performance based resolution could be coupled to a reconciliation process where committees would report savings to be achieved from such review process.

- The Budget Committee could not only spearhead such a resolution but also become a focal point for undertaking more systematic oversight of important crosscutting issues, perhaps in concert with this committee. Similar to a process undertaken by the Senate Budget committee in the 1990's, a budget committee driven oversight process could add value to the traditional oversight conducted by other committees by conducting assessments that both cut across current committee jurisdictions and have significance for current and future budgets.

Concluding Observations

We have reached a new and more challenging plateau for performance management, thanks to the progress and persistence of agencies and OMB in generating a supply of useful performance metrics and data. The new challenge is to use this new information more systematically to improve decision making and management. However,

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performance information is never neutral and each actor has their own views about what constitutes the best outcome for decisions and programs.

In this context, progress in performance budgeting should be reconceived. Rather than expecting a new dawn of rationality in budgeting, we should settle for a process where political conflict is not eliminated but rather conducted with reference to performance. Rather than wringing our collective hands when political interests "politicize" data, we might come to celebrate this outcome as a tribute to the importance of performance information in a highly diverse, pluralistic political system. In this context, the primary "use" of performance plans and information would be to promote internal management direction and oversight and help reframe questions for budgeting and oversight by OMB and to some extent the Congress itself.

Some are seeking to go beyond this model of "use" to directly tie funding and personnel pay to performance. While promising greater attention to metrics, there are real risks in this approach. Behavior and policy decisions alike may become distorted if the performance metrics fail to capture all significant values and priorities that people and programs are expected to accomplish. Moreover, as the stakes involved with using performance grows, so will the temptations by bureaucrats and other political actors to distort measures and data that threaten their resources.

Building a partnership with the agencies and the Congress in this environment will constitute a challenge for the new Administration. The previous Administration used scorecards as a vehicle to motivate and, at times, shame agencies into focusing more attention on performance. This strategy certainly stimulated interest in the short term and led some agencies to upgrade their capability. However, in hindsight, it is apparent that such leadership strategies can promote a culture of compliance rather than real commitment and change. While agencies did improve their PART scores over time, some observers attributed this to improvements in "taking the test" rather than real substantive long term changes in outcomes.

Ultimately, performance management achieves sustainable improvements by building a sustainable culture of learning and innovation within agencies. Ironically, more insistent and centrally driven directives and edits can discourage the kind of learning and buy in necessary to institutionalize a culture of learning and change within agencies. The development of such learning cultures are somewhat idiosyncratic and reflect such factors as the clarity of an agency's mission, the professionalism and cohesion of its staff and support by its many stakeholders. [13]

Whether it be agencies or the Congress, actors will "use" performance information when they find it in their own interests to do so. There is no magic formula that can be chronicled in OMB guidance or scorecards to promote a culture of learning and innovation among the agencies. However, it would be incumbent on the new Administration to think about the modest steps that could be taken to build agency

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[13] Donald Moynihan, The Dynamics of Performance Management (Washington, D.C.: Georgetown University Press, 2008)

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capacity and commitment. For instance, support for learning forums and best practice exchanges could be part of such an initiative. Enhanced support for the evaluation function of federal agencies could also be part of a joint commitment by agencies and OMB to bolster the analytic foundations necessary to support a performance informed budget process.

Mr. Chairman, this concludes my statement. I would be glad to respond to any further inquiries by the Committee.

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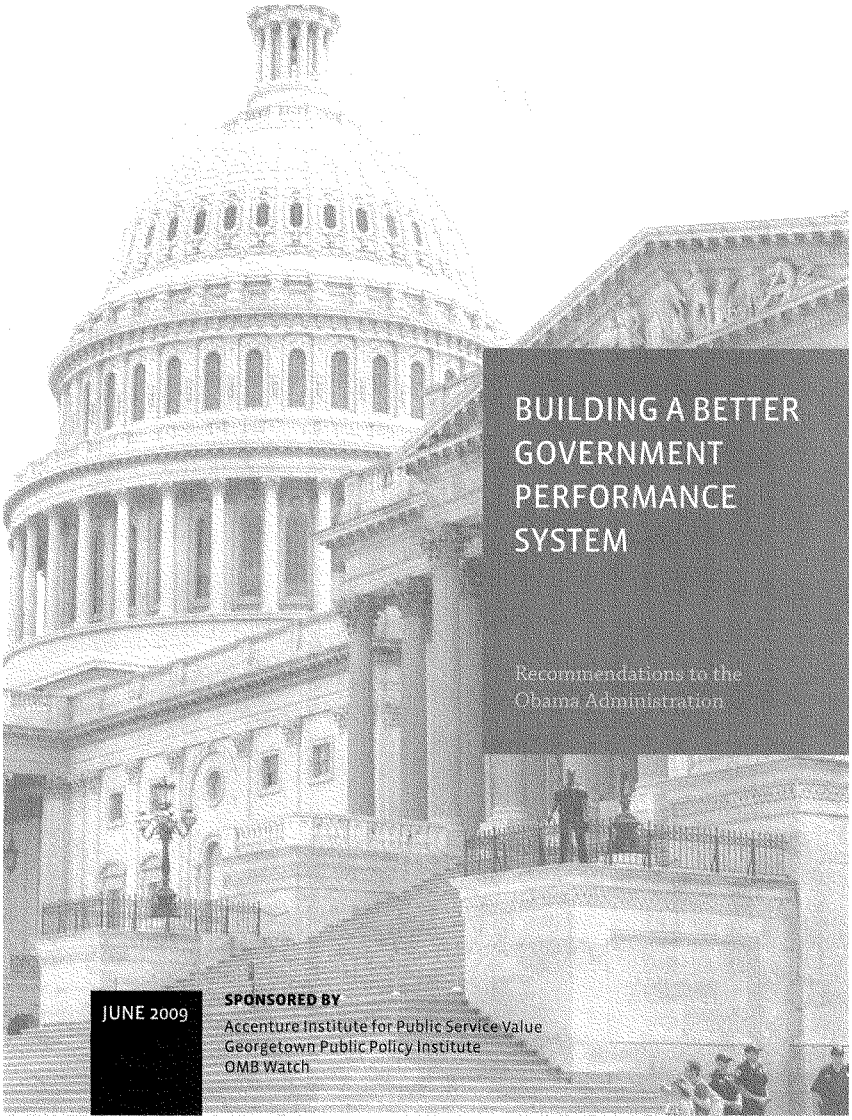

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ACKNOWLEDGEMENTS

In the late spring of 2008, Accenture's Institute for Public Service Value, the Georgetown Public Policy Institute (GPPI), and OMB Watch agreed to work together to develop recommendations to the next presidential administration about how best to reform and improve government performance systems. This effort sought to build consensus by bringing together a large group of individuals who hold a diverse set of opinions and perspectives on past and current government performance measurement initiatives. In order to do this, we relied on a host of individuals and organizations whose hard work and expertise were essential to making this project a success.

First, the staff at OMB Watch, led by Adam Hughes, was responsible for overseeing this project from start to finish. Lynn Sha coordinated project logistics, provided background research, and wrote the initial draft of this report. Craig Jennings helped design and manage the day-long workshop and provided helpful feedback on early drafts of this report. Barbara Western, Sam Kim, Jacqueline Mathis, Paula Shoecraft, Amanda Adams, and Matthew Madia provided timely assistance in making sure the day-long workshop ran smoothly. Dawn Czech at Accenture helped coordinate the project and release of the final report.

This project was continually aided by the sage advice of the project Advisory Group, which consisted of Harry Hatry (Urban Institute), Gary Land (Accenture), Shelley Metzenbaum (University of Massachusetts-Boston), Mark Moore (Harvard University), Beryl Radin (American University), Lynn Ross (GPPI), and Robert Shea (Grant Thornton). Their expertise and feedback was crucial to shaping the content and design of this project and in drafting the final report.

Finally, the participants of the project's day-long workshop provided the practical experience and knowledge-base for the content of this report. This project would not have been possible without their participation, energy, and dedication to improving the way government works.

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EXECUTIVE SUMMARY

"It's crucially important we revamp and revise [performance measurement systems] in consultation with agencies and Congress."[1] – OMB Director Peter Orszag

The reform and enhancement of current performance systems will be integral to the Obama administration's effort to enact major changes in the federal government and throughout the country. Without a system supported by a variety of stakeholders that has the capacity to identify and then communicate progress on major initiatives and the programs and projects used to enact those initiatives, the broad goals and vision articulated during the 2008 presidential campaign and at the beginning of the administration will fall short.

While a variety of stakeholders may have conflicting views on the importance of various government programs, the public is entitled to know the goals of those programs, how they are performing, and have access to government performance data. This information is crucial not only to federal program managers and OMB staff, but to all who are involved in the implementation of and debate about government programs and services.

Government performance systems offer the unique opportunity to involve a variety of players in a conversation about not only priorities, competing expectations, and how well government is working, but how to make its programs and services work better, be more equitable, and be more responsive to diverse needs. These systems are of paramount importance to improving government, to responding to societal inequities, and perhaps most importantly, to rebuilding our faith in achieving success together through government.

In order to do this, current performance systems will need to undergo significant reforms in order to open up internal compliance-based review processes that typically result in static ratings to a more dynamic conversation about continually improving performance.

This report is grouped into six main topic sections (Reforming PART and GPRA, Promoting Leadership and Accountability, Fostering Policy Innovation and Ownership with Positive Reinforcement, Balancing the Roles of OMB and Agencies, Engaging outside Stakeholders, and Improving Data) that detail reforms and improvements that can be made to current systems used by the federal government. No one topic is more or less important than the others, and many overlap and intertwine in a variety of ways. Therefore, a comprehensive overhaul that incorporates changes in each of these areas is crucial to ensuring the creation of a new government performance system is fair, effective, and widely used.

1 Testimony of OMB Director Peter Orszag before the Senate Homeland Security and Governmental Affairs Committee, January 14, 2009.

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METHODOLOGY AND PROCESS

Description of the process that led to the Government Performance Project and this report.

GPPI/Accenture Dialogue Series

In 2007, Georgetown University's Public Policy Institute (GPPI) and Accenture's Institute for Public Service developed the Dialogue Series[2], a series of panel events on key issues currently at the top of the national public policy and management agenda. The goal was to bring together experts – practitioners, academics, consultants – who have achieved success in leading complex reform efforts. Targeted at public managers and policy makers, the Dialogue Series focused on the managerial, technical, and leadership challenges of implementing large-scale policy and management change. Designed to create a networking environment to encourage an exchange of ideas between senior managers of complex change programs and those emerging leaders charged with undertaking similar efforts, the discussions also promoted further learning about how successful management change efforts are designed and implemented.

OMB Watch was consulted in the development of the second panel discussion held in March 2008, "Beyond Reporting Requirements: What Difference Does Performance Management Make?" and OMB Watch's Executive Director, Gary Bass, who is also a faculty member at GPPI, served as a participant on the panel. Well attended by a variety of academics, analysts, practitioners, and executive branch managers, the meeting was successful in outlining some areas of agreement and disagreement among the panelists. OMB Watch wanted to build upon this unique gathering and rich discussion by creating the opportunity for a more detailed discussion about performance management and reporting at the federal level. Accordingly, OMB Watch proposed a larger project to be sponsored by Accenture, GPPI, and OMB Watch to develop recommendations to the next presidential administration and Congress on performance measurement systems.

Government Performance Project

In the late spring of 2008, Accenture, GPPI, and OMB Watch agreed to the project, which would be centered on a day-long workshop with OMB Watch providing leadership and planning. OMB Watch recruited a group of experts[3] to help guide and develop this project, review materials, and provide advice to project staff. The members of the Advisory Group were chosen to represent differing perspectives about existing performance management activities; some were highly critical of existing approaches, while others were more accepting of those systems. One Advisory Group member was responsible for overseeing the day-to-day implementation of the Program Assessment Rating Tool (PART), the Bush administration's tool to rate government programs and agencies, and also led

2. For more information about the GPPI/Accenture Dialogue Series, see http://www.gppidialogue.com/about.html.

3. Advisory Group members (in alphabetical order) included: Gary Bass (OMB Watch), Joe Ferarra (GPPI), Harry Hatry (Urban Institute), Adam Hughes (OMB Watch), Gary Land (Accenture), Shelley Metzenbaum (University of Massachusetts-Boston), Mark Moore (Harvard University), Greg Parston (Accenture), Beryl Radin (American University), Lynn Ross (GPPI), and Robert Shea (OMB/Grant Thornton). Adam Hughes served as chair of the Advisory Group, Craig Jennings and Lynn Sha served as staff. See Appendix A for full biographies of Advisory Group members and staff.

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the government-wide President's Management Agenda initiative.

The Advisory Group met throughout the summer and fall to plan specific aspects of the project, including the workshop format and feedback systems for after the workshop. In conjunction with the Advisory Group, the project commissioned four memos on different aspects of government performance systems.[4]

Day-Long Experts Workshop

The background memos served as a starting point for the day-long workshop, which was held on October 15 at the National Academy for Public Administration. A wide range of policy experts with significant experience in this disparate field were invited to further explore developing consensus recommendations for the next presidential administration and Congress. This group included academics, private sector representatives, government accountability groups, executive branch representatives, congressional staff, service providers, research nonprofits and think tanks, and others, including participants from the March panel discussion. Both critics and supporters of current performance systems were invited, as were those representing progressive and conservative viewpoints. Representatives of the presidential candidates, Sen. Barack Obama and Sen. John McCain, were also invited. The workshop was designed to give participants an opportunity to engage each other in small-group discussion centered on broad topics about government performance.

Over the course of the day-long workshop, participants brainstormed ways to improve current systems and provided other feedback and perspectives about improving performance measurement at the federal level.

The three broad topics covered during the day were:

1) What should be the role of OMB and the White House;
2) What role should transparency play in performance measurement; and
3) What should be done with the Government Performance and Results Act (GPRA), the Program Assessment Rating Tool (PART), and other current government performance systems?

At the end of the workshop, participants heard an overview of some of the broader themes that emerged throughout the day and then voted informally on over 100 recommendations developed in the small groups during the workshop. Participants were told that their votes would serve as the basis for a follow-up online survey to further refine the top priorities for reforms to government performance systems in the next administration.

The project and the workshop were planned and conducted to be transparent and open to whatever recommendations or reforms those assembled believed were most important. There was no hidden agenda and nothing was predetermined. Areas of disagreement were not glossed over or ignored. The event itself was structured to be "off-the-record," allowing frank discussion in the small groups and plenary sessions. The off-the-record approach proved important; it fostered open dialogue among those who often do not agree. The agenda and ambitious goal – to develop recommendations to the next administration – kept the conversations focused and constructive. This structure and atmosphere created enormous energy and excitement and gave participants a feeling of ownership over the process.

4 Memos were prepared by: Harry Hatry ("Governing for Results: Improving Federal Government Performance and Accountability"); Shelley Metzenbaum ("Performance Management Recommendation for the Next Administration"); Beryl Radin ("Should PART Be Continued?"); and Robert Shea ("Accountability Through Technology"). See Appendix B for copies of the memos.

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Online Survey & Drafting of Final Report

Using the results of the voting and additional notes and materials compiled during the workshop, OMB Watch developed an online survey[5] of the top recommendations for workshop participants to further refine and prioritize. The survey also allowed for comments to modify the recommendations or add new ones. The Advisory Group reviewed the online survey prior to its distribution, and participants were given three weeks to respond. The survey closed on November 21 and had a 65 percent response rate.

After the survey was completed, OMB Watch staff used all the materials and information gathered during this project to write a final report of recommendations for reforming government performance systems. The initial draft of the final report was first reviewed by the Advisory Group and then was opened to all workshop participants for feedback using www.a.nnotate.com, an online service that allows large groups to collaborate on writing documents. OMB Watch staff made final edits and changes to the report.

This report is an attempt to reflect the input and ideas of a wide variety of individuals and organizations involved in this project. While not every viewpoint can be reflected, a concerted effort was made throughout to present consensus views and proposals.

The recommendations and ideas presented in this report are those of Accenture, GPPI, and OMB Watch and should not be attributed to members of the Advisory Group, participants in the performance workshop, or any other individual or organization who contributed to this project.

5 For a copy of the online survey sent to workshop participants, see Appendix D.

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PRINCIPLES TO GUIDE GOVERNMENT PERFORMANCE REFORMS

The following principles emerged from the Government Performance Project and should guide the Obama administration in its efforts to reform and enhance government performance systems.

1. Enhance the Public's Right to Know How Well Government Programs Work

While a variety of stakeholders may have conflicting views on the importance and merits of various government programs, they are all entitled to know how those programs are performing and have timely access to reliable and meaningful program performance data. This information is crucial not only to federal program managers and OMB staff, but to all who are involved in the implementation of and debate about government programs and services.

What's more, government performance systems offer the unique opportunity to involve a variety of players in a conversation about not only how well government is working, but also about what agency priorities are and how to make its programs and services better and more responsive. A better sense of key national priorities may also emerge with broader participation from various stakeholders and constituencies. This participation is of paramount importance to both improving government and rebuilding our faith in achieving success together through government.

2. Strengthen Leadership And Accountability From Top To Bottom

Strong and sustained leadership at every level and in all parts of the executive branch, beginning with the president and carrying down through program managers, is a critical element to the successful improvement of government performance. Constantly revisiting and reinforcing the importance of measuring and achieving results is crucial to providing the necessary leadership and supportive engagement of federal employees at all levels. Without this, it will become more difficult for program staff to take ownership over efforts to improve federal program performance.

To ensure that performance management and accountability are a top priority, the president should require his appointees and senior executives to understand all performance data relevant to their positions, to consistently highlight the importance of performance objectives to their staff, and to support program managers through training and regular performance meetings in their efforts to integrate performance data into their work. Appointees and senior executives should also work with program staff to set and communicate clear targets and to assure that performance data are used to inform efforts to improve performance.

While top-level leadership on the importance of government performance will be necessary for making meaningful changes to program performance, the new administration also needs to identify and eliminate the barriers preventing broader acceptance and use of performance measurement systems at the programmatic level. Empowering program managers to use performance data to better understand problems and develop and promote effective solutions is necessary for the timely, accurate, and proper use of performance data and in making informed decisions

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concerning program improvements and agency outcomes. Actively seeking and implementing the recommendations of program managers in the development of relevant performance criteria and indicators will help ensure that program managers openly embrace performance systems and that it produces useful and actionable information for all stakeholders. It will also allow those managers to inform agency heads and congressional leaders about limitations in program authorization and design that prevent those programs from being more successful.

3. Modify, Don't Trash, Current Systems

Although improvements to the current government performance systems are urgently needed, policymakers throughout the federal government have already invested a large amount of resources in climbing the performance learning curve. There are differing views on the progress government has made in evaluating program effectiveness through the Government Performance and Results Act (GPRA) and the Program Assessment Rating Tool (PART). While these systems have flaws, future efforts should focus on improving the existing systems instead of building a new performance program. This suggests that PART should be revised and updated to address problems evident in both its design and its implementation, and the revised PART should be better aligned with GPRA to emphasize similar objectives and eliminate repetitive or contradictory requirements.

The president should develop a strategy to tie GPRA, a revised version of PART, and Executive Order 13450 (issued in December 2007) together with other evaluative systems used by the government and substantively involve political appointees, career staff, Congress, and outside stakeholders. The eventual goal is to create a more stable system that is used by a variety of stakeholders over time and avoids turbulence during changes in administrations.

4. Re-Balance the Roles of OMB And Federal Agencies

OMB has received criticism for micromanaging performance assessments during the Bush administration. The centralized role of OMB may inhibit its ability to generate meaningful behavioral change among agency staff who do not view that office as a collaborative partner, perhaps due to OMB's potential to cut program budgets. However, OMB needs to be involved in some way in government performance–specifically, it should provide government-wide coordination, facilitate a conversation about setting standards, and lead cross-cutting initiatives. However, participants expressed concern over OMB's emphasis on compliance with specific reporting requirements as well as its lack of transparency. To address these problems, OMB should complement its budgeting work by supporting agency performance-improvement efforts. This includes convening meetings to facilitate coordination across agencies with shared goals, utilizing new technologies and web tools to support the exchange of lessons across agencies and programs with similar functions, and training in performance management techniques. OMB should also turn its focus to using more positive reinforcement before threatening sanctions. Sanctions or other punishment should only be used as a last resort for those persistently refusing to gather and use relevant data.

At the same time, OMB should ensure agencies have a consistently strong role in determining performance goals, measurement criteria, and the use of results. The assessment process should be much more transparent, giving a wide variety of stakeholders the opportunity to give feedback on draft assessments and evidence that their feedback was seriously considered in the final evaluation. Ideally, there would be a more open and collaborative dialogue among the agencies, OMB, Congress, and program delivery partners on an ongoing basis regarding program operations, performance data, and outcomes.

5. Improve Performance and Accountability with Positive Reinforcement

Current performance assessment systems, particularly PART's rating system, have encouraged federal managers to focus on achieving good ratings rather than reporting on actual outcomes achieved. This has created an atmosphere that is too punitive in nature and fails to create ownership over performance improvement. Federal program managers spend too much of their time trying to avoid getting "bad" scores or ratings and too little time thinking and discussing how performance data can help to improve program performance. The implementa-

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tion of PART has created an environment where agency heads put pressure on their staff to avoid "Results Not Demonstrated" and "Ineffective" ratings – the red flags of current program performance assessment for program managers. Yet, in many cases, this energy is not spent on improving programs or analyzing performance data, but instead is wasted on what amounts to a compliance exercise. The result is that creativity and initiative can be stifled in agencies, and productive communication about performance shuts down.

The government should reform the existing performance measurement and reporting systems to ensure that they foster a climate of ownership and accountability at the program level that moves away from the punitive nature of current performance assessment systems. This may be a difficult goal to achieve so long as assessments – PART in particular – continue to be perceived to be used to make budgeting decisions or if performance is micromanaged from a central entity. Further, the current system may discourage creativity in program implementation and does not develop accountability at the program level – two problems that decrease its legitimacy and discourages its use. Unless program managers and outside stakeholders believe programs are being judged by realistic, objective, and reliable, systems, it will be difficult to bring accountability to federal government programs.

6. Seek Input From Outside Stakeholders

Current performance systems, particularly PART and performance plans under GPRA, are almost entirely closed to outside stakeholder participation, cutting off an important and overlooked perspective in assessing performance of government programs. In some ways, government currently only asks for input on performance and goal setting after the internal decision making process has been completed. This exclusion tends to skew the development of performance measures and collection of relevant performance data, rendering the final product less useful, if not irrelevant, to many outside stakeholders, some of whom are responsible for implementing government programs and services on the ground.

For example, the lack of involvement by Congress has undermined PART and its objectives. Congress has not been a partner with agencies or OMB in the ongoing PART review process – most likely due to the cursory nature of the tool. The lack of a nuanced discussion about relevant performance targets and access to raw performance data related to those targets has hurt PART's acceptance among congressional staff and members. It is not that Congress does not understand PART or how it works–it is that it is not a part of the conversation about performance data and results and is therefore highly skeptical about the reported program results. One of the potential barriers is that OMB and Congress communicate about performance from different perspectives and at times using different language. Therefore, it can be difficult for Congress to participate and engage in the executive-branch framed PART process.

The public has also been excluded from providing feedback or comments on government programs and services – a significant omission in developing an assessment system of government performance. The government should engage with citizens and involve them in the evaluation process, giving them a stake in both monitoring and prioritizing, and also helping to improve, government performance. Many thought the 2008 election provided a unique opportunity to involve a greater variety of stakeholders and to capture the attention of key policymakers in making important changes in the way government measures and communicates performance.

To that end, agencies should partner with each other and outside stakeholders in developing a more open, inclusive performance assessment system. In particular, they should seek advice and input in the creation of more relevant and useful performance measures for a variety of audiences. Specifically, agencies and OMB need to frequently communicate and consult with Congress, state and local governments, and the nonprofit sector to create a more robust assessment system that collects and distributes relevant data to a variety of stakeholders.

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RECOMMENDATIONS FOR REFORM

I. Reforming PART and GPRA

Performance management experts in government widely recognize that GPRA and PART are inadequate in creating effective change in programs. GPRA and PART have made some progress in encouraging federal program implementation to also focus on results. Yet this progress has fallen short of creating true accountability by not developing ownership throughout agencies over performance measurement and reporting. These systems have led to uneven results at instituting systemic behavioral changes with regard to performance measurement among federal employees responsible for implementing programs and services.

Although improvements to the current government performance systems are urgently needed, the federal government has already invested a large amount of resources in climbing the performance learning curve, particularly at larger agencies. While there are flaws in the Government Performance and Results Act (GPRA) and the Program Assessment Rating Tool (PART), there has been significant progress over the last two administrations in starting to change the focus of program implementation to analyze and concentrate on results.

Over the last 15 years, policymakers and government officials have developed systems in an attempt to focus more on making government programs work better. GPRA and PART, the government performance systems developed under the Clinton and Bush administrations, have generated and sustained a systematic focus on improving performance and accountability. As a result, government managers can expect regular assessments of their agency's progress and achievements, even if they do not always agree with the final results.

But as OMB Director Peter Orszag pointed out during his confirmation hearing, the information and data generated about program results are not always what government should be focusing on. Orszag's pledge to "create a better set of performance metrics that are outcome oriented and in line with public expectations" presents a unique opportunity to implement reforms that will overcome some of the limitations of current performance measurement systems.

The accomplishments of GPRA and PART are limited by, among other things, a lack of leadership, insufficient involvement from Congress and other stakeholders, and the systems' uncoordinated mandates. GPRA, with statutory authority, asks agencies to set goals and objectives and to issue reports on their annual progress. PART, overseen by OMB, is a tool used to assess program performance that culminates in a rating that was originally intended to inform budget allocations for programs.

For many public managers, as well as outside observers like the Government Accountability Office, the two systems and their effectiveness were hampered by, among other things, a lack of coordination, in their administration and objectives, and by insufficient and poor data.

Align Existing Performance Systems

Instead of building a new performance program, future efforts should focus on improving the existing systems. The Obama administration has the opportunity to change performance management at the highest level of government, and would be wise to modify current performance measurement structures, rather than scrap them. Specifically, GPRA and PART need to be better aligned. The president should create a process that ties GPRA, PART, Executive Order 13450 (issued in December 2007), and other government performance systems together.

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Take Advantage of Technology to Increase Stakeholder Involvement

The Obama campaign and subsequent transition efforts showed early on the ability of technology to open up government processes to a wider audience. There exists a unique opportunity to involve a greater variety of stakeholders and to capture the attention of key policymakers in making important changes in the way government assesses performance. With that in mind, the president should substantively involve a variety of stakeholders in developing this strategy to align current government performance systems. This should include public and private sector experts, congressional staff, political appointees and executive branch career staff, and government service providers.

The process used by the president to help develop a more cohesive performance system under PART and GPRA will surely generate many good ideas but will be strengthened by two specific changes that would fix deficiencies or problems with the current system:

Assessments Should Be More Focused on Results

Future performance management systems should be reformed to elevate attention to actual program results in achieving goals and pay less attention to managerial structures, program formats, and process and design criteria. The existing PART system gives too much weight to ratings on process, structure, and design criteria, sometimes undermining attention to program results and progress toward their objectives. Performance measures should gauge progress toward outcome objectives, looking both at progress toward specific short- and long-term targets and at performance trends over time.

In general, while progress has been made setting outcome-focused targets and measuring progress toward them, much improvement in developing targets and criteria that are tailored to individual programs' performance is still needed. This may mean that different programs and agencies employ different targets, criteria, or measurement systems. Better coordination and collaboration in reviewing program structure and design between the different branches of government would also be helpful. This would help program managers identify and make recommendations on how to change factors that are beyond their immediate control, such as legislative mandates or program structures, rather than being penalized for them. This would create a more collaborative process to create more efficient and effective programs.

Generate Collaborative Conversations, Not Formulaic Ratings

PART has five ratings: Effective, Moderately Effective, Adequate, Ineffective, and Results Not Demonstrated. Each is derived from tabulation of answers to PART questions. These ratings interfere with meaningful management improvement and shift the focus of performance measurement from performance improvement to ratings improvement; too much energy is focused on the rating and not what performance data can show about how programs are performing and the best ways to improve that performance.

While there are some positive attributes of the ratings system, including a higher level of attention by government managers and outside stakeholders, as well as the system's simplicity, the ratings foster an environment of compliance, negotiation, and delay around performance issues. PART ratings themselves do not reveal meaningful information about a government program's effectiveness; they do not focus sufficiently on results.

Some aspects of the PART also fail to allow for the complexity of measuring federal programs. For example, the National Academy of Sciences released a study of research and development (R&D) programs at the Environmental Protection Agency (EPA) that concluded that a standardized measure is not sufficient for accurately assessing the efficiency of those R&D programs (and it stands to reason this conclusion would apply to other types of R&D programs across the government). What's more, PART fails to provide the flexibility necessary to adequately measure many block grant programs, which are intentionally designed to allow states to use resources to address multiple goals, often in vastly different ways.

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The goal of performance assessment systems should be to focus attention and enable discussions on improving program performance, not achieving a particular rating or score. The president needs to develop a system that shifts the focus of performance efforts from static ratings and scores toward a collaborative, dynamic conversation among relevant stakeholders about program performance trends and how to improve them. It may be necessary to eliminate the ratings system in PART altogether in order to achieve the goal of a less punitive system focused on results.

II. Promoting Leadership and Accountability

Even with a better mechanism for facilitating productive discussions about government performance, strong and sustained leadership at every level and in all parts of the government, beginning with the president and carrying down through program managers, is critical to improving the government's performance. Leaders who use performance information effectively to generate positive changes in their programs inspire others to do so as well.[6] When they continually support and encourage the use of performance data to help improve programs and achieve results, employees become more motivated to focus on specific and shared goals, even beyond any particular agency or office. To this end, the president should appoint leaders in government who will place a premium on achieving results in program implementation and service delivery.

Leadership Needs to Focus on Results

The president needs to make clear to the heads of agencies and departments that they need to set clear performance targets, use performance data in their decision-making, and support others in their agencies who seek to incorporate performance data into program management where feasible. Implementation of these performance-based strategies needs to begin at the top, but ultimately, performance management should include both career and political staff, as well as delivery partners, including other levels of government and nonprofit organizations. Where program management and results depend on third parties, agencies can set clear objectives and performance criteria while recognizing that many programs have complex missions that do not lend themselves to easily defined success.

The cabinet should lead by example by using performance measurement tools to advance the president's own priorities. Appointees should possess a strong understanding of the performance data relevant to their responsibilities, highlight the importance of advancing performance objectives to their staff, and support program managers in their efforts to integrate performance data into their work with training and regular performance meetings.

The president's cabinet must move beyond rhetorical support for performance and work to achieve improved results in a manner that is fair and transparent to multiple stakeholders. They would be wise to base their decisions about program design on the evidence about which interventions work and which do not, not on political calculations. While no performance system will be able to remove politics completely from the equation, developing a way to focus the government performance conversation on data and evidence will help to ensure taxpayer dollars are spent wisely.

In addition, cabinet members need to talk constantly about achieving their specific goals and targets, discussing the data relevant to agency goals, to empower federal employees to take ownership over efforts to improve federal program performance.

Federal Employees Must Believe in System to Participate

While top-level leadership on the importance of government performance will be necessary for making meaningful changes to program performance, the new administration also needs to focus on creating buy-in at the programmatic level. Empowering program managers is necessary for the timely, accurate, and proper use of performance data in improving program and agency outcomes.

6. See July 24, 2008 testimony of GAO Director of Strategic Issues Bernice Steinhardt. Lessons Learned for the Next Administration on Using Performance Information to Improve Results. http://www.gao.gov/new.items/d081026t.pdf

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Program managers need to actively participate in the development and prioritization of performance criteria and indicators in order to ensure that useful and actionable information is produced. This involves supporting employees who are achieving results, but also those who acknowledge falling short and advocate for changing course to find new solutions when program performance is less than satisfactory. Improving this process requires more than implementing programs with a performance measurement system. Managers need to feel motivated to embrace these tools as a way to improve programs and solve problems.

The long-term success in using performance data to improve programs will depend greatly on how much priority the highest levels of government give the collection, analysis, and use of performance data. From the president on down through agency heads, government leaders need to repeatedly emphasize the goal of improving results and the use of evidence to inform decisions toward that end. This is the starting point and essential foundation to having a real impact in improving government performance.

The president can help emphasize this point by taking this approach to his own priorities and initiatives. The president and relevant staff should lead by example. The president should also make clear that performance shortfalls are not a problem per se, provided solutions are developed quickly to deal with the shortfalls.

III. Fostering Policy Innovation and Ownership with Positive Reinforcement

Efforts to improve programs will fall short of actually improving programs if those who manage government initiatives do not have the ability and opportunity to shape the way the agency or program is running. Currently, some program managers report they do not have enough authority to use performance data to implement program changes. The president needs to make clear that agency heads have authority, consistent with statutory mission and requirements, to put performance assessments to use. Agency heads, in turn, should ensure that their management teams afford federal workers the flexibility and authority to use data to redesign their programs to improve performance. What's more, the new administration should work to create the political space to allow agency heads and managers to identify aspects of statutory requirements that need to be changed to improve performance.

Currently, performance assessment systems and the atmosphere they create can be threatening in nature. Federal program managers and other executive branch staff spend too much of their time trying to avoid getting "bad" scores or ratings and too little time thinking and discussing how performance data can help to improve program results. The result is that managers distance program implementation work from the performance review process – exactly the opposite of the intention of government performance systems. A better strategy could be to balance positive reinforcement and more flexibility in achieving performance objectives with more meaningful program evaluations.

Promote Development of Creative Policy Solutions

Current performance systems can create an atmosphere within agencies where experimentation and new strategies are not developed or tested. Yet these types of activities are often the most effective at building morale among agency personnel and also at helping to make government programs work better.

While there continues to be a need to hold government programs to account, the president needs to encourage and support innovation and reasonable risk-taking within federal agencies in order to develop more creative solutions to larger or more complex problems.

In order to change the culture created by current performance measurement efforts, agencies need to increase their attention to analyzing the performance data they collect diagnostically. Rather than primarily for rating purposes, this data can be used to support honest conversation and creativity and to identify and then implement effective ways to improve performance. This process would support a more realistic discussion about needed changes that could help program managers and supervisors overcome cross-cutting or persistent challenges. Lessons are

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likely to be learned from analyzing failures as well as celebrating successful endeavors, so managers and other staff should be encouraged to engage honestly in a constructive conversation about performance problems, rather than reaching artificial benchmarks or ratings.

Dedicate More Resources for Performance Analysis

The president should seek additional resources for agencies to expand performance management capacity and training and instruct OMB to develop, identify, and disseminate tools to help federal agencies analyze and incorporate performance data into program implementation throughout government.

Many personnel and programs within the federal government have improved their capacity to collect and report performance data, but still lack the tools and resources to analyze the data and integrate it into program improvement actions. Other programs may have lost their ability to gather data due to insufficient investments in performance systems at some agencies. Agencies, particularly smaller ones, do not have sufficient resources to invest in a performance measurement infrastructure, having made do with what they could afford through variations in performance measurement systems over the years.

This is not just a question of additional dollars (although many believe that is a requirement). It could entail greater time to develop program management systems or increased attention from high-level government leaders and Congress. Furthermore, new tools might entail providing agency staff with additional flexibility or incentives rather than necessarily hardware or products. This may require more involvement and input from Congress in granting such flexibility.

Tailor Performance Training to Programmatic Structures and Needs

Executive branch employees responsible for implementing government programs develop extensive and specific experience within their programs, but often are not sufficiently involved in performance measurement systems to understand the best ways to use performance data to modify program implementation for more successful performance. These staff should have access to training to help them integrate performance data and measurement systems into their work implementating programs.

In order to move from performance data collection to program modification to improved results, any successful performance measurement system needs to be integrated into regular program operations where federal managers consistently analyze and base their decisions on performance data. However, developing expertise in performance measurement systems while also implementing federal programs requires training, because it differs from the way most federal agencies currently operate. Government employees need effective and ongoing training, not on any particular performance systems (i.e. GPRA or PART), but instead on how to use performance targets and data in their day-to-day work and decisions.

Any training, therefore, should be relevant and applicable to specific agencies and programs, using hands-on models and case studies. This training should walk employees through the application of performance data and tools and help them understand how to apply the concepts they learn to *their particular programs*. It should not provide vague overviews or generic talking points about performance measurement. In addition, training must be a continuing effort.

Providing ongoing help and facilitating networks of professional peers (of varying degrees of expertise in performance measurement) will be helpful in maintaining a focus on performance data integration and improving communication between and among federal agencies and employees. Agency leaders should facilitate the development of networks among agency staff that could share best practices, which could then be adapted and tailored as a reference for other federal programs. Such a reference would be helpful in providing ongoing support and training for federal employees and facilitating long-term improvement in government performance, even through workforce turnovers.

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IV. Balancing the Roles of OMB and Federal Agencies

A key aspect to increasing participation and a feeling of ownership over performance systems among federal program managers will be to create a better balance for the role of the Office of Management and Budget (OMB) in government performance systems. OMB received ample criticism for micromanaging performance assessments during the Bush administration through the PART process. The current structure is highly dependent on individual OMB examiners, some of whom exercise a high degree of control that gives agencies and their programs little room to figure out how best to set their own goals and measure objectives.

Moreover, OMB as a whole lacks the resources to be the sole arbiter of agency performance. Many OMB examiners have significant expertise in the programs they are charged with reviewing, but many lack the expertise to understand how best to define performance indicators and manage programs, including practical yet informative evaluations. With limited resources, OMB must focus most of its energy on producing the budget. This leaves less time to develop expertise on particular programs or initiatives or the management methods likely to be effective in those programs. That expertise, for the most part, resides in the agencies.

Perhaps more importantly, the current structure limits the ability of an agency to develop performance management practices that may better fit the agency's needs for improving program performance. While OMB can play a useful role in pushing programs to identify ways to measure the outcomes they are trying to accomplish and to set ambitious but realistic targets that can stimulate innovation, agency staff have a more substantive and nuanced understanding of their work. A new process needs to be put in place to resolve differences quickly when an agency and its OMB examiner differ on the appropriate targets and measurement methods. Alternatively, deference should initially be given to agency choice, with a process created for the OMB examiner to flag concerns about the targets and measurement methods for third-party review.

This does not mean there is no role for OMB to play. Too little involvement from a central entity will lead to an uncoordinated, disjointed, and confusing performance system. Many agency officials believe OMB program reviews motivated programs in their agencies to pay more attention to setting outcome-focused targets and measuring performance than GPRA alone did.

In addition, OMB could constructively play a greater role promoting coherence across programs that contribute to shared or similar objectives. It has already done that, to some extent. OMB should provide government-wide coordination, helping to facilitate a conversation about setting targets and measuring performance for cross-cutting initiatives. For example, OMB could coordinate development of a strategic plan for major presidential priority areas and then coordinate the preparation of quarterly performance reports on the progress being made.

With many policy challenges spanning multiple agencies and jurisdictions, better interagency coordination is critical to improving outcomes, particularly on cross-cutting issues. OMB must strengthen its leadership in these areas by serving as a better coordinator of the performance system rather than its manager.

Make OMB Performance Activities More Transparent

OMB's current review of program performance is hampered by key pieces of information not included in PART reviews. OMB releases some details behind PART scores and ratings, but often leaves some information out, particularly references and links to underlying studies and evaluations about program impact. Agencies are also at fault for failing to release their data and studies in a timely or accessible fashion. This may be one reason that some PART scores appear to be rooted in political biases instead of an honest assessment of program performance. Another reason may be the lack of background data explaining the basis for deciding some targets are acceptably ambitious and others are not. A third reason may be selection of the indicators themselves, when agencies stop reporting performance for indicators they had previously used or fail to gather data for indicators the public would expect them to use. A fourth reason may be the emphasis placed on target attainment, as a primary performance indicator, rather than the performance trends themselves. This enabled some programs that had set targets below prior year actual performance levels to report they had met their targets. Revealing as much information as pos-

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sible about the basis for PART scores for each program would improve the credibility of PART, while opening the selection of targets, indicators, and strategies to improve performance open to valid, and hopefully constructive, criticism and critique.

A more open process for judging the progress of federal programs and their choices of targets would afford Congress and other outside stakeholders a better understanding of where and how programs are failing to meet their objectives and where and why they succeed. More attention to the reasons for target selection and greater access to the underlying documents used as the basis for OMB performance measurement would also give the public a better sense of whether or not public funds are being spent appropriately without relying solely on the opinion of a single executive branch agency that not only has a management control role, but also plays a political role acting on behalf of the president.

Even as the role of OMB is adjusted to increase the role of other parties in reviewing program performance and performance management practices, every effort should be made to increase the transparency of the reasoning behind OMB performance assessments and agency performance management decisions, including the selection of targets and indicators. A good first step would be for OMB to issue a policy statement clarifying that discussions pertaining to performance reviews should be open and transparent, as is required by GPRA, and not subject to the same confidentiality limits applied to OMB-agency budget discussions.

President's Management Council Can Coordinate Information Sharing & Communication

To address these problems, OMB should complement its budgeting work with a stronger focus on management, increase its staff to be able to provide coordination and training, and use more positive reinforcement rather than the threat of sanctions by focusing performance measurement systems on outcome measurement rather than ratings. Ideally, there would be a more open and ongoing dialogue between the agencies and OMB regarding program operations, performance data, and outcomes. It is not clear to what extent budget examiners select outcome indicators that are not suggested by the agency, but some agencies complain that OMB examiners will override their choices.

The President's Management Council (PMC) could provide a forum for facilitating conversations around performance, especially in areas where multiple agencies are involved. The PMC could play an important role coordinating performance-related issues and generating high-level discussions about government performance.

Strengthen Role of Performance Improvement Officers

Executive Order 13450 (E.O. 13450, issued December, 2007) called for the selection of a Performance Improvement Officer (PIO) within each agency. Charged with overseeing all performance-related activities in their agencies, PIOs must report to both their agency heads and OMB on all performance-related issues. They are also expected to serve as an "honest broker" in describing the performance of specific programs.

Cabinet members must provide the person in the PIO position the authority and resources to coordinate performance management activities effectively at agencies.

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V. Engaging Outside Stakeholders

The success of government programs is felt by and oftentimes depends on individuals and various outside groups. The system would be improved if these parties are afforded more opportunity to convert their unique knowledge into information that contributes to program improvements. Greater stakeholder involvement in the supply of relevant data, evaluations, and ideas, to inform the development of performance targets, measures, and strategies, may increase the legitimacy of agency measures and actions in the public eye.

Changes to the current systems should increase opportunities for participation and input from outside stakeholders, including Congress and the public.

Bring Congress in Early to Get Its Feedback

Congress, in particular, was not involved in the creation of the PART mechanism and has not participated much in the ongoing PART review process, despite the effort of a few agencies to engage key congressional committees in the process. Perhaps as a result, Congress has largely ignored current performance measurement data in the executive branch, largely because it does not meet its needs.

Congress needs considerably more tailored and timely information on particular issues that continually arise throughout the year and at budget time. Agencies need to provide extensive and credible information on both past performance and expected future performance of government policies and programs. Once-a-year looks at aggregate data on highly selective performance indicators are somewhat useful for accountability purposes but are much less useful for making specific budget, policy, and program decisions, both for the executive branch and for Congress. Involving congressional staff and their perspectives in the conversation about performance measurement systems and performance data will greatly increase the chances of the gathering of relevant, timely, and useful performance data.

Congress's involvement would bring new perspectives that would help to identify specific areas of programs that need improvement or indeed have improved. Program improvement may require not just adjustments to funding levels but increased flexibility in program implementation that could be enabled through legislative changes. When congressional staffers are comfortable with the performance assessment systems, they will be more willing to use them in their recommendations to members of Congress, increasing the change for meaningful legislative or budgetary improvements to programs.

Link Performance Reviews to the Budget Process by Engaging Congress

It is also possible that this type of engagement with Congress would strike the right balance in controversial efforts to force performance reviews into the federal budgeting process. Connecting performance results and budgeting can tempt agencies and other stakeholders to skew performance information, yet not connecting the budget process and performance data misses an important opportunity to make more informed decisions about allocating scarce resources.

In theory, performance information should improve the federal budgeting process by ensuring that public funds are allocated to where they can do the most good.

Performance results should be included in the federal budgeting process in some manner, but caution is needed in connecting the performance and budgeting systems too closely together. Using a formula to base budgeting decisions on scores or ratings poses significant and even insurmountable challenges. For example, punishing programs that receive bad scores with budget cuts when the problem may be a lack of resources is not only unfair, but detrimental to achieving performance improvements. Performance data and assessments should be one factor used by Congress in deliberating on funding levels, but not the sole determinant of a program's funding. More work is needed to help Congress, agencies, and OMB clarify how to use performance targets and measurement to inform budgeting, appropriation, and spending decisions.

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Engaging the Public Helps Create Ownership of Government

The performance management process might be able to benefit from greater public input on government performance. The government should engage citizens and involve them in the target selection, data collection, strategy selection, and evaluation, not just giving them a stake in but also helping enlisting them in, improving government performance.

To that end, the president should consider new ways to bring the public into the dialogue about government performance. In particular, the president should require agencies to seek advice and input in the creation of more relevant and useful performance measures for a variety of audiences, and OMB should work with agencies to develop web-based tools for engaging public opinions and assistance.

Encourage Outside Evaluations of Performance Systems

Outside stakeholders, especially Congress, must rely solely on the perspective of OMB regarding the accuracy and reliability of performance data through the PART system.

Both GAO and IGs are a rich knowledge source for performance measurement methodology, and involving them more in the development of program measurement methods and review would increase the validity to government performance systems.

Tailor Data Collection to the Needs of Different Stakeholders

The data reported through GPRA and PART often fail to meet the needs of key stakeholders such as Congress, the public, nonprofit service delivery organizations, and even government program managers, just to name a few. One reason is that different stakeholders and decisionmakers may be interested in different aspects of performance and different types of performance data.

Agencies should identify the needs of various stakeholders, collect data that meets those needs, and provide reports that appropriately respond to those stakeholders. Agencies should be tasked with considering the needs of a diverse audience in the collection and reporting of performance data. This does not mean agencies must continually rewrite performance reports. Rather, they should engage different audiences throughout the process to determine the best performance data to collect and the best places, times, and formats to publish the data. They should then follow up periodically with those stakeholders regarding whether that data is meeting the needs of those audiences.

VI. Improving Data and Its Accessibility

As current systems are streamlined and aligned to incorporate a wider variety of performance data and evidence, and as the process is expanded to incorporate a broader group of stakeholders, it will be important to be able to generate, search, organize, and filter through different types of performance data and information, documents related to the performance review process, and other information generated.

Providing users with a variety of performance data from different sources in one place in a way that allows them to not only find and understand, but use the data in their work to improve program performance will be crucial. Too often, stakeholders engage each other from different perspectives, using different data and almost speaking different languages. This slows down or halts the use of performance data to inform performance improvement. Creating a better system for producing and integrating performance data will not only build trust in the system, but put all stakeholders on the same page and engage them in the common goal of improving program performance. Because many different data formats are utilized, there needs to be coordination of data formatting across agencies. OMB could lead this effort.

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In its last six years, the Bush administration made significant improvements to the presentation and accessibility of PART surveys, ratings, and scores. The creation of ExpectMore.gov, a well constructed and clear one-stop website for PART information, improved and expanded the previous system of posting PART results. OMB has further refined ExpectMore.gov since its introduction by expanding the search function, adding agency summary pages (including accountability reports, budget justifications, and strategic plans), and directly linking to program website pages.

These improvements in accessibility and transparency should be commended, but more needs to be done. Currently, information on program performance is presented in an aggregated way. While performance measurement "experts" often cite the need for a limited set of performance indicators at the upper levels of government, but to make performance data more useful, the public and those implementing programs need access to disaggregated data – for example, to breakouts of the outcome indicator data, such as health, education, welfare, and environmental data broken out by state or finer geographical units or by other citizen demographic characteristics. Also, while PART reviews often cite reports or studies as "evidence," that citation is rarely available through direct links online. Nor do the PART reviews facilitate access to the underlying performance data, so users can analyze the data to draw their own conclusions. In addition, better presentation and accessibility to performance trends would give users of performance data a more complete picture of program performance. To the extent permitted by law and in a way that does not violate confidential personal and business information, agencies should make this information publicly accessible without the need for Freedom of Information Act requests from the public.

Giving users access to the "raw" or underlying evidence and performance data would greatly increase acceptance of such a performance system. More importantly, it would give the necessary stakeholders the tools and information to participate in a conversation about improving performance and create a more dynamic system that encourages stakeholder participation rather than a static one where a "rating" is the final destination.

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APPENDIX A: ADVISORY GROUP AND STAFF BIOGRAPHIES

Gary D. Bass

Executive Director, OMB Watch

Gary D. Bass is the founder and executive director of OMB Watch, a nonprofit research and advocacy organization that promotes greater government accountability and transparency and increased citizen participation in public policy decisions. He is well known for assisting nonprofit organizations in better understanding federal rules affecting their organizations and constituencies, and in 2003, he created www.NPAction.org as a one-stop website on building nonprofit advocacy. Dr. Bass has also been selected as one of the *NonProfit Times* Power and Influence Top 50 every year since 1999; in 2007, he was selected as one of the Federal 100 – the top executives from government, industry, and academia who had the greatest impact on the government information systems community – and in 2008, he received the Public Access To Government Information Award from the American Association of Law Libraries.

In addition to running OMB Watch, Dr. Bass is an affiliated associate professor at Georgetown University's Public Policy Institute. Prior to founding OMB Watch, he was president of the Human Services Information Center. He also served as director of liaison for the International Year of Disabled Persons; worked as a consultant on several projects in special education and the mental health of children and youth; and served as special assistant to Wilbur Cohen, then chair of the Michigan Governor's Task Force on the Investigation and Prevention of Abuse in Residential Institutions. Dr. Bass received a combined doctorate in psychology and education from the University of Michigan, along with the University's highest award for graduate student teaching and several awards for academic excellence.

Joseph Ferrara

Professor, Georgetown Public Policy Institute

Joe Ferrara is associate dean of the Georgetown Public Policy Institute (GPPI). He also directs GPPI's Executive Master of Policy Management program. In 2006 he received Georgetown University's Leslie Whittington Award for Outstanding Faculty.

Before joining the faculty at GPPI, Dr. Ferrara served in the U.S. federal government in staff and management positions with the House of Representatives, the Office of Management and Budget, and the Department of Defense. He served as a career member of the Senior Executive Service and received numerous awards for his government service, including the Secretary of Defense Medal for Civilian Service. He has published articles in a variety of scholarly journals, including *American Politics Quarterly*, *National Security Studies Quarterly*, and the *Journal of Public Administration Research and Theory*.

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Harry Hatry

Director, Public Management Program, Urban Institute

Harry Hatry has directed the Urban Institute's Public Management Program (and its predecessor, the State and Local Research Program) since the early 1970s. He has been a leader in developing and promulgating procedures for measuring the performance, especially the outcomes, of government and private nonprofit organizations. This work has included a focus on pressing for the increased, regular, use of surveys of citizens and trained observer rating procedures.

Mr. Hatry has contributed to a number of the major national efforts to bring about a citizen/customer, results-oriented focus to service agencies and government at all three levels of government. These include the Governmental Accounting Standards Board's Service Efforts and Accomplishments Reporting Initiative, the International City/County Management Association's work in providing annual comparisons of local government agency key performance indicators, the United Way movement's recent focus on outcome measurement for itself and its supported local nonprofit service organizations, and he even played a small role in the development of the federal Government Performance and Results Act of 1993.

Mr. Hatry's numerous publications over the years have introduced many public employees and students to the concepts and procedures of performance measurement and evaluation, including his early *Practical Program Evaluation for State and Local Governments*, *How Effective Are Your Community Services: Procedures for Measuring Their Quality*, and his recent *Performance Measurement: Getting Results*.

Adam Hughes

Director of Federal Fiscal Policy, OMB Watch

Adam Hughes is Director of the Federal Fiscal Policy program at OMB Watch, overseeing all aspects of the organization's work on the federal budget, tax policy, income and wealth trends, and government performance issues. Prior to joining OMB Watch, Adam worked for two years as a senior policy associate for the Coalition on Human Needs (CHN), an alliance of national organizations promoting public policies that address the needs of low-income and other vulnerable Americans. At CHN, Adam worked with federal policy concerning labor, employment and job training programs, tax and budget, housing and homelessness, food and nutrition, and education issues. He also managed the technology and communications systems for CHN.

Adam has also worked as a policy analyst at Physicians for Social Responsibility, a public health advocacy organization. There he coordinated legislative strategy and congressional relations for the Security program and was responsible for policy related to missile defense systems, non-proliferation programs, international arms control, and the defense budget.

Gary Land

Senior Manager, Federal Public Services Finance and Performance Management, Accenture

Gary B. Land is a Senior Manager within Accenture's Federal Public Services Finance and Performance Management service line. In this role, he is responsible for developing and implementing a wide range of innovative financial and performance management solution offerings and supporting methodologies, including internal control and compliance, enterprise risk management, budget and performance and cost accounting. Mr. Land has over 18 years experience in federal financial accounting, reporting, auditing, financial systems and federal budget and performance process improvement.

Prior to joining Accenture in October 2008, Mr. Land was employed by a large consulting and services firm as a senior manager and project leader. He was also a senior consultant and project manager for a large information

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technology company, and a senior supervising accountant for a certified public accounting firm. Mr. Land holds Bachelors degrees in accounting and computer science from Pensacola Christian College.

Shelley Metzenbaum

Director, Edward J. Collins Jr. Center for Public Management, University of Massachusetts-Boston

Shelley H. Metzenbaum is the Director of the Edward J. Collins Jr. Center for Public Management at the McCormack Graduate School of Policy Studies, University of Massachusetts, Boston. Dr. Metzenbaum is an internationally recognized expert on performance management, emphasizing practical performance-improving ways to use goals, measures, and incentives in government agencies. Prior to joining MGS in 2008, Dr. Metzenbaum was a Visiting Professor and Senior Fellow at the University of Maryland's School of Public Policy and ran the two-year Public Sector Performance Management Project at Harvard's Kennedy School. In addition, she launched and directed the Environmental Compliance Consortium, a cooperative effort of state environmental agencies to find better ways to measure and manage environmental programs, especially compliance and enforcement programs.

Metzenbaum previously served as Associate Administrator at the U.S. Environmental Protection Agency for Regional Operations and State/Local Relations; Undersecretary of the Massachusetts Executive Office of Environmental Affairs; Director of Capital Budgeting for the Commonwealth of Massachusetts; and Director of the City of Boston's Washington office. She holds a Ph.D. in Public Policy from the Harvard Kennedy School of Government and graduated from Stanford University with a major in humanities/Asian Studies.

Mark Moore

Hauser Professor of Nonprofit Organizations, John F. Kennedy School of Government

Mark H. Moore is the Hauser Professor of Nonprofit Organizations and faculty chair of the Hauser Center for Nonprofit Organizations at the John F. Kennedy School of Government at Harvard University. He was the founding chairman of the Kennedy School's Committee on Executive Programs, and served in that role for over a decade. From 1979-2004, he was the Guggenheim Professor of Criminal Justice Policy and management and faculty chairman of the Criminal Justice Policy and Management program at the Kennedy School.

Dr. Moore's research interests are public management and leadership, civil society and community mobilization, and criminal justice policy and management. His publications include *Creating Public Value: Strategic Management in Government*; *Dangerous Offenders: The Elusive Targets of Justice*; *From Children to Citizens: The Mandate for Juvenile Justice*; *Beyond 911: A New Era for Policing*; and *Creating Public Value Through State Arts Agencies.* Dr. Moore's work focuses on the ways leaders of public organizations can engage communities in supporting and legitimatizing their work and in the role that value commitments play in enabling leadership in public sector enterprises.

Greg Parston

Director, Institute for Public Service Value, Accenture

Greg Parston is the director of the Accenture Institute for Public Service Value, which he has led and managed since its establishment in June 2006. The Institute promotes high performance in public service delivery, policy making and governance through research and development on the creation of public value. Most recently, he initiated Accenture's Global Cities Forum, in which citizens in cities around the world discuss and debate the role of government in improving their lives. Prior to joining Accenture, he was the chairman of the Office for Public Management, a nonprofit organizational development company that he co-founded in 1988 and led as chief executive until 2003. He has consulted widely with top managers, focusing on governance, strategy and change and has worked as a manager in the public, private and not-for-profit sectors.

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Dr. Parston served on HM Treasury's Public Sector Productivity Panel from 2000 to 2006, co-authoring its reports on motivation and performance and on accountability. He chaired the Commission on Young Adults and the Criminal Justice System and was a member of the Commission on Good Governance in Public Services, the Commission on the Role of the Voluntary Sector in Public Services and the Cabinet Office's Advisory Group on Strengthening Leadership in the Public Sector. Dr. Parston has been on the faculty of New York University' Wagner School of Public Service and the King's Fund College in London and was a visiting lecturer at Harvard University's Kennedy School of Government and the Swedish and Danish Schools of Public Administration.

Beryl Radin

Scholar in Residence, American University

Beryl A. Radin is Scholar in Residence at the School of Public Affairs at American University in Washington, DC.

An elected member of the National Academy of Public Administration, she served as the Managing Editor of the Journal of Public Administration Research and Theory. Her government service included two years as a Special Advisor to the Assistant Secretary for Management and Budget of the US Department of Health and Human Services. Consulting activities involved a number of agencies including The World Bank.

Professor Radin has written a number of books and articles on public policy and public management issues. Her most recent book is Challenging the Performance Movement: Accountability, Complexity and Democratic Values (Georgetown University Press, 2006). She also published The Accountable Juggler: The Art of Leadership in a Federal Agency, (CQ Press, 2002). Prior to that she published Beyond Machiavelli: Policy Analysis Comes of Age, issued by Georgetown University Press in 2000.

Dr. Radin has been a past president of the Association of Public Policy Analysis and Management and has been active in the public administration section of the American Political Science Association. She was an initial member of the board of the Public Management Research Association. She was the recipient of the 2002 Donald Stone Award given by the American Society for Public Administration's section on intergovernmental management to recognize a scholar's distinguished record.

She was a senior Fulbright lecturer in India and has continued research in that country. Radin was a Theme Coordinator for the 4th International Conference on Federalism in New Delhi, India in 2007. She also has been involved in teaching and research in Australia. She is currently a fellow of the Center for Accountability and Performance of the American Society for Public Administration.

Lynn Ross

Professor, Georgetown Public Policy Institute

Lynn Ross is a professor at the Georgetown Public Policy Institute. She has over 15 years of experience in U.S. federal government. Most recently she served as a program examiner in the Executive Office of the President, Office of Management and Budget. Dr. Ross started her federal career as a Presidential Management Intern in the U.S. Office of Personnel Management, where she served as a personnel management specialist and as a budget officer. She has also had experience working on Capitol Hill with the Senate Environment and Public Works Committee, as well as with the Department of Health and Human Services, and the Department of Defense. She has received numerous professional awards in government for outstanding service and special achievement.

Dr. Ross's academic interests are in the bureaucracy, the presidency, presidential electoral politics, and budgetary politics. She has written chapters in academic compilations on democratic government and the 2000 presidential election. She has delivered several papers at both academic and professional conferences. And she authored a book-length annotated bibliography and resource guide on career advancement in the federal service. Her dissertation focused on the interplay between political appointees and career civil servants in the federal executive branch.

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Robert Shea

Director, Global Public Sector, Grant Thornton

Robert Shea recently joined Grant Thornton as a Director in its Global Public Sector Practice. He held a position at the Office of Management and Budget as Associate Director for Administration and Government Performance. In addition to managing OMB's internal operations, Robert led the President's Performance Improvement Initiative, administered the Program Assessment Rating Tool, advised on government human capital policy and led inter-agency collaborations in the areas of food safety and implementation of the Federal Funding Accountability and Transparency Act.

Before joining OMB, Robert served as Counsel to the Senate Committee on Governmental Affairs where, in addition to general oversight of Executive Branch management, he advised Committee leadership on the status of implementation of the statutory framework for performance-based government, including the Government Performance and Results Act and the Chief Financial Officers Act. He was Legislative Director for Congressman Pete Sessions (TX) from 1997 to 1999, where he organized the Results Caucus, a group of Members of Congress dedicated to results-based management and solving many of the government's major management problems. Robert was a Professional Staff Member with the House Committee on Government Reform from 1995 through 1996. There he had responsibility for examining the economy and efficiency of government programs, and acted as liaison with the government's Inspectors General.

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APPENDIX B: COMMISSIONED BACKGROUND MEMOS

GOVERNING FOR RESULTS: IMPROVING FEDERAL GOVERNMENT PERFORMANCE AND ACCOUNTABILITY

SUGGESTIONS FOR THE NEW FEDERAL ADMINISTRATION[7]

Harry Hatry
Director, Public Management Program, The Urban Institute

Paper prepared for the Government Performance Workshop

October 15, 2008, revised October 31, 2008

Sponsored by the Georgetown Public Policy Institute (GPPI), Accenture and OMB Watch

Background

The presidential candidates have clearly indicated that a primary interest is to the best possible services to our citizens. To run the government for this purpose will require the best possible information on costs and results and the best processes for obtaining and using that information.

The current performance improvement movement can be said to have began when Congress unanimously passed the Government Performance and Results Act of 1993 (GPRA). The act enjoyed widespread support from both the Executive Branch and Congress, including OMB and GAO. Still in effect, GPRA requires each federal agency to develop and provide to Congress: (1) strategic plans (that cover at least five years from the fiscal year in which the plan is submitted; plans are required to be updated at least every three years); (2) annual performance plans, as part of each agency's budget submission; and (3) performance reports for the previous fiscal year to be provided within six months after the fiscal year ends. The first year of full implementation of GPRA covered fiscal year 1999.

Currently, the federal government's "formal" components include:

- Agency strategic plans
- Annual agency program performance plans
- Annual agency performance reports. These reports, required for each agency, have taken many forms. The current version is called the "Performance and Accountability Report" (PAR). No requirement exists for a government-wide performance report.

7. This paper was prepared for the Government Performance Workshop held October 15, 2008, sponsored by the Georgetown Public Policy Institute, OMB Watch, and Accenture Institute for Public Service Value. Jonathan Breul, formerly of OMB and currently at IBM, provided a number of very helpful suggestions. Some modifications were made to the paper based on discussions at the Workshop.

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- The Program Assessment Rating Tool, commonly called PART, which OMB introduced in 2002. Ratings for each federal program are developed by OMB for each program's: (a) purpose and design, (b) strategic planning, (c) program management, and (d) results. Each federal agency provides material to OMB for each item on the rating questionnaire after which OMB budget examiners score each item. The scores are combined into an overall score that is then summarized in an "effectiveness" rating. OMB identified and has rated since 2002 approximately 1,000 programs. Approximately 20 percent of these have been assessed each year, using the performance assessment rating tool. This has been a controversial process as discussed below.
- In-depth program evaluations of selected programs, some of which are requested by Congress.
- The Executive Branch Management Scorecard, commonly called the "President's Management Agenda." Each federal agency now regularly receives five OMB ratings. These are for management of human capital, competitive sourcing (recently changed to "commercial services management"), improved financial performance, expanded electronic government, and performance improvement. Agencies are rated on a red, yellow, and green "traffic light" rating scale.
- And, of course, the annual Executive Branch budget presentations to Congress, which include some of the quantitative information from the sources cited above.

In addition, some less formal components exist as part of the federal government's efforts to improve results for the nation. These are probably even more important than the formal components.

- Major drivers of government results are each federal agency's own internal performance management efforts. Agencies' efforts throughout the year to allocate and use their resources, and to consider performance when preparing budget requests, are of vital importance.
- Congress' own work in its appropriations and policy committees. This effort clearly stimulates the provision and use of information on results. Congressional decisions, of course, play a major role in achieving effective outcomes for the country.

About a decade has passed since GPRA began to be implemented (and about 15 years since GPRA was enacted). The time is right to review the overall process and afford the new Administration the opportunity to build and improve on previous efforts.

Content of This Report

The observations and recommendations below focus mainly on information content. Organizational and political issues are also extremely important in creating a sound, productive, and useful government-for-results process. However, these are addressed only indirectly below.

Observations and Recommendations

The twelve points made below are elements for a strategy for upgrading government performance.

1. Appoint leaders who believe that obtaining good results for the country and its citizens trumps political partisanship. Effective leadership throughout the federal government is vital to the success of governing-for-results – and not, of course, just at the top levels but also throughout the government and its agencies. Select appointees who care about performance.

2. Spin off the process sections of PART (the first three sections) and increase the focus on results (the last section). PART has achieved some fine results by increasing agency and program management's attention to program performance. However, the tangling together of management *process* issues with program results has distorted the assessment of program results. In addition, the PART process has imposed considerable burden both agencies and on OMB budget examiners. Let OMB budget examiners focus on costs and results. Understandably, the agencies have complained about this load. Too much time is invested in responding to and satisfying OMB and too little on *using* such information to improve programs.

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Now, it is time to reverse current priorities by emphasizing results more and building agency interest and capacity in using the outcome information developed. OMB should be concerned mainly with the results sections of PART and with other sources of performance, such as the PARS and the results of any program evaluations and GPRA. The three process sections of PART should become a separate, and diminished, process.[8]

At the very least, the process sections of PART should be separated from the results section The scores on the first three PART sections, which focus on programs' management processes, should be separated from the findings on program "effectiveness." Results information should be examined as part of the budget process as well as part of the Executive Office of the President's on-going decision making.

Warning to the incoming administration: In the pressure to bring federal costs down, the new administration will be greatly tempted to use the existing PART scores to identify ineffective programs to cut or delete. As discussed above, those scores can be considerably misleading. Instead, the incoming administration should examine the full range of results data (as well as cost data) drawing from the data on actual results in the fourth section of PART, from the PARS, from completed program evaluations, and (as discussed later) from existing agency performance measurement systems, which are likely to be able to produce considerably more specific information.

The PART process elements need to be examined periodically, but on a less frequent, and less time-consuming, basis. That review should focus on those programs with significant problems as reflected in the scores on those sections. As suggested below, a simplified, streamlined PAR should be the priority for OMB, the agencies, and their programs.

Technical note: The scores on the three sections of PART over the years have become quite high. The scores for the fourth section, the section on results, have remained considerably lower. The implication is that little relationship exists between high scores and the process sections of PART and the results sections. This suggests that performance on the PART process sections has little, or at least a disappointing, effect on results. This problem is magnified by the way overall scores are calculated for each program and then summarized in statements of each program's "effectiveness." The summary rating appears to be quite misleading, especially if, as seems likely, many readers equate "effectiveness" with "program results." But at least 50 percent of each program's effectiveness score is based on these three sections and the scores for these sections is based primarily on subjective ratings by budget examiners. Thus, much of the "effectiveness" score is based on process questions with the implicit assumption that improving the process is the key to producing results. The effectiveness scores, thus, represent more of the judgments of OMB that the programs are well-managed rather than that they had good results. Even the score on the Results section is based to some extent on the budget examiner's judgment of the program's level of achievement on the selected outcome indicators. Finally, the results section contains a highly selective set of performance indicators, averaging about five indicators per federal program. And of these, some are of low levels of importance.

3. Streamline the PAR process and include a short highlights version. This will greatly simplify performance tracking – and free up time for using the information for both OMB and agencies. The concept of the PARs, with is detailed information on individual programs and performance indicators within each federal agency, is good. However, the PARs need to be streamlined and provide summary highlight information. This will provide the Executive Office of the President, Congress, the agencies, and the nation a much improved running scorecard on key federal government outcomes. Considerable overlap and confusion exits about the relationship between the PARs and PARTs. PARS currently contain most of the performance indicators contained in PART. They provide considerably more comprehensive outcome information than the PARTs but appear to have not been used much to assess results.

4. Make the Performance and Accountability Reports (PARs) more useful and user-friendly by revamping the format and content. PARs provide much potentially useful performance information, but it's hard to use in its current forms. To make these annual performance reports more readable and accessible:

8 Similarly, the Presidential Management Agenda process should continue to be kept separate from such tools as the PARs and PARTs. The new administration will very likely want to establish its own management agenda.

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- Provide a summary/highlights table at the beginning of the report that lists each key performance indicator and presents the most recent two or three years of data and the latest year's targets for the indicator. Readers can then quickly see the status of the indicators and spot possible problems. Better than an avalanche of data up front, this format would encourage readers to seek details on performance indicators of particular interest. (Some of the new pilot "Highlights" reports have begun doing this, but still have a long way to go.)
- Considerably shorten them. Provide highlight reports to Congress. Some PARS have clocked in at 300 pages and weighing-in at three pounds. Remove the many (sometimes 100 or more) pages of detailed financial data into a separate report. Cater to the needs of the great majority of likely readers by presenting only a short summary of the agency's financial condition. Of course, continue to provide the expenditure information for each program along with the outcome information.
- Rid PAR documents of excessive graphic elements and extraneous content. Color and graphics can enhance PAR reports, but the current PARS too often are overloaded with text, graphs, data, financial data (as noted before), and the latest PART and PMA scores. The federal government should obtain advice on how to make these reports easier to read and then make them much more widely available (and used) than they currently are.
- Require agencies and programs to distinguish between "outputs" and "outcomes" and between "intermediate" and "end" outcomes. Intermediate outcomes are important to track, but only indicate progress toward the more important end outcomes. The performance indicators have been improved considerably over the past ten years but the way they are presented is something of a mishmash that can be hard to sort through. Each performance indicator should be labeled and, preferably, grouped by indicator category. This will enable readers to see the relative importance of the data provided in the reports-- especially when large numbers of outcome indicators are being reported.
- Greatly reduce the emphasis on, or delete, indicators of the "number, or percent, of targets met" as PAR indicators. Some agencies have been highlighting such indicators. The targets selected for individual indicators are highly subjective and too easy to game. Similarly, poor achievement on important indicators can be readily hidden under more satisfactory ratings on a barrage of less important indicators.

5. Strengthen agencies' ability to provide more detailed, tailored performance information needed to address particular issues that arise throughout the year. Annual reports, such as PARTs and PARs, provide decision-makers with highly limited information. They provide overall scorecards of key outcomes. However, budget, program, and policy decisions inevitably require considerably more fine-grained and tailored information. Agencies and their programs need the capacity to provide it for their own use, for higher-level executive officials, and for congress, whether at budget time or any time throughout the year.

A major need is to disaggregate outcome data both by: (a) by geographic and other demographic population characteristics (such as age, gender, race/ethnicity, income class, or disability groups); and (b) by federal government organization unit, such as region, facility, or office. Such information will usually be more actionable than the aggregated data currently included in today's PARs and PARTs. Outcome data broken out by citizen demographic characteristics also provides information on equity.

Needed is the capacity to provide such products as "Quick Response Analyses" (such as done by DHEW in the 1980s). These would likely involve accessing available information from programs' performance measurement system as well as collecting new information relating to the issue.

6. Do far more to encourage the USE by federal employees at all levels of information on results to manage and make program and policy decisions. Providing information should not be done merely to satisfy OMB's need for accountability information.[9] Now that performance data has become more available, federal employees should be encouraged to use it to help them improve the results of their programs. Steps in that direction include:

9. The extent to which PART scores and PAR data have been used in budget decisions (such as to identify programs to cut) is not clear.

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- Provide training to managers and their staffs in performance improvement, including use of performance data. Provide similar training to OMB budget examiners. Many of them have had limited experience in examining and analyzing program outcome information.
- Encourage agencies to provide regular (e.g., at least quarterly, not only annual) performance reports to their employees – for both information and motivational purposes. Consider posting the reports on outcome indicators relevant to the employees work in common areas of the agency's facilities. As indicated by recent OPM and GAO surveys of federal employees, it appears that not much information on program performance gets transmitted to lower level managers and their personnel. Most Federal employees are likely to be highly interested in such information as the feedback obtained from surveys of agency customers on the quality of their own program's services.
- Encourage use by managers of regular "How Are We Doing?" sessions. At these regular meetings, managers and staff together review the latest performance report to discuss what they are doing well, what they are doing not so well, and how to make improvements. A version of this process, the "Stat" movement, has been catching on among mayors, governors, and their department heads. (The best known examples are New York City's CompStat and Baltimore's CitiStat processes.) Whether this process would be useful, and of interest, at the presidential level is unclear. However, federal agency managers down the line can also use the process. They can even use a less elaborate process that doesn't require dedicating extensive staff time to administer the process but follows the same basic format.
- Make far greater use of recognition awards for excellence in getting results. This is a low-cost way to encourage and recognize programs and their employees for achieving high levels of outcomes or—almost as important-- for making major *improvements* in outcomes.
- Tighten up on program performance targets. Too many agencies set target at easy to achieve levels. Call for "stretch" goals. (This can be tough to do when casting blame is prevalent for not meeting performance targets.) Provide real recognition for meeting such goals.
- Encourage inclusion of outcome indicators and targets in more agency service contracts; that is, use "performance contracting" when feasible. Payments to vendors might be based at least in part on reaching specified targets. This approach is already being used to a limited extent at all levels of government.

7. Continue OMB's practice of making performance findings public, but present the information better to encourage its wider use. OMB has done an excellent job in making its findings on the PART process, the performance management agenda, and even the PARS publicly available on federal websites. However, as noted earlier, the quality of presentation of many of those documents leaves much to be desired. *It is not surprising that members of Congress and their staffs do not use most of this information. Much of it is too detailed, is much too time-consuming for busy staff members to plow through, and does not bear directly on the current issues lawmakers are addressing.*[10]

8. Pay more attention to tracking key outcomes affected by multiple agencies and multiple programs, that is, focus more on cross-cutting issues. The need to take this broader view has wide agreement, including by OMB. Many key public issues are affected by multiple programs and multiple agencies (as well as by state and local governments and the private sector). Juvenile delinquency prevention, substance abuse programs, economic development, and environmental protection are but a few examples of programs that cut across many federal programs in many federal agencies. So far, unfortunately, federal attempts to coordinate bodies have met with limited success. More attempts to form performance partnerships are needed among federal -- and state and local -- programs.

The Executive Office of the President should periodically identify major crosscutting issues. OMB might develop a matrix identifying the key outcomes sought and each federal program expected to significantly affect each of those outcomes. This would encourage such next steps as identifying the individual roles and responsibilities of each program in producing successful outcomes and coordination in tracking the results. *Performance partnerships* might be formed. This process would also help identify overlapping and duplicative federal programs. Working

10. For FY 2006, the federal government's budget document, for once, was attractive (using color and photographs) and suitable for perusing by individual citizens. It even contained a small amount of data on results.

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groups of representatives from each program could be established to coordinate agency actions, including identifying and tracking performance indicators. *Findings might be presented in special annual PAR reports on each cross-cutting issue.*

OMB would do well to focus on such cross-cutting programs and less on micro-managing individual programs.

9. Require that budget proposals, including Annual Performance Plans, provide out-year estimates of major outcomes expected for each key outcome indicator. Many federal expenditures cannot yield major results during the budget year. Without such future-year outcome information, those reviewing such budget requests will not have sufficient information on what the nation is expected to get for its money.

10. Routinely obtain sound explanations from agencies and programs for unexpected outcomes, especially poor outcomes. GPRA (Section 1116(d)(3) calls for such explanations, but often explanations given have been nominal. (Some state legislatures, such as Texas and Louisiana, require state agencies to provide explanations whenever the target is missed by a certain percentage.)

A related problem for federal officials is the widespread misunderstanding that the outcomes calculated are due primarily to the work of the federal program. In fact, performance reports are like baseball scorecards: they tell only whether the team is winning or losing and by how much, but not why. Most, if not all, outcome indicator values reflect not only the work done by individual federal programs but also by other federal programs and by external entities, including state and local governments, and by the private sector. External factors, including such acts of god as hurricanes, also come into play. Federal agencies, OMB, Congress, the media, and the public should not automatically conclude that missing a target signals that the program's own work was bad. As OMB itself says, a poor outcome could also mean that, for example, the program was underfunded.

Performance reports would do well to include a basic statement that notes the limitations of the outcome information in identifying causes. Such qualifiers may allay some federal officials' fear that they will be unfairly blamed for not meeting expectations.

11. Continue to evaluate selected programs in depth, but also encourage pre-assessments of the program's "evaluability." Timely and valid in-depth evaluations of selected individual programs should be part of any performance improvement process. Congress mandates some such program evaluations. In addition, the federal government should revive its sponsorship of low-cost examinations of program evaluability. These so-called evaluability assessments were introduced in the 1970s but are seldom conducted today. These examinations assure that the subsequent (and usually costly) evaluations have a reasonable chance of providing timely, useful, and sufficiently valid findings.

OMB in recent years has complicated program evaluations by pushing hard for randomized controlled trials (RCTs), the so-called gold standard of program evaluation. Where applicable, RCTs can indeed provide the most valuable information possible. However, they are very costly, can take many years, and are very difficult to control. Further, the findings may not apply outside the setting of the trial; their external validity may be limited. "Evaluability Assessments" can help agencies decide which settings call for RCTs and which might require another form of evaluation.

12. Finally, the federal government needs to more systematically examine the FUTURE implications of federal budgets, programs, and policies. Since the 1960s, such systematic forward-looking assessments have been done by the Department of Defense. But the focus of most federal government agencies has been generating data on past performance. (Federal officials do need such scorecard information to allocate resources throughout the year.)

Budgeting, policy making, strategic planning, program planning, and budgeting, however, are about the future. Historical data can provide considerable help in estimating the likely near-term effects of current practices and policies, but

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often not the longer-term effects. And historical data are not likely to be of much limited help in estimating the effects of new innovations in program practices or policies.

Major development and investment decisions require some idea of what the future might look like. The process of mapping one or more tomorrows has been called "system analysis" (a term that has been used by DOD), "policy analysis," or "program analysis." Such analysis should be part of development of agency strategic plans. By whatever name, estimating into the future is a very difficult business, one reason it is so badly neglected. Federal agencies have been attempting to use systematic analytical procedures on certain issues such as global warming and international policy. The need is for strategic planners in other federal agencies to do more than to merely extrapolate current policy and practice, using historical data.

This need will arise early in the new administration. *The incoming president will almost certainly want to focus major attention immediately on a particular set of key issues.* A useful first step is to call for *Issues Papers* that examine an issue, identify options to address the issue, and estimate the cost implications and likely effects of each option.

A next key step is to develop a "strategic plan" that addresses each issue. These plans will require the best possible short and long term planning effort and best possible past and projected outcome information. These issues will almost certainly cross agency and program lines. They will need the best possible historical information, such as from the PARS, and more in-depth agency information. Special annual PAR-like reports might be used to track progress on each issue. Such steps will certainly require the development of much new information not currently available.

The White House should consider forming a special policy analysis office to oversee and coordinate these activities for key issues.

Summary

PART, as it now exists, has served its purpose. It is now time for OMB and the federal agencies to place a greater focus on presenting and using information on results to improve services throughout the year. The PARs should be streamlined to highlight key outcome information and be considerably more reader-friendly. Priorities for the next years should be helping agencies to: use performance information to improve services; provide timely detailed information relating to issues as they arise during the year; and to more systematically analyze the likely future impacts of federal budgets, program and policy proposals, and strategic plans.

12 Suggested Actions

(See Text for Details)

1. Appoint leaders who believe that obtaining good results for the country and its citizens trumps political partisanship.
2. Spin off the three process sections of PART and increase the focus on results.
3. Streamline the PAR process and include a short highlights version.
4. Make the Performance and Accountability Reports (PARS) more useful and user-friendly by revamping the format and content. (See text for suggestions.)
5. Strengthen agencies' ability to provide more detailed, tailored performance information needed to *address particular issues that arise throughout the year.*
6. Do far more to encourage the USE by federal employees at all levels of information on results to manage and make program and policy decisions. (See text for suggestions.)
7. Continue OMB's practice of making performance findings public, but present the information better to encourage its wider use.
8. Pay more attention to tracking key outcome affected by multiple agencies and multiple programs, that is, *focus more on cross-cutting issues.*
9. Require that budget proposals, including Annual Performance Plans, provide out-year estimates of major outcomes expected for each key outcome indicator.

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10. Routinely obtain sound *explanations* from agencies and programs for unexpected outcomes, especially poor outcomes.
11. Continue to evaluate some programs in depth, but also encourage pre-assessments of the program's "evaluability."
12. Finally, the federal government needs to more *systematically examine the FUTURE implications* of federal budgets, programs, and policies.

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EXECUTIVE SUMMARY: A BLUEPRINT FOR USEFUL FEDERAL PERFORMANCE MANAGEMENT

(AN EXCERPT FROM PERFORMANCE MANAGEMENT RECOMMENDATIONS FOR THE NEXT ADMINISTRATION)

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Management issues seldom make their way onto the political agenda of Presidential candidates. Nor do they rank high among the priorities of an incoming President. Yet, faced with multiple crises each of which demand full attention, a President must figure out how to run all of government to advance his or her priorities and prevent new problems from arising. Two simple tools, goals and measurement, are among the most powerful leadership mechanisms available to a President for influencing the vast scope of federal agencies. Goals allow a President to clarify expectations concisely with Cabinet members and other senior managers and policy advisers; measurements provide the means for monitoring progress toward priorities across agencies. Also, public reporting of goals and measurement communicates priorities and progress succinctly to the public, boosting accountability. Of course, goals and measurement are useless unless used. Once established, the President or a senior designee clearly acting on his behalf must talk about specific goals and discuss progress and problems relative to them. Otherwise, the goals agencies articulate are likely to be pushed aside and forgotten in the press of an unending series of daily crises.

Mindful of this reality, in 1993, the U.S. Congress passed the Government Performance and Results Act (GPRA), requiring every federal agency to set strategic and annual goals, measure performance, and report to Congress, OMB, and the public on progress relative to selected goals. GPRA requires government agencies to manage performance, not just processes, by insisting that every agency choose goals. It also requires agencies to choose goals dealing with societal outcomes, to the extent feasible. The next President will need to decide whether and how to use GPRA to advance his agenda and, more generally, improve the effectiveness and cost-effectiveness of federal agencies. To inform that decision, this report examines recent experience implementing GPRA, the impact of those decisions on agencies and government performance, and offers recommendations to the next Administration.

This report concludes that the key performance management challenge facing the next Administration is to use, and not just produce, performance goals and measurement. Because of GPRA and mechanisms put in place by the last administration, every agency and most major programs have now adopted short and long-term goals and begun to measure progress toward them. Many of the goals and measures are more attentive to outcomes than in the past. [Beneficial aspects of GPRA and PART are summarized in the box "Strengths of GPRA and PART."]

Unfortunately, too many make little sense to Congress, the public, and even the programs that run them. Also, too few in agencies and Congress are using either the goals or collected performance measurements to improve their programs or to engage those outside the organization in discussions of priorities.

Why aren't Congress, agency employees, delivery partners, those who use or are affected by federal programs, and citizens using the goals and measurement agencies produce? Low use levels are not because of a lack of interest in performance measurement. Instead, they were caused by key performance management decisions made by the last Administration that resulted in performance information that Congress found incomprehensible and agencies treated more as an obligation than a resource. While these mechanisms were beneficial in some respects, they were problematic in others. Some, such as the Performance Assessment Rating Tool and several OMB circulars specifying what and how agencies prepare performance reports and budget justifications, need adjustment to direct more

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attention to the direction of and reasons for performance change and less to compliance and target attainment. Others, such as the President's Performance Management Agenda Scorecard, need to be tossed. [Problematic aspects of GPRA and PART are summarized in the box, "Criticisms of GPRA and PART."]

An analysis to understand the causes of the criticisms voiced by appropriations staff and agency officials identified five underlying problems:

1. Too little attention was paid to the direction of performance trends and too much to "percentage of targets met" as the primary indicator of overall performance.
2. Too little attention was paid to understanding why performance levels changed, to understanding the size and characteristics of societal or system problems to be addressed, and to sharing that understanding so it could be applied in program implementation while too much was paid to compliance – confirming that agency commitments were fulfilled.
3. The review and evaluation process was overly subjective, a problem exacerbated by the professional bias of the reviewers toward budget-cutting and secrecy, reviewer inexperience with effective performance management methods, and use of only a single reviewer.
4. Too little attention was paid to identifying the audience for goals and measurement to determine and meet their performance information needs.
5. Too much attention was given to punishment and reprimand and too little to expert advice and encouragement. The federal performance management system's accountability expectations and incentives are askew.

A closer look at these problems suggests specific actions the next Administration can take to make goals and measurement the powerful performance-improving, accountability-enhancing tools they have the potential to be. Key actions the next Administration should take include:

- ***Presidential Focus and Investment.*** The President should identify a limited number of priority targets and meet with each Cabinet member responsible for the priority targets to keep focused on these targets. Each Cabinet member and agency head should review and refine their strategic and annual targets to reflect and communicate the new Administration's priorities. This work should be guided by a new performance unit in the President's office and supported by a larger performance unit in OMB, OMB budget reviewers, and other White House officials charged with tackling specific problems.
- ***Trends, not Target Attainment.*** Management attention should be focused on the direction of performance trends and finding ways to improve them, not on the percentage of targets attained or on PART ratings.
- ***External Review.*** The White House should keep but revise the PART process and questions, drop PART ratings and a few problematic PART questions, rename the PART to signal performance measurement is not about assessment and rating but about improvement and communication, and open up the PART review process to reduce its subjectivity, inconsistency, and cost-cutting bias and to enlist ideas and expertise.
- ***Knowledge Management.*** OMB and agencies should greatly enhance their knowledge management role, including redesigning and renaming the current federal performance portal ExpectMore.gov, to support learning across agencies and program delivery partners.
- ***Accountability Expectations.*** The White House, OMB, and Congress need to change and clarify their accountability expectations – that for which agencies should be held accountable. They should not be expected to meet their targets all the time nor even always achieve performance gains in their areas of responsibility. They should, however, be held accountable for persistent application of evidence, intelligence, and effort to improve performance, and when performance declines, for understanding why it declined and having a plan to improve it. They should also be held responsible for communicating targets, trends, strategies, and reasons why they were chosen to key audiences in ways those audiences find useful.

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Specific recommendations to deal with the underlying problems identified are:

1. **Communicate Performance Trends and Targets, Not Target Attainment**

Recommendation 1.1: The President should identify a limited number of priority targets and meet at least quarterly with each Cabinet member responsible for the priority targets to keep agencies focused on these targets even as other pressing matters arise, adjusting them if needed to respond to major unexpected situations. Each Cabinet member and agency head should review and refine their strategic and annual targets to reflect and communicate the new Administration's priorities, and communicate the priorities regularly in their speeches and other communications. Each program should continue to set targets under a revised and renamed PART process aligned with GPRA targets.

Recommendation 1.2: Instead of reporting target attainment rates, the White House, OMB, and Federal agencies should devote far more effort and resources to communicating the direction of performance trends and agency targets for key indicators – showing areas where performance is improving and areas where it is declining. The New York City Citywide Performance Reporting framework provides a powerful model upon which to build, as does an early U.S. Department of Transportation combined performance plan and report.

Recommendation 1.3: The White House should revise PART questions that place too much emphasis on target attainment, and reorder PART questions to place primary emphasis on the direction of performance change. (Additional recommendations regarding PART are discussed in other sections.)

Recommendation 1.4: OMB should encourage agencies and programs to explain and communicate why they have chosen their targets in the context of historic and recent trends, peer performance, strategies tried, how well they worked, and strategies planned.

Recommendation 1.5: The White House and OMB should instruct the Performance Improvement Council (PIC) to conduct an immediate review of all PART questions, budget instructions, public reporting formats, and OMB circulars to suggest changes to place the emphasis on performance improvement, rather than target attainment.

2. **Emphasize Performance Improvement and Knowledge Management, Not Compliance and Commitment Fulfillment**

Recommendation 2.1: The President should run and expect his leadership team to run goal-focused, data-driven discussions. This work should be guided by a new performance unit in the President's office and supported by OMB and other White House officials charged with tackling specific problems. The White House should consider assembling a team of highly successful public and private sector performance managers to provide specific feedback and advice to each cabinet-level official on their performance management practices.

Recommendation 2.2: The White House should encourage increased analysis of performance and other relevant data to discover more effective interventions and to understand the size and characteristics of societal problems to be addressed, causes of those problems, and the people and institutions that need to be served or influenced.

Recommendation 2.3: OMB should greatly enhance its knowledge management role, facilitating learning across organizations about effective method for using goals, measurement, incentives, and experiments to improve and communicate performance.

a. OMB should create and support communities of practice to help agencies learn how to use goals, measurement, incentives, and measured experiments to improve performance; exchange lessons from individual agency experiences; and cooperate on experiments across agencies to gather new insights.
b. OMB should establish a reference desk to answer performance management questions and provide models.

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c. OMB should re-organize the federal performance website to support learning across federal agencies and their delivery partners.
d. OMB should rename the federal performance website (currently ExpectMore.gov) to be less dismissive of past government accomplishments.
e. The White House should increase the size of the OMB performance management team to have the capacity to promote government-wide learning, not just control.

Recommendation 2.4: OMB and agencies should increase training for OMB, federal agency, and delivery partners to increase their understanding of effective performance management practices and of analytic methods for retrieving greater informational value from performance measurement and other data.

Recommendation 2.5: OMB should continue to conduct PART reviews but to provide constructive feedback, not to rate and assess. Toward that end, the PART name should be changed to signal a shift in emphasis from "assessment" and "ratings" to improvement and communication.

Recommendation 2.6: The White House should eliminate the President's Management Agenda and the traffic-light Scorecard and replace it with indicators of management risks. The President's Management Council should shift its focus from process to performance trends, directing more attention to goals that require cooperation from multiple federal agencies and to problems common to many agencies. In addition, it should help senior agency managers learn effective methods for leading results-focused organizations.

3. Reduce the Subjectivity, Narrow Perspective, and Cost-Cutting Bias of PART Reviews

Recommendation 3.1: OMB and agencies should engage outside experts to gain additional perspectives in both agency and program reviews, keeping both OMB and outside expert reviews public. OMB should create a structured website to invite other comments and suggestions.

Recommendation 3.2: The White House and OMB should emphasize effectiveness over efficiency and eliminate all requirements for efficiency measures, while keeping PART questions that ask about cost-effective approaches.

Recommendation 3.3: A new unit should be created in the Office of the President to lead performance improvement efforts working closely with, but not housed in, OMB.

4. Identify Key Audiences for Performance Information and Meet Their Needs

Recommendation 4.1: To improve outcomes and inform policy and personal decisions, agencies and programs need to identify key audiences for performance targets and measurement, identify their needs, and establish priorities among the audiences to be served.

Recommendation 4.2: OMB, agencies and programs need to pay more attention to the presentation, dissemination, and use of performance information.

Recommendation 4.3: OMB should make immediate changes to the federal performance portal site to make it more comprehensible to the public.

Recommendation 4.4: Every federal department and agency should add a performance portal on its home page to provide quick access to all goals, program targets, annual performance reports, summary performance trend information, and related information such as evaluations, demographic descriptions, and more detailed analyses of problems and their causes. OMB should work with the Performance Improvement Council to establish a standard protocol so placement of performance information is similar on the home page of every federal agency.

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Recommendation 4.5: In consultation with agency officials, OMB should review and revise regulations and guidance that currently complicate audience-focused delivery of performance reports and information.

5. Adjust Accountability Expectations to Encourage, Not Blame, Punish, or Reprimand

Recommendation 5.1: The White House should adjust accountability expectations. It should not hold federal agencies accountable for meeting targets or even for consistent performance gains. Instead, it should hold them accountable for: using outcome-focused targets; knowing performance trends; understanding factors influencing the trends; implementing cogent strategies to improve performance based on the best available evidence; playing a stronger knowledge management when dependent on others to accomplish agency objectives; and communicating targets, trends, and strategies to Congress and other key audiences in formats they find useful.

Recommendation 5.2: OMB should eliminate PART ratings, but keep PART scoring on individual (revised) questions. It should add additional outside PART reviewers, as per recommendation 3.1, to increase constructive feedback, and add a section in the revised PART review website for posting reviewer comments and suggestions.

Recommendation 5.3: OMB should not penalize agencies for flaws in their legislative language if they have submitted proposals to OMB or Congress to fix the flaws.

Recommendation 5.4: OMB needs to strengthen federal understanding of effective ways to use positive and negative incentives in federal agencies, with delivery partners, and with those whom the government seeks to influence to motivate the search for, discovery, and promotion of effective interventions.

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SHOULD PART BE CONTINUED?

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For the past 15 years, the federal government management reform agenda has included several efforts to develop performance measurement activities. These efforts have been designed as attempts to increase accountability in the use of federal funds and have tried to highlight the outcomes that have emerged from the expenditure of those dollars. There are two major initiatives related to performance measurement that illustrate this agenda: the Government Performance and Results Act (GPRA) of 1993 (one of the few management reform efforts that have emerged through legislative activity) and the Program Assessment Rating Tool (PART) , the effort undertaken by the Bush administration and begun as a part of the Fiscal Year 2003 budget process. Both of these efforts have attempted to link performance measurement to the budget process.

It is difficult to argue against the goals of these two efforts. Determining whether public funds are actually accomplishing the outcomes expected of the programs and policies those dollars support is both important and commendable. To me, the issue is not whether one supports performance measurement in general (I clearly do) but whether the policies that have been put in place to carry out those goals have been effective. As we think about the arrival of a new administration in January 2009, it is important to determine whether the current approach to performance measurement should be continued. Before we can decide whether or not to continue the efforts, there are a number of questions that must be answered or at least explored.

This paper attempts to outline those questions and to make some suggestions that might be considered by the next administration. It does not deal with a discussion of the goals of performance activity but focuses on the means that have been put in place to accomplish those goals. Given the size and scope of the US federal government, it is not easy to characterize the experience with federal government performance requirements. That experience has produced a highly complex situation that is variable and often idiosyncratic to a particular program or policy. For the purposes of this discussion, I have emphasized the experience under the PART program which has largely eclipsed the requirements of GPRA over the past seven years.

I. Is PART appropriate to address the performance needs of all programs?

While there are a number of reasons that explain the limited ability of efforts such as PART to influence decision-making, one of the most important explanations lies in the inability of OMB to effectively acknowledge the diversity in structures of federal programs. The "one size fits all" approach of OMB attached to PART flies in the face of that diversity. It ignores that diversity (and the typology offered in James Q. Wilson's classic book, Bureaucracy, which describes the differences between programs in terms of their ability to measure outputs and outcomes.) Wilson notes that agencies with the ability to define and measure both outputs and outcomes because of the nature of their work (he calls them production agencies) have the easiest time with performance measurement requirements. By contrast, agencies that have great difficulty devising information systems and agreements over the definition of outputs and outcomes (he calls them coping agencies) have significant problems meeting the OMB requirements because they live with disagreement about goals of programs, the means of achieving even conflicting goals, and availability of data to measure either outputs or outcomes. Given this diversity, the PART process may be appropriate in some situations but not in others. My concern is with the application of the requirements across the board.

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Others have noted that there are some types of programs that have particular problems meeting the PART stipulations. Two are particularly problematic: block grant programs and research and development programs. When one discusses the PART requirements with career civil servants, a number of their concerns revolve around these issues.

Block grant programs. Block grant programs are programs that are not expected to be implemented by federal officials. In fact, they (and other programs that involve third party players) are designed specifically to give discretion to others-- states, localities, and sometimes non-governmental organizations. Yet PART assumes that federal officials should be held accountable for achieving a nationally defined set of standards and measures. It is not surprising, thus, that block grant programs have received lower ratings than many other program types. Programs such as the Community Development Block Grant received low scores because OMB did not support the discretion that is given to local officials to determine the approach to community development. Some communities focused on housing, others on infrastructure, others on economic development and still others on community organizing efforts. But OMB thought that this range of choice was too great and communities should be held accountable only for economic development approaches. This was so despite the congressional action to frame the program design in a discretionary fashion.

Research and development programs (R&D). Performance measurement in R&D programs has proven to be challenging for a number of federal agencies. The problems that have emerged have revolved around three areas: ability to measure the efficiency of their research, the appropriateness of using outcome-based measures to assess their contribution, and the ability of R&D agencies to provide information on an annual basis. The culture of science has relied on assessments by peers (e.g. peer review) to determine whether programs are effective or not; concepts of efficiency are not appropriate for those tasks. And we know that the calendar for research involves multiple years. In addition, some of the most effective research results from what might be called "failures." These problems were recently discussed in a study by the National Academy of Sciences entitled *Evaluating Research Efficiency in the U.S. Environmental Protection Agency.*

Both of these examples indicate how important it is for advocates of performance measurement and management to tailor specific requirements to meet the realities of each agency and program. Performance measures that are effective must make sense to officials within a particular agency; when requirements are devised government-wide they often evoke perverse responses that don't lead to increased attention to performance.

2. Should requirements for performance assessment be government wide?

The very structure of the US system makes it extremely difficult to devise detailed performance requirements that are appropriate for the entire federal government. Yet this is what has been undertaken through PART. Unlike a parliamentary system that provides a structure that allows the executive function to look at the government as a whole, the federal US system is devised to minimize the exertion of concentrated power. As a result, power and authority are separated and shared across all aspects of the political landscape. This occurs through the delineation of separate institutions charged with executive, legislative and judicial functions as well as through the assumption of shared as well as separate powers among the national, state and sometimes local levels of government. It is relevant for us to acknowledge that the US government produces programs and policies that are diverse not only in type but also in terms of the institutions involved. This creates conflict between the legislative and executive branches, fragmentation of responsibilities within the legislative branch through separate appropriations and authorizing bodies, and differentiated responsibilities and roles inside agencies and departments. Variations in the resources and authority available to achieve programmatic results as well as a variation in the level of complexity of tasks and outcome expectations emerge from this structure.

The result – as many have described – is a crazy quilt of program and policy design that reflects policy prescriptions at different points in time, inconsistencies of goals and expectations even across similar programs, and overlapping and conflicting strategies. When one examines the diversity of programs to be implemented in a single agency, it is rare to find consistency across those programs, making it difficult to apply a standardized framework to all elements.

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While in a perfectly rational and efficient world one might want to eliminate some of these attributes, it would be necessary to change the structure of the US government in order to do this. The alternative approach would be to craft performance requirements that fit the substance and organizational and institutional context of each program (or, if possible, clusters of programs). Agencies could be required to devise their own performance plans but the expectation would be that significant variations would occur within the federal system.

3. How should performance requirements be implemented?

One of the strongest complaints waged against the implementation of the PART requirements involves the role of OMB in the process. This is an area in which PART implementation is significantly different from the GPRA process. GPRA attempted to involve both the executive branch and the Congress in the process. PART focuses only on the executive branch authority and OMB is the instrument of that authority. The GPRA process was a bottom up approach and most of the performance measures were devised through significant input of program units. PART, in contrast, is effectively a top down process with OMB playing the controlling role of approving the measures. GPRA requirements involved multiple submissions: a strategic plan every five years, annual performance plans, and annual performance reports. PART focused most of its emphasis on the performance measures and looked at programs every five years.

There is a range of problems that have emerged through the PART process. First, it essentially ignored the role of the Congress and operated as if the executive branch (through OMB budget examiners) had the major authority to make these determinations. The result is PART assessments that at times have actually preempted congressional decisions because they did not accord with the views of the White House.

Second, as the role of OMB increased, the specialized perspectives of experts in a program area often became lost in the debate. Focusing on programs through a budget lens is important but does not always allow for an appreciation of the nuances of program realities that are necessary to understand both the constraints and opportunities found in devising and measuring performance. Experience shows that centralization of authority supports a situation in which politics almost always trumps science and professional technical advice. The policy debate on global warming illustrates this problem.

Third, because OMB is an essential part of the White House, it narrows the access of the public to important information because OMB operates mostly out of public view reinforced by its habits of secrecy.

Finally, the centralization of these requirements demoralizes the career public service. These are decisions that should be made by individuals familiar with the details of programs and policies. One understated and under-appreciated story is the dedication and intelligence that resides in many parts of the civil service. A new administration will have to pay attention to this problem.

All of these issues suggest that any performance measurement program that is put in place by the next administration should be attentive to a balance between a centralized approach (the White House and OMB) and a decentralized approach that provides an important role for the program and agency level. Of course the White House has to be concerned about the performance of agencies and presidential policy agendas are crucial and appropriate. However, defining OMB as the controlling player in a complex system does not provide an effective way to achieve the desired ends. Nor can the White House behave as if it had complete control over the agencies, ignoring both Congress and sometimes the judicial branch.

4. Who do we assume will use the results of a performance assessment?

Both PART and GPRA share a confused set of expectations about the users of performance assessment. When GPRA was put into operation it never differentiated between the expectations of a range of potential users of the reports that were issued by agencies and departments in compliance with GPRA requirements. It assumed that a single type of report would meet the needs of program managers, political appointees within agencies, controllers of budgets both inside agencies and in OMB, policy designers in the White House, the range of actors within the

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Congress, and the general public. The required documents – strategic plans, performance plans and performance reports – were assumed to provide information that all of these players could use to determine whether programs (or agencies) were meeting expected outcomes.

There was very little evidence that many of these players actually considered the GPRA documents as they performed their roles. Rarely were these documents cited in appropriations committee hearings and it was difficult to determine whether either career or political staff within agencies did use them to either modify programs or policies or to justify budget requests Although there were a few exceptions to this pattern, overall the use of GPRA documents was minimal anywhere in the decision-making process. And there was very little evidence that the public (or even the constituency communities) gave them much attention.

A similar pattern was found in the PART process. Although PART did focus exclusively on the executive branch and not on the Congress, the situation was not much better. It was not surprising that PART assessments were basically invisible in either the appropriations or the authorizing processes in the Congress. But it was also very difficult to determine how OMB and the White House itself used the findings in the process of constructing a budget. There was great variability in the way that OMB budget examiners approached their task and arguments that were made in some program areas that led to budget decreases actually seem to have justified budget increases in other situations. Indeed, the basis for ratings that were given to programs was difficult to figure out.

What is clear is that use of performance information through PART or GPRA by program managers is rare. Indeed, the need for program managers to think about program outcomes seems to have been largely ignored. Low ratings have been used to accuse careers managers of incompetency and not as diagnostic information that could help them make changes to improve the way they implement programs. Although OMB has developed a website that does make the PART ratings available to the public, the rationale for these ratings is hard to determine and most of the assessments have been attentive solely to efficiency measures (ignoring effectiveness and equity program goals). It is my impression that OMB staff have been unable to point to any examples of program or budget decisions that emerged from the PART process.

If this situation were not complicated enough, the motivation for embarking on a performance assessment journey is also complex. There are at least three agendas that seem to be present: a negative agenda (a search for information that will justify eliminating programs); a neutral agenda (information focusing on changes in the environment that require program modifications); and a positive agenda (information that will provide evidence of program effectiveness). It is often difficult to disentangle the predominant motivation behind establishing a performance assessment agenda.

5. Are resources available that will allow agencies to develop effective performance measurement activities?

Both the GPRA experience as well as that in PART have indicated that the current public service does not have adequate expertise to identify appropriate performance measures for specific programs and determine what information sources are available and required. Despite more than a decade of experience with these two sets of performance requirements, training has not been available to improve the ability of agency staff to meet performance measurement requirements. Performance measurement requires a combination of knowledge of specific programs as well as familiarity with the technical aspects of performance measurement. Too often agencies depend on outside consultants to perform this work and while they may be of assistance, at least part of the process could be viewed as an intrinsically governmental function that should not be contracted out.

In addition to failures to provide training, other resource limitations are clear. It is rare for an agency to have an opportunity to make a case for the creation of data systems that could produce appropriate information to assess performance. Not only are these systems expensive but the requirements of the Paperwork Reduction Act have provided obstacles to agencies that try to argue for them. And it is usually assumed that agencies will take existing resources from their budgets to pay for the cost of addressing performance requirements.

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6. Does it make sense to attach the performance requirements to the budget process?

Both GPRA and PART follow the tradition of some past federal reform efforts that link assessment of performance to the budget process. The GPRA requirements were linked directly to agency submission of budget requests and responsibility for PART was given to the OMB budget examiners who put together program budgets. PPBS, MBO, and Zero-Based budgeting were past efforts to link some form of evaluation of programs to budget decisions. The budget process has its own regularity and is one of the most automatic of decision processes. But, as GAO has noted, some of these past efforts failed because they developed performance plans and measures in isolation from congressional processes.

However, there is little evidence that either GPRA or PART played much of a role in congressional processes. There is an argument to be made that the annual budget calendar does not provide a venue that allows for a consideration of the details of program implementation. When the conversation is around the size of budgets, it is difficult to raise substantive policy issues. Much of the performance rhetoric speaks of the budget process as if it were a simple, well-defined set of activities that produces rational allocation patterns. This approach removes issues of values and political choices from the process and also ignores the multiple functions of budgeting (include both budget execution and budget creation).

There are, however, other ways to use performance information outside of a direct link to the budget process. The system that has been put in place in the United Kingdom to rate the performance of local government through the Audit Commission is not linked to the budget process. Instead the information that is developed is released to "name and shame" the government unit that has been examined.

It would be useful for a new administration to at least consider the possibility of decoupling the budget process and the performance assessment process.

Conclusion

This paper has attempted to raise a number of issues that should be considered before a new administration decides how to structure a performance measurement process. It is clearly important that some process be put into place but the experience with both PART and GPRA suggests that a number of issues should be examined before embarking on that same path.

As I have noted, an effective system should have the ability to respond to a number of issues:

- The diversity of program designs and forms
- The importance of providing flexibility for agencies to craft measures and identify data sources
- Development of a system that will be useful to program managers
- Methods of dealing with appropriate congressional players
- Devising White House roles through use of interagency task forces, training programs, venues for agencies to share experience, and transparency

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ACCOUNTABILITY THROUGH TECHNOLOGY

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In 2006, citizens harnessed the power of the Internet to make Congress pass a bill that required the government to post publicly all of its financial transactions. This is what happened. Senators Tom Coburn and Barack Obama, along with Congressmen Roy Blunt and Tom Davis, were working on a bill to require Internet posting of information about all government transactions. As it meandered through the legislative process, word got out that one or a couple of Senators were blocking Senate consideration of the bill. An odd coalition of left and right leaning blogs (Porkbusters, GOPProgress, and TPMmuckraker, to name a few) prompted readers to contact those Senators holding the bill and express outrage. The Senators subsequently relented, withdrew their objections, and the bill became law.

This case shows that if citizens have information they can use, they will. And government will respond. USASpending.gov, the site the law created, is visited by thousands of Americans every day. Legislation winding its way through Congress promises to expand the amount of information on the site even more. States are adopting their own public transaction reporting sites. Today, American citizens have more information about government operations than ever before.

Greater transparency is inevitable. Too often, though, the information isn't produced in a form that's accessible to citizens. Until it is, there is little chance citizens will use it to make their government more accountable. Technology can bridge the gap between information available today and information that citizens can use. Then it's up to them.

What information is available today?

The Internet has made it easy for government to report what it wants to report. Some of what's available today:

- Federal transactions. Because of the law discussed above, www.USASpending.gov was launched. The site reports contracts, grants, loans, or any other financial transactions entered into by a Federal agency. The site allows visitors to search millions of transactions easily.
- Program performance. The website www.ExpectMore.gov includes detailed assessments of the management and performance of more than 1000 Federal programs that account for $2.6 trillion in spending. The site posts all of the evidence on which the assessments are based, as well as performance data, funding history, and improvement plans for every federal government program.
- Budgets, Audits, Performance Plans, and Reports. The Office of Management and Budget has made it easy to find key agency performance and financial documents. They're all available at www.omb.gov/part/agency_performance_addresses.html.
- Agency Transparency. Want to know more about what and how an agency is doing? Go to its website. All of the Department of Homeland Security's accountability information can be found at www.dhs.gov/xabout/budget/gc_1214235565991.shtm. Labor's can be found at www.dol.gov/dol/aboutdol/. At those sites you'll find a one-stop-shop for budgets, reports, audits, investigations, plans to address major management challenges, program reviews, etc.
- Research and Development. www.science.gov, a website that searches over 36 databases and 1,850 selected websites, offers 200 million pages of authoritative U.S. government science information, including research and development results.

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- Benefits. www.govbenefits.gov provides a single point of access for citizens to locate and determine potential eligibility for government benefits and services; and www.GovLoans.gov, creates a single point of access for citizens to locate information on federal loan programs, and improves back-office loan functions as well.
- Agency Rulemaking. www.regulations.gov gives Americans the opportunity to find, view, and comment on Federal regulations and other Federal actions at one website.

There is no shortage of information available. But government's not the best at making its websites user-friendly. OMB made a series of changes to make it easier to find information on ExpectMore.gov. For instance, assessments and summaries of the assessments used to be published in pdf. Today, they are published in the more easy-to-search html. Visitors can now search by agency or program rating or program type. There you can also access agency strategic plans, performance plans, and performance reports. Still, the accessibility and usability of Expectmore.gov could be improved.

The accessibility and usability of much of the information government publishes could be improved. Those wanting to access information at these sites should be able to do so easily. Unfortunately, the quality of and customer satisfaction with these sites don't match that of the private sector. For instance, it may be difficult for visitors to find a particular rule on regulations.gov. Likewise, a researcher may need to know a program's name to get access to all the relevant assessment information on ExpectMore.gov. To be truly transparent, information must not only be available, it should also be easily accessible.

Signs of Greater Collaboration

In addition to improving access to information about government operations, technology has also improved the extent of government collaboration with the public. Blogs, an on-line conversation among active participants, are proliferating.

- Employees of the Environmental Protection Agency share ideas with the public on the nation's quest to improve the environment on the agency's official blog, Greenversations. (http://blog.epa.gov/blog/about/)
- The Transportation Security Administration operates a blog, Evolution of Security. (http://www.tsa.gov/blog/labels/shoes.html) The blog's tag line: "Terrorists Evolve. Threats Evolve. Security Must Stay Ahead. You Play A Part." The site facilitates "an ongoing dialogue on innovations in security, technology and the checkpoint screening process" and has actually contributed to changes in the screening process that, while enhancing airline passenger convenience, do not diminish security.
- The Intelligence Community is solving common problems by collaborating on a wiki, Itellipedia. There, intelligence officials share information on some of the most difficult subjects facing U.S. intelligence. Director of National Intelligence Mike McConnell has cited the increasing use of Intellipedia among analysts and its ability to help experts pool their knowledge, form virtual teams, and make quick assessments.
- Thousands of Federal employees are sharing information and collaborating across agencies on common challenges in a collaborative on-line community, the MAX Federal Community "Wiki" website. Though not open to the public, employees from different agencies share documents and work on common solutions to similar problems, like food safety, human capital management, or information technology administration.

Clearly, Americans have greater access to more information about government operations than at any point in history. Despite this transparency, Americans' trust in government is at a historic low. Just 48% of Americans say they have a great deal or fair amount of trust in the government's ability to handle domestic problems, according to the Gallup organization's annual governance survey. Polls also show Americans think their government is too secretive. Seventy-four percent of Americans think the Federal government is very or somewhat secretive, up from 62 percent in 2006, according to a Sunshine Week survey by Scripps Howard News Service and Ohio University.

The government can do a lot more to give Americans the tools they need to hold it accountable and restore their trust.

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The American Citizens' Accountability Tool Box

Our government can take three steps to improve the chances Americans will take action to hold their government accountable. First, government should set out clear goals and their plans to achieve them. Second, the government should be as candid about failure as it is about success. Third, the government, as a whole, as well as its agencies and programs, should report information in brief, user-friendly, searchable formats that a wide audience can understand. If Americans get clear information about agency and program plans and candid reports on the status of those plans, they can express their views on how well the agency or program is accomplishing the things they care about.

• *Clear goals and their plans to achieve them*

Too often, government information is written in bureaucratese. Reports to the public should always be written in plain English. But agencies should also clearly report what they are trying to achieve and their plans, milestones, and who is accountable so all will know who is supposed to do what by when and for what purpose. Without these plans, how would anyone know when an agency or program fell short?

Today, such plans are available in many forms. Programs assessed with the Program Assessment Rating Tool (PART) have improvement plans with milestones and dates posted on ExepectMore.gov. Agency websites have detailed plans to address areas of mismanagement highlighted on the Government Accountability Office's High-Risk list. But in their annual performance plans and reports, which are available on agency websites and ExpectMore.gov, agencies should briefly describe such plans and link to the more complete plans, should a reader wish to get more detail.

• *As candid about failure as it is about success*

Just by reading most agency reports, one would think every goal was achieved and every problem was solved. With the kinds of challenges Federal agencies face, it's just not credible to think everything's going so well. Americans would have greater trust in a report that admitted failure just as often as it trumpets success. Jerry Ellig of the Mercatus Center, which judges annually the quality of agency performance reporting, wrote recently, "The first step in scoring well on [the center's annual performance report scored] is to actually acknowledge performance shortfalls and management challenges." Agencies should have faith in the public and in their stakeholders that they can handle the truth.

That's a tall order in Washington, where opponents and critics hammer the slightest failure. How to combat this? Agencies should consult early and often with the stakeholders in Congress and among the public on their plans and progress (or lack thereof) implementing them. Once that consultation is ongoing, candid, and ultimately productive, the public will come to expect it. This candor and transparency won't cure Washington of partisan politics, but it will make critics who have been consulted think twice about holding that press conference to hammer a well meaning, hard working public servant.

• *Report information in brief, user friendly, searchable formats*

The Department of Education's annual report is almost 200 pages long. Even if you really care about the performance of the Department, you are not likely to sit down and sift through that much information. Luckily, the Department published last year a much shorter "highlights document" that summarizes the agency's accomplishments. And other agencies continue to experiment with different reporting formats to find the most useful ones. Though the Mercatus Center cited the benefits of the highlights document in Ninth Annual performance Report Scorecard, it gave suggestions on how to improve it: "When done well, the highlights document is clearly a best practice that aids the public in understanding the agency's performance information."

Next year, to address some of the concerns raised by the Mercatus Center, each federal agency will be required to summarize its performance in two pages. All of the information traditionally reported will still be available, but a

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two-page summary will show how the agency is performing in key areas. And technology will allow the reader to go from the summary to more detailed information on that specific topic.

ExpectMore.gov was designed to link to electronic copies of the copious evidence cited in Program Assessment Rating Tool assessments. Unfortunately, too few links to the underlying evidence are available. That should be fixed.

This kind of innovation – linking summary information to more detailed source data – is the way performance ought to be reported. Give summary information, but allow readers easy access to more detailed information if they want it.

The Future of Government Accountability

The next Administration won't publish less information. But it should aim to produce greater information in a more useful way. Imagine being able to track tax dollars received, how they are appropriated, who they went to, and, most importantly, what results Americans got for the investment. This would link data from the Department of Treasury about tax receipts with budget information, then link agency expenditures with evaluations of the activities they are funding. Track tax dollars like UPS packages. This information should be easy for citizens to get.

One good step to take would be to depict the geographic location of expenditures. Fedspending.org, the site on which usaspending.gov is modeled, already shows the distribution of contract and other award dollars by state and Congressional district. And www.geodata.gov provides a lot of geographic data in one location. What if the government gave you the same information, but also told you where the money you paid in taxes was going or, perhaps more importantly, what was being achieved with it? We could learn what was working best in education, health care, crime reduction, etc. and spread those proven practices throughout the country.

Government doesn't have all the answers to America's problems. It needs help finding those answers. One way to expand our knowledge is to invite the American people (or at least Congress and other stakeholders) to participate in the conversation about what works, what doesn't, and what's being done to improve. I've written above about some who are doing that (e.g. EPA, TSA, the Intelligence Community, and the Budget community). But technologies, such as those in use by Wikipedia or Intellipedia, can set the rules by which the public is invited to find the best solution to our biggest challenges. Perhaps we can open up the conversation about performance data, program performance, attaining goals, and results to anyone who cares to comment? The more contributing – through collaborative technology, on-line chats, or some other tool – the more likely we are to get the best ideas.

There are many good initiatives already underway to improve Americans' access to information. Some agencies are already harnessing collaborative technology to get better results. These and other initiatives must join to improve the ability of Americans to access and use the information that's already available to them.

Caution: Ensure Privacy, Security, and Accuracy

One of the pitfalls of greater government transparency is diminished information security and the unintended release of private information about Americans. Too often, agencies release social security numbers or other private information about Americans getting some service or benefit from the government. Likewise, government systems are frequently hacked, leaving such information vulnerable to release. Though it is difficult to image a failsafe system for protecting against such unintended release, agencies of the government should ensure adequate controls are in place to protect against the unintended release of information that should not be made public.

Though not quite as serious a concern, the quality or accuracy of government data should be enhanced. With so many people entering so much data, controls should also be in place to assure Americans that the data they access is accurate and reliable.

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What is the measure of success for government transparency?

Article I, Section 9 of the United States Constitution requires that "a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time." Technology allows us to meet this obligation better than ever before. But our purpose should be higher. Transparency should enable the American people to eliminate wrongdoing and improve performance. We can harness technology to publish the information available today in a more useful way. In so doing, we can give Americans the tools they need to root out those who abuse the public trust and hold them accountable. We can also get smarter about what programs work best, so we can solve problems faster and cheaper.

If we can demonstrate information is being used to rid the government of corruption and improve programs, we will increase trust in government. Shouldn't that be our measure of success?

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APPENDIX C: WORKSHOP PARTICIPANT PACKET

I. Overview of GPPI/Accenture/OMB Watch Government Performance Project

Georgetown University's Public Policy Institute (GPPI) and Accenture's Institute for Public Service are partnering with OMB Watch, a nonprofit research and advocacy organization located in Washington D.C., to develop consensus recommendations for the next presidential administration on how to improve government performance measurement systems. This project will convene a wide range of policy experts, academics, government representatives, and others to explore developing areas of agreement in a very disparate field.

GPPI and Accenture have been working together in 2008 to host a series of panel events on issues of national importance affecting the U.S. federal government. The first panel was held in March, 2008 and dealt with performance measurement in government. This inspired the concept for the Government Performance Workshop.

The project recruited an advisory group to help guide the work and commissioned four papers on different aspects of government performance measurement systems from outside experts. These papers are serving as the basis for this day-long workshop focused on identifying common ground.

The workshop will create the opportunity for experts to discuss current performance measurement systems, brainstorm ways to improve those systems, and provide other feedback and perspectives about improving performance measurement at the federal level. We hope to emerge from this process having identified areas of agreement and learning more about existing disagreements.

The final product of this work will be a published report on the proceedings and findings of the project, including any recommendations for the new administration that emerge from the workshop.

Advisory Group Members

Gary Bass (OMB Watch)
Joe Ferrara (Georgetown University)
Harry Hatry (Urban Institute)
Adam Hughes (OMB Watch)
Gary Land (Accenture)
Shelley Metzenbaum (University of Massachusetts)
Mark Moore (Harvard University)
Greg Parston (Accenture)
Beryl Radin (American University)
Lynn Ross (Georgetown University)
Robert Shea (Grant Thornton)

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II. Agenda

8:00 AM	Registration and Breakfast
8:30 AM	Welcome Lisa Trahan, *Director of Fellow Affairs*, National Academy of Public Administration
8:35 AM	Opening Remarks Greg Parston, *Director,* Accenture Institute for Public Service Value Joseph Ferrara, *Professor*, Georgetown Public Policy Institute Gary D. Bass, *Executive Director*, OMB Watch
8:45 AM	Introductions/Warm-up Exercise Gary Bass, *Executive Director,* OMB Watch
9:00 AM	**Plenary: Panel Discussion of Background Papers *(Q&A)***
	Harry Hatry, *Director, Public Management Program,* Urban Institute Shelley Metzenbaum, *Director, Collins Center for Public Management,* UMASS Beryl Radin, *Scholar in Residence,* American University Robert Shea, *Director, Global Public Sector,* Grant Thornton Moderated by Joe Ferrara, *Professor,* Georgetown Public Policy Institute
10:00 AM	**Small Group Session 1: The Role of OMB and the White House**
11:30 AM	Lunch
12:15 PM	**Small Group Session 2: Performance Data and Transparency**
1:45 PM	Break
2:00 PM	**Small Group Session 3: GPRA, PART, and the Performance Executive Order**
3:30 PM	Break
3:45 PM	**Plenary: Identifying Consensus and Priorities *(Q&A)*** Moderated by Lynn Ross, *Professor,* Georgetown Public Policy Institute
5:00 PM	Reception

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III. Session 1: The Role of OMB and the White House

Overview

With the creation of the Program Assessment Rating Tool, the dominant focus of government performance measurement systems shifted from the broader focus of the Government Performance and Results Act (GPRA) to the more narrow approach based in the executive branch. This change narrowed the focus, giving control to OMB and the White House and restricted outside stakeholder input. This change has helped to centralize the evaluation process and likely has kept agencies more focused on meeting performance goals, but some worry this has added unnecessary and unhelpful political considerations into assessments and distracted program staff by creating a compliance exercise that is not helpful in the implementation of programs.

The creation of the Performance Improvement Council in Executive Order 13450 has further established OMB as the central entity in conducting performance assessments and improvement efforts in the federal government, sometimes at the expense of outside perspectives or viewpoints.

Possible Discussion Questions

What are the advantages and disadvantages of an OMB/White House--centric performance assessment system?

Should performance assessments be uniform across government? Or does one-size-fits-all not work? If the latter, what is the best way to handle performance assessments?

Should performance assessment be tied to program or agency budgets? If so, how should this be done so as to prevent "gaming the system" for the sake of justifying larger budgets? What, if anything, should performance assessments be tied to? Should statutory requirements be built into performance assessments?

How can OMB and/or the White House create an environment that rewards use of performance data systems and efforts to improve results, instead of having these systems be perceived as punitive? Is it possible for these entities to achieve this type of transformation?

How should performance be assessed? Is an evaluation of a program the same as a performance assessment? What is an appropriate time frame for performance assessment?

How can OMB/White House encourage utilization of current tools to drive improvement, both within the executive branch and among outside stakeholders?

Are there any recommendations or proposals in the background memos for this workshop that you particularly like? Why?

Goals for this Session

Identify the group's top ideas and recommendations for changes or reforms for the role of OMB and the White House in government performance systems.

Note any areas of disagreement in the discussions.

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IV. Session 2: Performance Data and Transparency

Overview

Many times, simply making government data more accessible has improved performance, made government more accountable, and helped solve problems. The most recent example of this is increased transparency in the area of government spending data. The creation of the USASpending.gov website and earmarks databases by OMB, and outside organizations work to make campaign finance data, earmark information, and decisions in Congress more open and accessible has helped make government actions more understandable to the public, has pulled them into the policymaking process, and in turn, has made our government more accountable to the public.

The Program Assessment Rating Tool (PART), through the ExpectMore.gov website, has transformed the presentation of completed PART surveys and has continued to add aggregate data on performance to create better access and understanding of this information for the public and key stakeholders.

Yet many outside stakeholders remain skeptical of the PART surveys and, at times, the underlying data used to develop them. These stakeholders have largely been excluded from the conversation about performance data and improvement.

Possible Discussion Questions

How can we harness technology to further open the performance evaluation process to give access to raw performance data to outside stakeholders and the public? What type of data should be available to the public? Are there ways of using interactive technologies to obtain input from program beneficiaries, providers, or stakeholders?

Are grades, ratings, or scores important?

Some have suggested it is the process, or conversation, generated around performance data that is crucial to improving government, not the systems themselves. Is that right or wrong? If right, how can technology be used to facilitate those conversations both inside and out of the federal government?

Most of the recent focus with performance measurement has been on program performance. Yet the public has seen many stories about waste, fraud and abuse of contracts, inadequate regulatory protections, and other programs with government. Should these be a focus of performance measurement? If so, can transparency help?

Does transparency equal accountability? What needs to be added to transparency so that the public is assured tax dollars are wisely spent?

Are there any recommendations or proposals in the background memos for this workshop that you particularly like or do not like? Why?

Goals for this Session

Identify the group's top ideas and recommendations for changes or reforms to performance data and transparency in government performance systems.

Note any areas of disagreement in the discussions.

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V. Session 3: GPRA, PART and the Performance Executive Order

Overview

There are currently three major performance systems in place and used by the federal government today: The Government Performance and Results Act (GPRA), the Program Assessment Rating Tool (PART) and the recent Presidential Executive Order (*#13450)*, which has established a Performance Improvement Council in the executive branch.

Started at different times for difference reasons and involving a variety of stakeholders, many observers have commented these systems are leading to performance reform overload in the federal government, that the products of these systems are not always useful or utilized, and that they could be modified to better address the needs of performance evaluation at the federal level.

At the agency level, it has been difficult to create the proper environment and incentives for federal employees to view these systems as aiding the work they do, not a punitive mechanism that stifles creativity. It has also been difficult to convince Congress and other stakeholders to utilize information developed through these systems.

Possible Discussion Questions

What parts of these performance evaluation systems are helpful for you in determining if government is working well? What parts are not?

Do you see counterproductive or conflicting parts of these systems? How can they be changed or modified to avoid this?

Are there any recommendations or proposals in the background memos for this workshop that you particularly like? Why?

How would you suggest any of these (or all of them) be modified to make both performance and evaluative systems better and get better results out of government initiatives?

More specifically, you should get answers to the following:

1. Should PART be continued? If so, are any changes needed? If not, should there be anything to replace PART?
2. Are changes to GPRA needed? If so, what?
3. Should E.O. 13450 be retained? If so, are any changes needed? If not, should there be anything to replace it?

Goals for this Session

Identify the group's top ideas and recommendations for changes or reforms to current government performance systems.

Note any areas of disagreement in the discussions.

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VI. Workshop Sponsors

Georgetown Public Policy Institute (GPPI)

The Georgetown Public Policy Institute is committed to making the world a better place through research and practice. Faculty members conduct cutting-edge research to identify pressing problems and recommend effective solutions. Students are trained and prepared to put policy into practice -- in the public, private, and nonprofit sectors, and at home and around the world. The policy reach at GPPI is wide-ranging and relevant. From education, health, and economic security to international development and homeland security, faculty and students are working on today's most important policy issues.

GPPI's range of expertise includes:

- Full-time faculty doing research on unemployment, international economic development, early childhood education, public management, environmental policy, and many other areas
- Research centers that address a broad array of important questions, including health policy, juvenile justice, social policy for children and families, poverty and income inequality, and leadership.
- Visiting and affiliated faculty who are respected scholars and practitioners – think tank presidents, senior executives in the federal government, managing directors at the World Bank and other international organizations, leaders of nonprofit advocacy organizations, former members of Congress.

Accenture Institute for Public Service Value

Since its inception in 2006, the Accenture Institute for Public Service Value has applied rigorous research to the problems facing today's public service organizations. The organization's mission is to promote high performance in public service delivery, policy and governance. Through research and development initiatives, we aim to help public service organizations create value and improve social and economic outcomes for their citizens.

As public service managers worldwide are increasingly being asked to do more with less and to answer critical questions about public sector productivity, the Institute for Public Service Value conducts and applies research on the creation and sustainability of public value in today's environment. Recent studies have examined a wide range of public sector challenges, including: making government management effective and efficient, improving government performance, developing human capital in the government, and streamlining the delivery of public services.

OMB Watch

OMB Watch, a nonprofit research and advocacy organization, was formed in 1983 to lift the veil of secrecy shrouding the White House Office of Management and Budget (OMB). OMB oversees federal regulation, the budget, information collection and dissemination, proposed legislation, testimony by agencies, and much more. While OMB's actions were having an enormous impact on agency operations and the pursuit of social justice, it remained largely behind the scenes — unaccountable and little understood by the public and public interest groups. By explaining governmental processes and monitoring OMB, OMB Watch helped bring sunshine to this powerful and secretive agency.

Since its founding, OMB Watch has worked to create a more just and democratic society, one in which an open, responsive government protects people's health, safety, and well-being, safeguards the environment, honors the public's right to information, values an engaged and effective citizenry, and adequately invests in the common good.

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APPENDIX D: ONLINE SURVEY TO WORKSHOP PARTICIPANTS

Government Performance Survey: Developing Recommendations for President-Elect Obama

There are 25 questions in this survey divided into 6 sections. Most are specific recommendations based on the "votes" taken at our October 15 workshop. The recommendations appear in bold in the survey and we have added a short description in italics to help give some context to the recommendation. Please rate each recommendation on a 1-5 scale, with 1 being a low priority and 5 being a high priority.

There are a few topics that were discussed on October 15 that we could not tell whether there was agreement on. For those topics, we ask a question in this survey in a multiple choice format to better understand if we have any agreement. After each question is a comment box to allow you to put comment if you wish. We would like you to use this space to let us know if you disagree with any of the recommendations (i.e. you don't think it should be a low priority, you think it shouldn't be a priority at all), if you'd like to make language changes to the way we have written the recommendation, or if you have other comments.

Most importantly, we want to hear about any specific reform ideas you have that would help implement the recommendation. We will use these survey results as the basis for writing the report to the next administration advancing specific recommendations.

Thanks for being part of this process.

Gary Bass, OMB Watch / Joe Ferrara, Georgetown Public Policy Institute / Greg Parston, Accenture

Demographics

1. The category that best describes my occupation is:

    - Executive branch employee
    - Nonprofit organization
    - Academic/think tank
    - For-profit agency
    - Congressional staff
    - Other

2. I have been working on performance management issues for:

    - Less than 1 year
    - 1 to 5 years
    - 5 or more years
    - I don't work on these issues, but am interested

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Part I. Current Performance Systems

3. Performance management experts in government widely recognize that the existing performance management systems - PART and GPRA - are either inadequate in creating effective change in programs or even undermine the ability of agency heads and program managers to enact such change. The next administration has the opportunity to change performance management at the highest level of government. The following statements are options that would be available to the next administration. Which of the following should be emphasized?

- The president should leave both PART and GPRA in place as they exist today. (1-5 scale, low priority to high priority)
- The president should establish a bipartisan, blue ribbon commission comprised of performance management experts from inside and outside the government, along with Congressional representatives, to recommend a strategic plan for performance management that aligns PART and GPRA. (1-5 scale, low priority to high priority)
- The president should continue PART and GPRA systems until the blue ribbon commission's strategic plan for performance systems is implemented. (1-5 scale, low priority to high priority)
- Rather than establish a commission to recommend changes to PART and GPRA, the president should identify those areas of these systems that should be improved and implement the necessary changes. (1-5 scale, low priority to high priority)
- The president should immediately suspend the use of PART and GPRA until an improved performance management system is created. (1-5 scale, low priority to high priority)

4, How should the use of ratings and scores, such as those in the Program Assessment Rating Tool, be altered? PART has five ratings: effective, moderately effective, adequate, inadequate, and results not demonstrated. Each are derived from percentage scores on various sections of PART. Some say these ratings interfere with meaningful management improvement and shift the focus of performance measurement from improvement to punishment. These people argue that too much energy is focused on the scores and ultimately the rating - and not what performance data can show about how programs are performing and what are the best ways to improve that performance. Others contend they need a simple summary of how programs and agencies are performing and feel scores and ratings are essential.

- Increase in importance
- Stay the same
- Overhauled to be less punitive
- Be dropped all together
- Other

5. Performance management systems should focus on actual program results and progress in achieving goals, rather than on managerial structures, program formats, and process questions. Future performance management systems should be reformed to focus more on actual program results and progress in achieving goals and less on process and design criteria. Performance measures should be focused on progress to objectives, outcomes, and should provide various targets (e.g., 1 year and 5 year) that are measured against. It may also be helpful to make comparisons to international standards or performance.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

6. Additional thoughts on question #5.

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7. How should the results of performance measurement systems be incorporated into the federal budgeting process? Some argue connecting performance results and budgeting is too difficult and skews the purpose of collecting performance information in the first place, while others believe not connecting the budget process and performance data misses an important opportunity to make more informed decisions about allocating scarce resources. Yet another perspective is that the linkage of budget and performance data should be different for different programs and agencies.

- They should be completely separate
- There should be some connection
- They should be directly connected
- The connection should be determined on a case by case basis by the agency
- Other

8. What role OMB should play in performance management? OMB has too often been involved in micro-managing agency performance assessments. This approach reduces the ability of the agency to develop assessments that may better fit the agency's needs for improving program performance. The relationship between OMB and agencies in developing and implementing performance assessments should be changed to put more emphasis on decision-making within the agencies. Too little involvement from a central entity, however, will lead to an uncoordinated, disjointed, and confusing performance system. The objective is to create a more collaborative interaction between agencies and OMB, rather than one in which OMB rates agency performance.

- Hands-on manager (determining benchmarks and effectiveness)
- Collaborator working with agencies on performance measures
- Coordinator to help distribute and share performance information
- No role in agency assessments
- Other

9. Strengthen the role of Performance Improvement Officers (PIO) by giving the PIOs more resources and influence so that they can drive change in their agencies. PIOs are caught between two bosses (agency heads and OMB) and are not formally given additional resources or tools to help meet their mandate of managing all performance activities at agencies; this problem is particularly acute for the majority of PIOs, who are career civil servants. PIOs should be given additional resources and influence to help them in coordinating performance management activities at agencies.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

10. Additional thoughts on question #9.

11. The role of the Performance Improvement Officer as an objective, somewhat independent, observer of performance should be strengthened. Performance Improvement Officers at some agencies have assumed the role of providing objective analysis of performance, including overseeing independent evaluations of programs or assessing programs against consistent, rigorous standards. This role as an honest broker, rather than as a service provider or program advocate, should be made clearer.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

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12. Additional thoughts on question #11.

13. The role of the President's Management Council should be expanded to provide coordination and collaboration on performance management between agencies and OMB. OMB is currently too heavily involved in implementing performance systems at agencies, but some level of coordination is necessary from OMB. The President's Management Council should be used to help coordination and collaboration across agencies and OMB on government-wide performance issues and encourage dialogue about performance measurement systems.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

14. Additional thoughts on question #13.

Part III. Performance Data

15. Performance trends and the underlying raw data should be easily accessible, understandable, and searchable by theme, agency, program, and by other means, through the Internet. Currently, information on program performance is presented in an aggregated way, largely filtered by OMB. It is difficult for users of the data to see what is behind that filter and why certain decisions were made to summarize or aggregate that data. Better presentation and accessibility to both performance trends and underlying raw data and analyses will help give users of performance data a more complete picture of program performance. To the extent permitted by law, agencies should make this information publicly accessible even without Freedom of Information Act requests from the public.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

16. Additional thoughts on question #5.

17. In making performance data available through the Internet, it is important for the agency to tag the information for easy searching, describe the limitations of the data, and present different types of performance data in similar formats (e.g. XML). Metadata - definitional information or documentation about data elements (e.g., name, size), structure (e.g., field lengths), or the data itself (e.g., ownership, quality) - is vitally important to properly locate, understand, and use performance data. Other methods for creating standardized formats for data presentation (e.g. XML) will make the data easier to find and use. It is also important that various reports (e.g., the Performance and Accountability Reports) have improved formats for easier public use.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

18. Additional thoughts on question #17.

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19. The collection and reporting of performance data should be tailored to the needs of different audiences (such as agency leaders, Congress, the public, etc). Different stakeholders and decision-makers may be interested in different aspects of performance. Agencies should identify the needs of various stakeholders, collect data that meets those needs, and provide reports that appropriately respond to those stakeholders.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

20. Additional thoughts on question #19.

Part IV. Personnel, Resources, and Tools

21. Program managers need to be supported in efforts to put results of performance assessments to use in creating change. Having useful data on performance is only as valuable as its ability to help the agency shape the way the program or agency is running. Currently, program managers do not feel they have enough authority to use performance data to implement program changes. The president needs to make clear that agency heads have authority, consistent with statutory mission and requirements, to put performance assessments to use. And those agency heads and supervisors should support federal workers in their attempts to improve programs using performance data. Actions to make changes should be shared with relevant congressional committees and made widely public.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

22. Additional thoughts on question #21.

23. Program managers need to be supported in efforts to put results of performance assessments to use in creating change. Having useful data on performance is only as valuable as its ability to help the agency shape the way the program or agency is running. Currently, program managers do not feel they have enough authority to use performance data to implement program changes. The president needs to make clear that agency heads have authority, consistent with statutory mission and requirements, to put performance assessments to use. And those agency heads and supervisors should support federal workers in their attempts to improve programs using performance data. Actions to make changes should be shared with relevant congressional committees and made widely public.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

24. Additional thoughts on question #23.

25. The president should lead the way in continually emphasizing the importance of incorporating performance measurement and management into agency work. Creating performance measurement systems and collecting data will do little to improve program performance without support from agency leaders. The president needs to make clear to those he appoints to run the federal government that they need to focus on performance data and support others in their agencies who seek to incorporate performance data into program management.

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- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

26. Additional thoughts on question #25.

27. Sufficient resources and tools need to be made available to agencies to establish the capacity to move from analyzing performance data to using that data to improve program performance. The president should seek additional resources for agencies to expand management capacity and training and improve leadership in OMB and throughout government.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

28. Additional thoughts on question #27.

29. The president should appoint leaders in government who will place a premium on achieving results in program implementation and service delivery. Effective leadership - both from career and political staff - in government is essential to improving government performance. The president's cabinet must lead by example by emphasizing the importance of using performance measurement tools to improve government programs.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

30. Additional thoughts on question #29.

31. The president should foster a climate within government that allows for unexpected outcomes, failures, and experimentation, including supporting program managers who try new approaches to improve programs based on performance data. Current performance measurement systems are mainly punitive in nature, either by design, or as a consequence of their implementation. Program staff and other executive branch personnel attempt to avoid poor ratings or reviews and distance program implementation work from the performance review process. This creates an atmosphere within agencies where experimentation and new strategies are not developed or tested. Yet these types of activities are often the most effective at building morale among agency personnel and also at helping to make government programs work better.

32. Additional thoughts on question #31.

Part V. Stakeholder Input

33. Involve all appropriate policy and appropriations staff in Congress in the development of performance systems to ensure the systems respond to their needs. Congress has largely ignored current performance measurement data in the executive branch, not because they distain performance, but because they have been excluded from the process to determine what data would be helpful and relevant to their needs. Involving congressional staff and their perspectives in the conversation about performance measurement systems and performance data will greatly increase the changes of the gathering of relevant and useful performance data.

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34. Additional thoughts on question #33.

35. Modify GPRA and PART to include the involvement of stakeholders in developing and defining appropriate and useful performance measures, as well as on how to use the results of such data. There are many different types of stakeholders (federal agencies, Congress, state and local governments, interest groups, businesses, government service providers, etc), most of whom are excluded from the conversation about performance measurement and performance data. In fact, aspects of GPRA specifically dampen public involvement in performance systems by not explicitly requiring public input in developing performance measures. Opening up the conversation to include these different constituencies will not only help to develop better measures, but also make government performance data more useful to a broader number of stakeholders.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

36. Additional thoughts on question #35.

Part VI. Transparency and Accountability

37. The president should instruct his Attorney General to provide guidance to agency heads that, where defensible, encourages disclosure of information under Freedom of Information Act requests. While it is important that agencies affirmatively disclose performance information to the public, the Freedom of Information Act remains a vitally important backstop to ensure that disclosure occurs. On October 12, 2001, former Attorney General John Ashcroft urged federal agencies to use, where legally possible, various exemptions under FOIA to withhold information. The Ashcroft memo resulted in agencies unnecessarily withholding information from the public. The president should instruct his Attorney General to rescind the Ashcroft memo and provide a defensible argument to agency heads for aggressively disclosing records requested under FOIA.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

38. Additional thoughts on question #37.

39. To the extent that it is involved in performance measurement, operations and decisions of OMB should be more transparent to the public. OMB's current level of involvement in performance measurement systems is made worse by a lack of disclosure about certain aspects of its role in performance ratings and information. While aspects of the PART process are some of the most transparent of any government program, there are still crucial details and decisions that are not made public. As OMB's role is changed, every effort should be made to continue to bring increased transparency to the decisions and level of involvement and influence OMB has in performance measurement systems.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

40. Additional thoughts on question #39.

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41. Proactively engage Government Accountability Office (GAO) and Inspectors General (IG) to periodically examine the performance measurement system to assess the validity and reliability of the measurement tools and the quality of the data collected. Even with increased transparency and access in these reform recommendations, the nature of the federal government will continue to default to cutting off access to processes and information. As a backstop against such developments, bipartisan, unbiased entities (such as GAO or IGs) should be consulted periodically to review performance measurement systems to assess their validity and reliability, either government-wide or within specific agencies.

- Low priority
- Low to medium priority
- Medium priority
- Medium to high priority
- High priority

42. Additional thoughts on question #41.

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Questions for the Record
September 24, 2009
"Getting to Better Government: Focusing on Performance"

Questions for Jeff Zients, Deputy Director for Management and Chief Performance Officer, Office of Management and Budget

1. Will the Administration use a scorecard approach to monitoring how agencies handle performance management and budgeting and what might this tracking system consist of?

   The Administration is looking opportunities to use a dashboard approach with frequent metrics that succinctly convey performance data to leaders. We believe that objective, useful data will be a much more powerful driver of change than a checklist of compliance requirements.

   For example, in June we launched the IT Dashboard, which covers all major IT projects across government. We plan to roll out similar dashboards for other common government functions, including procurement, financial management, and personnel management.

   We have also begun using dashboards not just to improve our administrative functions, but to serve agency customers. In June, the President charged Secretary Napolitano and the team at the United States Citizenship and Immigration Services (USCIS) to set up, within 90 days, a system that allows applicants to see their application status via web or email updates, how long each step in the process normally takes, and the speed of the applicant's case compared to other similar cases. The site went live on September 24, exactly 90 days after President's announcement and makes what had been a notoriously opaque process much more transparent. We are encouraging agencies to identify other service areas which can benefit from similar customer-facing systems.

2. In its budget documents issued in May, the Administration indicated that agencies will be asked to submit a limited set of high priority performance goals to serve as the basis for meetings by the President with his Cabinet? Could you characterize the nature of the agencies' submissions and your plans for using them in the budget process and in conversations with the President? Will these high priority goals be required to be included in agencies' performance plans?

   In identifying their high priority performance goals, agencies were asked to select between 3 and 8 ambitious targets they would try to meet within 18 to 24 months using current resources and existing legal authority. We are currently working

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with agency leadership to refine the goals and are using the goals during agency budget reviews at OMB.

Agencies will include these goals in their agency performance plans and Congressional Budget Justification along with their broader strategic and program-level performance goals.

3. How does the Administration plan to engage the Congress in developing its performance assessment process and in supporting performance management and budgeting in the agencies more generally?

   Recently, Shelley Metzenbaum, leading expert in performance management, joined the OMB leadership team. Shelley has already begun to set up initial meetings with Congressional members and staff to begin getting their perspective on performance management and budget priorities. Since these goals will be incorporated into budget and performance plans, we hope Congress will consider agency high priority performance goals in your processes. Going forward we expect Congress to have input into future goals as well. I also look forward to regular opportunities to hear from you on how our mutual interests can benefit from improved attention to agency performance and management efforts.

4. How can the appropriations committees be convinced to use performance plans and reports prepared by the agencies?

   Since GPRA was passed in 1993, hundreds of pages of paper have been produced by each agency, and thousands of metrics, most of which were not outcome-based. There has been a lot of activity surrounding the performance of the federal government over the past 16 years, but not enough have been done to involve senior leaders. Strategic plans and annual performance plans are not being used to manage agencies and produce better results.

   This Administration is committed to promoting the active use of performance data by senior leaders, including those in Congress, and regularly reviewing performance results at all levels. We will try to meet with members of the appropriations committees and their staffs to discuss with them how agency performance plans and reports can be revised to be more useful to them.

5. Do you plan to continue initiatives to propose restructuring of budget accounts and presentations to achieve better and more transparent linkages between agency budgets and performance plans? How will you engage appropriations committees and others on the Hill in these initiatives?

   OMB is currently using performance measures, evaluations, and other relevant data about need and program context to inform budget decisions. As we develop a more robust government-wide performance measurement framework, OMB and

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agencies will be in an increasingly better position to integrate budget and performance. For example, goals must cascade with a clear line linking agency strategic goals and measurements to unit-level, program-level and ultimately individual targets. Similarly, measures must reflect their differing contributions toward common goals.

The President's FY 2010 Budget proposed reduced funding or the termination of 121 programs that that had not accomplished the goals set for them, that operated inefficiently, or that were unnecessary because the program objectives were being better addressed by another program. Agency goals and relevant performance information is also informing our FY2011 budget decisions. As previously mentioned, this Administration is looking for opportunities to use a dashboard approach with frequent metrics that succinctly convey performance data to leaders, including those in agencies and in Congress.

As you point out, these performance plans do not end with decisions in the President's budget proposal, but with enactment by the Congress. Therefore, a communicative relationship with the Congress is critical in making sure that these decisions become reality. This communication includes a clear understanding of the metrics used to inform decisions; agreement on the value of the metrics used, and a desire to work together to ensure changes are made when needed. As we undertake these efforts, we look forward to partnering with the Congress to develop and follow through on using performance to inform budget decisions and agency oversight efforts.

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Questions For The Record
FFM subcommittee hearing
"Getting to Better Government: Focusing on Performance"
Senator Tom Coburn
September 25, 2009

Mr. Jeffrey Zients – OMB:

1. Why do you think Congress fails to use PART as a valuable tool for the budget, appropriation, and authorizing processes?

   From the beginning, PART did not involve many of the key partners including Congress that are critical to successful integration of budget and performance. The PART was not outcome based and did not set priorities. I would like to do more to align both agency leadership and Congressional interests around key management and performance priorities. For example, we should begin evaluating and assessing those programs that will be re-authorized in the next year or two to make sure we have solid evidence available to inform program changes that might be needed to improve effectiveness and efficiency.

   In general, past efforts used metrics that were too process-oriented and not outcomes-based. We generally do not track progress on goals that cut across agencies. Overall, too much emphasis has been placed on producing performance information to comply with a checklist of requirements instead of using it to drive change.

2. Do you think OMB is doing an adequate job to ensure that all agencies use performance measurements in their budget process?

   OMB is headed in the right direction, but we can do more. I am very pleased with the amount of discussion we have had in our budget reviews this year. Agency goals and relevant performance information will also inform our FY2011 budget decisions. Additionally, as part of the FY 2011 budget, OMB Director Orszag encouraged Federal agencies to submit proposals for significant evaluations in social, educational, and economic programs as well as begin to strengthen agency evaluation capacity. He also established an inter-agency evaluation working group and instructed all Federal

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agencies to make evaluations of program impacts readily available online.

3. In your testimony,y ou mentioned a strong leadership team as a vital tool to improve the federal performance framework. The last Administration had a strong leadership team that focused on improving government performance, but the federal government is still not where it should be in ensuring that performance measures are actually impacting management decisions. What are you going to do different to make sure performance measures drive management decisions?

   As the Administration develops a performance management system, we are committed to taking the best of what works – in other governments, the private sector and recent Federal efforts – to create a new performance management system. We have begun by making sure senior leaders are actively involved in this effort, including Secretaries and Deputy Secretaries. This level of involvement is a significant break from the past. We are also committed to developing outcome-oriented, cross agency goals that cascade to program, budget, and even individuals to ensure real accountability for results. As agencies set their priorities, we will regularly review their progress to achieving effectiveness and efficiency goals. Finally, we embrace transparency not just for the purpose of accountability but also for generating idea flow and involvement of broader groups.

4. In your testimony you mention that "State and local governments are also providing instructive lessons in smart ways to use performance information." Have you identified some of these ways? Can you give us examples?

   We are identifying and building on promising performance management developments in State and local governments and other countries. The State of Virginia's *Virginia Performs* website shows how government can clearly communicate state performance priorities, progress, problems, and strategies to the public. Washington's Government Management Accountability and Performance program and Maryland's StateStat illustrate the value of goal-focused, data-rich discussions to find the root causes of problems and to devise smarter strategies to tackle them. Local governments, including New York City; Baltimore, Maryland; and King County, Washington have effectively used performance management practices to improve outcomes, reducing crime and increasing housing starts for example, and drive down costs. Other countries, including the United Kingdom and New Zealand, offer instructive lessons.

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Questions for the Record

September 24, 2009

"Getting to Better Government: Focusing on Performance"

Questions for Bernice Steinhardt, Director, Strategic Issues, Government Accountability Office

1. GAO did a study several years ago assessing how committees could gain greater exposure to performance information from the agencies. What would you say are the most promising approaches for gaining congressional attention to performance information that came from that study?

GAO has previously reported that Members of Congress and their committee staff are more likely to pay attention to performance information agencies provide when the timing, content, and format in which the information is delivered is useful for informing their decision-making. Effective communication among committees, staff, and agency officials is essential for identifying the committee's principal oversight objectives and for providing a forum to discuss the issues, and develop the best approaches to meet them. For example, we previously reported that improved communication between the Federal Aviation Administration (FAA) and the House Transportation and Infrastructure Committee led FAA to institute a number of changes in the way they delivered performance information to committee members.[1] Committee staff had indicated that FAA had a large quantity of information available and effective communication between the staff and the agency, but they were also interested in using technology to gain additional, timely access to agency data when conducting oversight. To address this concern, FAA initiated a *For Congress* page on its Web site. The page provided a single point of access for information committee staff identified as relevant for oversight. FAA

[1]GAO, *Congressional Oversight: FAA Case Study Shows How Agency Performance, Budgeting, and Financial Information Could Enhance Oversight*, GAO-06-378 (Washington, D.C.: March 8, 2006).

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also added a subscription e-mail service to notify congressional users about new information available, such as new press releases and speeches by agency officials. This type of subscription service could enhance the timeliness in which Congress receives information for oversight. For example, a subscription service notifying committees about updates to agency performance and financial reports of specific interest to Congress could provide relevant information in a timely manner as to whether resources are achieving the planned performance improvements, and help to highlight performance issues that may warrant congressional oversight.

As we pointed out in our testimony, the PART process used by the prior administration did not systematically incorporate a congressional perspective and promote a dialogue between Congress and the Administration. As a result, most congressional committee staff we spoke to did not use the PART results to inform their deliberations. Although the Obama Administration intends to adopt a new performance improvement and analysis framework, any new framework should include a mechanism for early and ongoing consultations with members of Congress and their staffs about what they consider to be the most important performance issues and program areas warranting review. Encouraging regular communication could help the Obama Administration engage Congress early in the process and help target performance improvement efforts toward those areas most likely to be on the agenda of Congress, thereby increasing the likelihood that they will use performance information in their oversight and deliberations.

2. Your work suggests that performance goals and measures could gain greater use if agency staff gained a "line of sight" linking their own efforts with the performance plans of their agencies. What options have proven to be most effective in linking individual staff with performance goals and what lessons can we learn about how to improve this linkage?

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High-performing organizations recognize that a critical success factor in fostering a results-oriented culture is a performance management system that creates a "line of sight" showing how team, unit, and individual performance can contribute to overall organizational goals and helping employees understand the connection between their daily activities and the organization's success.

We have previously reported that some agencies have used their performance management systems to explicitly align individual and organizational goals. For example, we reported in September that top officials at the Centers for Medicare & Medicaid Services said that a new performance-management system that required linkages between organizational, program, and individual goals had made individual accountability for program results more explicit. In 2006, CMS began to implement the Department of Health and Human Services' four-tiered system, Performance Management Appraisal Program (PMAP), for non-SES employees at the agency. Under PMAP, employees are held accountable for both administrative and program performance. Top CMS officials described how agency goals and objectives were embedded in the Administrator's performance agreement and cascaded down through the management hierarchy, so that each level of management understood their accountability for achieving the agency's broad goals. For example, broad goals for preventive health care cascaded from the Department of Health and Human Services to a Health Insurance Specialist in CMS' Office of Clinical Standards and Quality, who was responsible for communications to raise awareness among beneficiaries.

We reported in 2005 that FAA promotes alignment by requiring that all organizations use the same alignment framework and approach in preparing their annual business plans. Goals cascade throughout each of FAA's 16 organizations to each individual employee. The agency goals detailed in FAA's strategic plan (or Flight Plan) drive new strategic initiatives and the ongoing, day-to-day operations of FAA, referred to as their core business functions. Key elements required in the business plans for each of FAA's four lines of business and 12 offices are developed using a systematic alignment approach that guides the organizations through the step-by-step process of defining and developing

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performance elements that support the Flight Plan goals. Organizations align themselves with the Flight Plan through this process, and targets cascade down through the organization into employee performance plans. These plans identify specific work expectations and outcomes, and are required for every FAA employee. This alignment facilitates FAA recognizing and rewarding performance by using performance information to affect pay decisions.[2]

3. How can OMB work more effectively with the agencies to support performance management and budgeting going forward? Are there good practices in some areas which can be replicated elsewhere?

As we pointed out in our testimony, OMB can support agency efforts to use performance information by encouraging agencies to invest in training, identifying and disseminating leading practices among agency managers, and assisting agencies in adopting these practices where appropriate. Furthermore, in its guidance to agencies, OMB can play a role in establishing expectations for how agency leaders and managers should demonstrate their commitment to managing for results by, for example, communicating performance information frequently and effectively throughout the organization, routinely reviewing performance results achieved with subordinate managers, and communicating decisions made as a result of this review. To gauge the extent to which a results-oriented management culture has taken hold in the federal government, OMB could survey federal managers on their views and use the information to identify better management practices and areas for improvement.

[2]For additional examples of how other agencies have implemented reforms aimed at reinforcing the alignment between organization and individual goals, see GAO *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, GAO-05-927 (Washington, D.C.: Sept. 9, 2005) and *Financial Regulators: Agencies Have Implemented Key Performance Management Practices but Opportunities for Improvement Exist*, GAO-07-678 (Washington, D.C.: June 18, 2007).

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There are a number of tools OMB could use to facilitate the development of the skills federal managers need to understand and use performance information to drive their decision-making. For example social networking software, such as OMB's recently-launched wiki-page for federal agency managers, and governmentwide councils, such as the President's Management Council and the Performance Improvement Council could be effective vehicles for sharing good agency management practices across the federal government.

OMB leadership can also be instrumental in coordinating the efforts of federal agencies, state and local governments, and the private and not-for-profit sectors in achieving national outcomes. Food safety, natural disaster response and recovery operations, the H1N1 pandemic, and homeland security are but a few of the many issues that require federal agencies to work together across organizational lines. OMB has a critical role to play in fostering and sustaining the needed collaboration in such areas by urging agencies to develop crosscutting goals and related performance measures for the outcomes to be achieved.[3]

4. In your perspective, what is the biggest road block to agencies using performance information? How could the Administration work to remove this roadblock?

The largest road block to agencies using performance information is lack of leadership commitment. Leadership commitment to widespread use of performance information that starts at the White House and extends down to Department Secretaries and their senior managers is critical for fostering a result-oriented culture across government. As we pointed out in our testimony, there are a number of things the Administration can do. By focusing his attention on certain high-level goals, such as number of jobs created through the American Recovery and Reinvestment Act, and tracking agency performance on those goals, the President can send a message that using performance information is

[3]GAO *Results Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: October 21, 2005).

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critical for achieving results and maximizing the return on federal funds invested. OMB can further support agency efforts to use performance information by monitoring agencies' use of performance information, identifying and disseminating leading practices among agency managers, and assisting agencies in adopting these practices where appropriate. Agency leaders must also change the management culture of their organizations from one that views the collection and reporting of performance information as a compliance exercise to one that actively manages performance to improve results. Our work shows that leaders can demonstrate their commitment to making greater use of performance information through frequent communication of established goals, regularly scheduled reviews to measure progress made toward those goals, and by holding staff accountable for achieving results.

However leadership commitment alone is not sufficient. We have previously identified other key practices necessary for shifting the focus of federal managers from merely measuring agency performance to actively managing performance to improve results, including: creating a clear "line of sight" linking individual performance with organizational results, improving the usefulness of performance information, and developing the capacity to collect and use performance information.

5. Despite GPRA and PART, many managers within the federal government still struggle to use this information to improve program performance. In your opinion, why is that?

a. Do you think the lack of attention by Congress has played a role in this problem? What else should Congress be doing?

Based on our recent review of FEMA and Interior, two agencies with relatively low use of performance information, we found that inconsistencies or weaknesses in key management practices at these agencies—such as demonstrating leadership commitment, aligning goals, ensuring usefulness of performance measures, and building analytic capacity—appeared to hinder their use of performance information. In contrast, at CMS,

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an agency in which managers' reported use of performance information has improved, managers credited the use of the very same management practices that were weak or inconsistent at our other case agencies with helping improve their ability to manage for results.

As we noted in our testimony, the President and Congress both have unique and critical roles to play in demonstrating their commitment to improving federal agency performance results. By routinely incorporating agency performance issues into its deliberations and oversight, Congress can send an unmistakable message to agencies that they are expected to manage for results. However, Congress needs to be actively involved in early conversations with the Administration and agency officials about what to measure and how to present this information. Engaging Congress early in the process could help target performance improvement efforts toward those areas most likely to be on the agenda of Congress, thereby increasing the likelihood that they will use performance information in their oversight and deliberations.

Additionally, Congress could consider whether a more structured oversight mechanism would be helpful in bringing about a more coordinated congressional perspective on governmentwide performance issues. In our testimony, we suggested that one possible approach could involve developing a congressional performance resolution identifying the key oversight and performance goals that Congress wishes to set for its own committees and for the government as a whole. Such a resolution could be developed by modifying the annual congressional budget resolution, which is already organized by budget function. This may involve collecting the input of authorizing and appropriations committees on priority performance issues for programs under their jurisdiction and working with crosscutting committees such as the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and the House Committee on Rules.

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Questions and Answers for the Record
Submitted to W. Craig Fugate, Administrator, FEMA

Question#:	1
Topic:	GAO
Hearing:	Getting to Better Government: Focusing on Performance
Primary:	The Honorable Thomas R. Carper
Committee:	HOMELAND SECURITY (SENATE)

Question: GAO identified a number of areas within FEMA where certain leaders have made a commitment to using performance information to inform their decision making and holding their staff accountable for achieving program goals. What can FEMA do to share these examples with managers throughout the agency and get all managers on board?

Response: In May 2009 FEMA established a Performance Improvement Council (PIC), a cross-functional working group of directorate and office personnel working in their respective performance management offices. Through the PIC, FEMA leadership is apprised of a wide range of performance related issues. PIC discussions include a focus on areas identified by GAO in which FEMA leadership has committed to use performance information to inform their decision making to ensure that PIC members apply those commitments and expand the application of those principles and strengthen accountability within their directorates and offices. This forms the basis for benchmarking that FEMA needs to enable it to tie its budget decisions to performance outcomes. In addition, FEMA reports on a select number of its measures annually via the Performance Addendum to the FEMA Strategic Plan. To be published in early 2010, the Performance Addendum will report on findings and analysis of FY2009 results.

Question#:	2
Topic:	programs
Hearing:	Getting to Better Government: Focusing on Performance
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: When you are preparing your budgets submissions to OMB, will you recommend decreases or elimination of poor performing programs?

Do you think Congress has played a role in continuing the process of funding poor performing programs? What else should Congress be doing?

Response: We routinely review all our programs and discuss them in detail with both DHS and OMB before we submit our budgets. When we find programs that are no longer effective or efficient we work with DHS and OMB to recommend decrease or elimination of these programs.

Congress continues to strongly support FEMA and when programs are identified for decrease or elimination we actively engage with Congress to discuss the rationale behind these changes.

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Question#:	3
Topic:	metrics
Hearing:	Getting to Better Government: Focusing on Performance
Primary:	The Honorable Tom A. Coburn
Committee:	HOMELAND SECURITY (SENATE)

Question: In your testimony, you mention that "FEMA will develop meaningful metrics that do not merely measure the processes that support disaster response...but will further measure the actual outcomes of our disaster response and recovery." Why hasn't FEMA implemented outcome metrics? How long will it take for you to develop these metrics?

Response: FEMA faces the same broad challenge as any organization to measuring what are often qualitative impacts based on objective, quantitative data. While data is important to measuring performance and improvement, demonstrating outcomes of programs requires careful planning to ensure valid cause and effect relationships, which are often difficult to evidence and prove even if data is cost-effective to collect. As noted in the testimony, a foundation of agency-wide efforts is that FEMA is now working to develop a system to compile consistent, timely, valid, relevant, and credible complex data that can be integrated and readily accessible in a performance technology system. FEMA now is only in the development stage of a performance module to track budget dollars at the Planned Program Activity, or PPA, level and the performance measures linked to that specific funding stream. FEMA will continue to align processes and ensure systems are in place to capture the requisite data, and will work each year to improve its ability to measure and report outcomes of disaster response and recovery.

In the case of disaster response and recovery much of the data gathering to date has been archaic and dependent on manual counts. Both the Disaster Operations and Disaster Assistance Directorates are making strides to not only develop outcome measures but data systems to collect data to support outcome measurement. For example, FEMA is developing the National Disaster Recovery Framework in partnership with the President's Long Term Disaster Recovery Working Group. This initiative will define federal, state, local, tribal, and private sector roles and responsibilities for disaster recovery as well as define desired outcomes of the federal support to states and communities for disaster recovery. This initiative will be completed in June of 2010. The development of performance outcome measures will follow this initiative.

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Questions for the Record
September 24, 2009
"Getting to Better Government: Focusing on Performance"

Questions for Rhea S. Suh, Assistant Secretary for Policy, Management and Budget, Department of the Interior

1. One of GAO's findings was that the leaders at Interior and its components had not shown their staffs that they were committed to using performance information. How will the new leadership team change this situation?

   Answer: The new leadership team is committed to using performance information as input to decisions on resource allocations and to monitor program performance and adapt policies and management strategies.

2. According to GAO, managers at NPS and Reclamation cited challenges in using performance information, such as the large number of performance measures. They also said that some of the measures themselves were not helpful to them in their work. What can department and agency leaders do to address these concerns?

   Answer: The Department has already embarked on an effort to examine the measures and identify the ones that are of value and should be retained and/or modified and those should be eliminated. We are working closely with managers in the bureaus at multiple levels in order to assure that the measures we incorporate in our new strategic plan add value. In addition, we have developed a set of high priority goals with measures that will serve as a model for this approach. We are working closely with bureaus to ensure these high priority goals have meaningful measures and milestones.

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Questions For The Record

FFM subcommittee hearing

"Getting to Better Government: Focusing on Performance"

Senator Tom Coburn

September 25, 2009

Questions for Ms. Suh:

1. When you are preparing your budgets submissions to OMB, will you recommend decreases or elimination of poor performing programs?

   Answer: Not necessarily as in some cases a program that is poorly performing may benefit from increased resources. Our recommendations on the budgets for programs consider a number of factors and are developed in the perspective of the entire budget and not with each program in isolation. Our budget decisions are based on an evaluation of program performance, current resource availability and constraints, and the role of the program in achieving the Administration's and Secretary's goals. We also consider potential program improvements that could be achieved with improved management, changes in program direction, changes in law, regulation, and/or process.

2. Do you think Congress has played a role in continuing the process of funding poor performing programs? What else should Congress be doing?

   Answer: The Department has successfully eliminated funding for programs that were not a high priority with the help of the Congress. For example, the Private Stewardships Grant program and Landowner Incentive programs were eliminated in Fiscal Year 2008 resulting in a savings of $22 million annually.

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Additional Written Questions for the Record
September 24, 2009
"Getting to Better Government: Focusing on Performance"

Questions for Michelle Snyder, Acting Deputy Administrator, Deputy Chief Operating Officer, Centers for Medicare & Medicaid Services

Senator Carper

1. CMS has a range of public and private partners that help it carry out its mission. Are there special challenges in addressing performance issues that cross organizational and intergovernmental lines? Are there examples you can think of to show how CMS shares performance information among its various partners and how this contributes to accomplishing shared goals?

Answer: CMS faces the challenges of managing a myriad of mission-critical activities and competing priorities in a fast moving environment of change. Facing these new and changing statutory and regulatory mandates and operational directives means CMS must continue to work smart and excel at strategic thinking and action.

Collecting, integrating, and utilizing health care data for performance improvement is integral to achieving the vision of "a transformed and modernized health care system" and instrumental in improving the quality of health care for the millions of Medicare, Medicaid, and CHIP beneficiaries who rely on CMS.

The Administration, the Congress, beneficiaries and taxpayers clearly expect CMS to be accountable for the efficient and effective administration and oversight of our programs. Furthermore, the Government Performance and Results Act of 1993 (GPRA) requires Federal agencies to have strategic plans, set goals and objectives, measure performance, and report their accomplishments as part of movement toward a performance-based, results-oriented government.

For FY 2010, CMS has 31 GPRA performance goals representing the purview of our programs. GPRA goals include the activities of our partners which require close coordination and effective communication to ensure that our goals, as well as the significance of accomplishing the goals, are well understood by our partners. Examples of some of our partner-based goals are decreasing the prevalence of restraints and pressure ulcers in nursing homes and protecting the health of Medicare beneficiaries by reducing the frequency of surgical site infections. These goals are summarized below.

- Decrease the Prevalence of Restraints in Nursing Homes

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The purpose of this measure is to reduce the use of physical restraints in nursing homes. The prevalence of physical restraints in nursing homes is an indicator of quality of care and may be considered a quality of life measure for nursing home residents. Since 1996, the prevalence of restraints has declined from a baseline of 17.2 percent of residents. Most recently, CMS exceeded its FY 2008 target of 6.1 percent by achieving a rate of 4.0 percent. If we compare the prevalence of restraints from the last quarter of FY 2003 to the last quarter of FY 2008, there are almost 50 percent fewer nursing home residents in restraints each day.

CMS continues to believe that nursing homes' recent success in reducing restraint use has accelerated as a result of the intense collaboration between State survey agencies and the Quality Improvement Organizations, as well as careful work between CMS and nursing homes in the new national *Advancing Excellence in America's Nursing Homes* campaign. These efforts have been even more successful than anticipated in FY 2007 and 2008, leading CMS to exceed its performance target.

CMS is working to improve surveyor training so that surveyors will be better able to detect inappropriate restraint use. The FY 2009 target is 5.1 percent, and the FY 2010 target is 3.8 percent. Despite the exceptional progress that we have made, we expect that the future rate of decrease to diminish as more and more nursing homes meet targeted rates.

- Decrease the Prevalence of Pressure Ulcers in Nursing Homes

The purpose of this measure is to decrease the prevalence of pressure ulcers in nursing homes. The prevalence of pressure ulcers in nursing homes is an indicator of quality of care and may be considered a quality of life measure for nursing home residents. After many years of little or no progress, CMS has met its targets since FY 2004, including FY 2008, where we exceeded our target of 8.5 percent with an actual prevalence of 8.0 percent.

We are encouraged by recent downward trends--a decrease in the prevalence of pressure ulcers of even 0.1 percentage points represents more than 1,000 fewer nursing home residents with a pressure ulcer. We are, however, not yet certain that the trend will last. The prevalence of pressure ulcers in nursing home residents is increased if hospitals where residents receive treatment before they enter the nursing home do not implement standards of practice to prevent the formation of pressure ulcers. While FY 2008 results exceed future targets, the decrease in each of the last two fiscal years was only 0.1 percentage points. Accordingly, our FY 2009 and 2010 targets are 8.2 percent and 8.1 percent, respectively.

CMS Regional Offices have taken a more prominent role in pressure ulcer reduction initiatives with activities that include monthly teleconferences to discuss problems and progress with this initiative. New survey guidance and

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follow up with States has increased the focus on pressure ulcer reduction. Greater collaboration between State survey agencies and Quality Improvement Organizations (QIOs) is having a positive impact. *The Advancing Excellence in America's Nursing Homes* campaign and the QIO 9th Scope of Work should help continue the momentum.

These measures are a part of the information published on CMS' Nursing Home Compare Web site (www.medicare.gov/nhcompare). The website enables consumers, providers, States, and researchers to compare information on nursing homes in a particular geographic area. Facilities are assigned star ratings from a low of "one star" to a high of "five stars" based on health inspection surveys, staffing information, and quality of care measures.

- Protect the Health of Medicare Beneficiaries by Optimizing the Timing of Antibiotic Administration to Reduce the Frequency of Surgical Site Infection

Postoperative surgical site infection (SSI) is a major cause of patient morbidity, mortality, and health care cost. SSI complicates an estimated 780,000 of nearly 30 million operations in the United States each year. For certain types of operations, rates of infection are reported as high as 20 percent. The incidence of infection increases intensive care unit admission by 60 percent, the risk of hospital readmission five-fold, and doubles the risk of death. Administration of appropriate preventive antibiotics just prior to surgery is effective in preventing infection. The reduction in the incidence of surgical site infection that is expected to result from improvement in the timing of antibiotic prophylaxis will primarily benefit Medicare beneficiaries through reduced morbidity and mortality. An additional benefit will be reduced need for and cost of rehospitalization for treatment of infections.

The goal of administering the antibiotic before surgery is to establish an effective level of the antibiotic in the body to prevent the establishment of infection during the time that the surgical incision is open. In 2001, CMS developed the national Medicare Surgical Infection Prevention (SIP) Project, which measured the frequency of antibiotic administration within the hour prior to five common types of major surgery (cardiac, vascular, hip/knee, colon, hysterectomy) where infection is most likely to be prevented with timely antibiotics. SIP evolved into the Surgical Care Improvement Partnership (SCIP) which is a multifaceted coalition with the goal of reducing surgical complications, including SSI.

Several factors likely explain the better than expected results exceeding our FY 2006 target of 75.4 percent at a rate of 83.1 percent by 7.7 percentage points; and the FY 2007 target of 82.0 percent at a rate of 88.2 percent by 6.2 percentage points. Perhaps most importantly, the practice measured in this goal is strongly evidence-based and there have been few controversies about implementation. QIOs in most States sponsored collaborative learning sessions that targeted this and other SCIP measures during the 8th Scope of Work, and the Institute for

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Healthcare Improvement included quality improvement interventions related to surgical antimicrobial prophylaxis in their 100,000 Lives campaign. The number of hospitals capturing and reporting this measure to the QIO Clinical Warehouse increased from 1,718 to 3,247 in January 2006 (and subsequently up to 3,670 in July of 2006) based on inclusion of the SCIP antibiotic measures in the Reporting Hospital Quality Data for Annual Payment Update (RHQDAPU) program. Finally, the National SCIP Steering Committee supported broad scale participation in SCIP by promotion and recruitment of member organizations and through many different organizational newsletters and communications. Overall, these efforts were more successful than expected which led performance on this measure to exceed targets.

CMS' Hospital Compare Web Site (www.hospitalcompare.hhs.gov) allows the public to view quality measures between hospitals.

2. GAO's survey shows an increase in the percentage of managers who report having access to training on performance-related topics. Please describe your approach to training as it pertains to analyzing performance information and any other efforts in place to enable your managers to operate effectively in an information-driven environment.

Answer: We recently implemented the CMS Leadership Institute (CLI), which sponsors training for mid-level to senior executive service (SES) employees, as a means of improving leadership skills at all levels of CMS and improving the proficiency of CMS managers in the core competencies determined by the Department of Health and Human Services (HHS). As part of the CLI, all new managers are required to complete the Leadership in Context course, which includes modules that address communications and managing employee performance, in addition to training on other management responsibilities. Manager training continues with periodic Webinars and presentations on developing performance measures, rating employee performance against results, addressing poor performance, and creating individual development plans. Finally, Leadership Open Door Forums are held via monthly calls between front line managers and senior management on key issues. This fosters an environment where all levels of management feel a commitment and connection to the work of the Agency.

In addition to the classes offered by CLI for mid-level and SES managers, CMS also offers the following types of performance-related courses to CMS front-line managers:

On-site Classroom Training:

- Developing and Using Performance Measures
- The Government Performance Logic Model
- Strategic Planning and Performance Measurement
- Project Planning Analysis & Control
- Project Management Fundamentals with Microsoft Project 2007
- Aligning Project Management with Organizational Strategy

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- Project Officer and Project Officer Refresher Training

Webinars:

- Writing Measurable Standards of Performance
- Rating Performance Against Results

Training Workshops:

- GPRA performance measurement and methodology of target setting/performance management.
- How to Show Results Training Workshop
- Performance Measurement & Budgeting
- Performance-Based Budgeting
- Federal Budget Process (includes GPRA)
- Performance Measurement for Government

3. GAO's survey also shows an increase in the percentage of managers reporting that they are held accountable for program results. What steps have you taken to hold employees more accountable for performance?

Answer: To remain vigilant and foster continual improvement, employees need to be held accountable for their actions and their decisions. Growing out of the 2006-2009 Strategic Action Plan, CMS requires all employees to be reviewed annually on performance measures that fit under and link with the overall Agency and Department goals.

This "cascading of goals" has allowed the Agency to align all employees' work with the overall objectives of our organization contained in the HHS Strategic Plan and the CMS Strategic Action Plan. Each year for SES employees, under the Performance Planning System, and for non-SES employees, under the Performance Management Appraisal Program (PMAPs), employees have a performance plan developed that includes clear, measurable, and observable standards. Strategic plan objectives are cascaded down through the Performance Planning System, and from there to non-SES employee's PMAPs.

Both GAO and HHS have recognized CMS' improvement in the key area of integrating performance measurement in our performance. While the Agency has made great strides, we believe it is imperative to continue to work on performance management initiatives and to evaluate and monitor our progress.

We know the importance of ensuring that employees are familiar with the Agency's strategic goals and objectives. For example, during our New Employee Orientation Program, which all new employees are required to attend immediately after joining CMS, we brief new employees on the CMS Strategic Action Plan, the CMS Mission, and the CMS Core Values. Our objective is to begin the process of connecting our employees to

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the larger goals of the Agency from day one and to ensure that employees see themselves as connected to the larger mission of serving the 98 million beneficiaries of our programs.

As a follow up to the initial training, first line managers meet with all new employee's within thirty days to discuss their individual performance expectations and the expected outcomes. This discussion once again demonstrates to new employees how their individual performance outcomes and results will contribute to HHS and CMS' strategic plans and goals. CMS has just developed a workbook and will be conducting labs in the coming weeks to help first-line managers write "Exceptional" employee performance standards for next year's rating cycle so that employees will be clear on expectations in order to be rated "Exceptional on annual performance plans." We also have on-going communication strategies to inform employees of the key Agency metrics and work plans.

Organizationally, CMS has also established an assessment process that focuses on results-oriented measures that link organizational performance goals to individual performance metrics, and uses performance data to develop and reward employee performance, or take corrective action as appropriate. This system also provides multiple opportunities for discussion and coaching between managers and employees about individual goals and progress toward those goals through the collaborative writing of annual performance plans, mid-year progress reviews, and end-of-year performance plan evaluations.

Senior level managers and front line managers have the responsibility to continue to reinforce this performance-based message. In preparation for the roll out of the 2006-2009 Strategic Action Plan, the Agency prepared managers for these conversations with a series of trainings and high-level summaries so that they would be comfortable speaking with employees regarding performance tracking accountability, the overall cascading Agency goals, and the PMAP process. This led to a successful rollout and understanding of all employees of the importance of this accountability and change. In some divisions within CMS, the Strategic Action Plan and component-specific program and operational performance goals are posted so employees remain mindful of the larger organizational goals on a daily basis.

Senator Coburn

1. When you are preparing your budget submissions to OMB, will you recommend decreases or elimination of poor performing programs?

Answer: CMS' core workload is programs authorized and mandated by Congress, including Medicare, Medicaid, and the Children's Health Insurance Program. As such, we would need Congress to make a legislative change before CMS could eliminate any of our programs. In administering our programs, CMS continuously strives to improve performance and deliver high-quality healthcare to our beneficiaries, while also being stewards of limited resources.

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2. Do you think Congress has played a role in continuing the process of funding poor performing programs? What else should Congress be doing?

Answer: The American people expect and deserve for all government programs to be run effectively. For large, mandatory programs, such as Medicare, Medicaid and the Children's Health Insurance Program (CHIP), we work within our statutory authority to provide high-quality and high-value healthcare. When efficiencies are identified for our programs, CMS works with Congress, States, and our partners to make changes to improve the programs that serve our 98 million beneficiaries. We appreciate Congress' help in authorizing and funding innovations that allow us to continue to improve on that mandate.

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Questions for the Record
September 24, 2009
"Getting to Better Government: Focusing on Performance"

Questions for Paul Posner, Director, Master's in Public Administration Program, George Mason University Department of Public and International Affairs

1. What are some specific things that Congress can do to bring about a greater focus on performance in the federal government?

--Congress can begin to review the agencies' performance plans and reports in annual hearings and reauthorizations. This would serve Congressional interests by structuring oversight around proposed outcomes and would send signals to agencies that someone is paying attention

--Congress can do its own performance assessments by taking groups of programs that are related to common outcomes and missions. These reviews would focus on such areas as food safety and other areas with programs that cut across agencies and committees. Congress should use GAO to both identify areas where such reviews are warranted and to help synthesize what is known about performance in those areas.

--Congressional appropriations committees could begin to consider proposed performance indicators in their review of agencies' budget requests. Hearings could focus on the levels of performance that would be achieved by alternate levels of resources.

--Congress could, through appropriators or authorizers, effectively create a performance contract with the agencies. Since appropriations reviews agencies annually, this would be the best vehicle for Congress to articulate its performance expectations. It could use the agencies' annual performance plans to consider the targets it would hold agencies accountable for each year.

--Congress should more adequately fund evaluation resources within agencies to help secure appropriate analyses and data on performance

--Congress creates goals for electronic filing for IRS and then follows up with oversight of the agency's progress. Congress also ask GAO to identify high risk areas and then follows up with hearings and oversight on agencies' progress in resolving these problems.

--Congressional authorizing and appropriations legislation more generally very often sets expectations and targets for agencies to follow. For instance, Congress establishes targets and rules for employing welfare recipients under TANF and then follows up with GAO studies and hearings to ascertain how well states are meeting those standards.

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Questions For The Record
FFM subcommittee hearing
"Getting to Better Government: Focusing on Performance"
Senator Tom Coburn
September 25, 2009

Questions for Dr. Posner:

1. When you are preparing your budgets submissions to OMB, will you recommend decreases or elimination of poor performing programs?

I am not an agency official, But I would imagine that agencies would take seriously the evidence regarding the performance of their programs. They should seriously examine the reasons for chronic performance shortfalls and problems with their programs. While no agency will volunteer for a budget cut, it may be possible for OMB to create incentives to providing for the funding for poor performing programs within an agency to be shifted to more effective programs.

2. Do you think Congress has played a role in continuing the process of funding poor performing programs? What else should Congress be doing?

Congress has not only continued funding of poorly performing programs but is sometimes responsible for the poor performance of programs. For instance, Congress has established funding formulas that fail to target funds to the places that need them most, such as with the Community Development Block Grant program. Congress has often set ambitious goals for programs and then not provided sufficient administrative funding to achieve these goals. The ARRA is a good case in point where significant administrative burdens were added to federal, state and local managers without additional funding. Congress also provides funding for broad purposes in very narrow, categorical programs that are often fragmented and difficult to coordinate, particularly at the local delivery level.

However, it should be recognized that Congress in fact does care about performance. Its passage of GPRA, CFO Act and other management reforms illustrate its broad commitment to providing tools for agencies to manage complex programs. It also does effective oversight which can highlight problems and send signals to agencies about congressional expectations for performance.

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