

MANAGING FOR RESULTS

Taxpayers in America don't want us spending their money on something that's not achieving results.

President George W. Bush
February 7, 2005

Through their implementation of the President's Management Agenda, Federal agencies are adopting the management disciplines that help them focus on and deliver results. They are performing better and working to spend taxpayers' money better each year.

PERFORMING BETTER

Managing for results and achieving them requires three key elements:

- A clear definition of success for every program and activity;
- A clear action plan for achieving success; and
- A system of accountability that ensures that programs perform as promised.

The Administration is systematically assessing the performance of each Federal program with these elements in mind. Since 2001, 80 percent of Federal programs have been assessed; the remaining 20 percent will be assessed this year.

Many programs are demonstrating improved results.

- The Department of Veterans Affairs is reducing the time veterans wait to get medical appointments. From 2001 to 2005, the Veterans Health Administration (VHA) substantially reduced the number of new veteran enrollees unable to schedule an appointment for medical care from a high of 176,000 to 22,494. VHA remains a leader in customer satisfaction with an inpatient satisfaction score of 84 (out of 100) on the American Customer Satisfaction Index, slightly higher than the score of 79 for comparable private sector services.
- The Employee Benefits Security Administration protects private employee pension, health, and other benefits plans against fraud and abuse. The program has successfully closed civil cases and referred criminal cases for prosecution while simultaneously improving customer satisfaction and obtaining over \$1.6 billion in monetary benefits for employees. In 2005, the program referred 45 percent of its criminal cases for prosecution and closed 76 percent of its civil cases. This represents a 13-percent improvement for criminal cases and a 10-percent improvement in civil cases since 2003. Over the same time period, the program's customer satisfaction score increased from 59 to 67 (out of 100).
- To reduce fatalities from automobile accidents, the National Highway Traffic Safety Administration promoted greater seat belt use among high-risk groups such as younger drivers, rural populations, pick-up truck occupants, 8-15 year-old passengers, occasional safety belt users, and

motor vehicle occupants in States with secondary safety belt use laws. As a result, nationwide seat belt use increased from 73 percent in 2001 to 82 percent in 2005, an all-time high.

Results at the Department of Labor

By using the disciplines of the President’s Management Agenda, the Department of Labor has:

- Reduced improper unemployment insurance payments by \$600 million through strong partnerships with States;
- Conducted public-private competitions that are estimated to save nearly \$19 million over the next five years.
- Kept 96 percent of its major information technology projects on time and within budget;
- Provided more than 17 million visitors to GovBenefits.gov with access to information about Federal benefits for which they may be eligible; and
- Reduced their vehicle fleet by 15 percent or 691 vehicles.

Agencies are also identifying the steps they will take to improve each program’s performance. All programs, regardless of whether they perform poorly or well, should strive to perform better each year.

The Federal Government should be accountable to the public for its performance. Along with the release of the 2007 Budget, the Administration is launching a new website, Expect-More.gov, to provide candid information on how programs are performing and what they are doing to improve. ExpectMore.gov will include information about every Federal program—what its purpose is, how it performs, and what it is doing to perform better. Visitors to the site will be able to compare programs’ performance and find out more details. By making program

performance information more accessible to the public, this site aims to explain how tax dollars are spent and increase public demand for better performance from the Federal Government.



To improve the results the Executive Branch achieves on behalf of the American people, the Administration transmitted the Government Reorganization and Program Performance Improvement Act to the Congress in June 2005. The proposed Act authorizes the creation of two types of commissions—Sunset and Results—to regularly review the performance of Government agencies and programs and make recommendations for improvement. The Administration will work with the Congress to enact this important legislation that aims to improve agency and program performance and reduce unnecessary costs for taxpayers.

IMPROVING HUMAN CAPITAL MANAGEMENT

To improve performance each year, Federal agencies must have the right people in the right jobs at the right time, with good managers to help them grow professionally. Federal agencies are strengthening their performance appraisal systems, nurturing future leaders, ensuring their employees have the necessary skills, and reducing how long it takes them to hire new staff.

- The Social Security Administration (SSA) successfully recruited over 2,200 employees in mission-critical positions to support the Medicare Prescription Drug Improvement and Modernization Act. Using a full range of hiring flexibilities, in total SSA successfully recruited over 4,600 new hires in 2005 while reducing their hiring time and steadily improving the retention rate of new hires.
- As a result of agency workforce planning efforts, the Department of the Treasury, Office of the Comptroller of the Currency (OCC) identified a critical need to hire entry-level bank examiners to fill projected senior bank examiner vacancies (approximately 25 percent of their workforce) over the next several years. Employing an aggressive and innovative strategy of using experienced bank examiners as recruiters, the OCC has recruited 255 new entry-level examiners since June 2003—of which 54 percent are women and 42 percent are minorities.
- The Federal Highway Administration (FHWA) awards \$36 billion in grants annually to States for highway and bridge projects. To increase control of project costs and to address deficiencies in financial oversight, the FHWA deployed a variety of strategies to ensure they will have people with the right skills in place to provide critical financial oversight. The FHWA conducted a skills gap analysis, targeted their recruitment program for those identified skills, refined their entry level Professional Development Program, and implemented work-life flexibilities to reduce attrition. As a result, over 35 percent of the financial management staff has been trained in the Financial Management Improvement Program, and the staff attrition rate was reduced from 6.5 percent in 2004 to 5.2 percent in 2005.
- The Department of Agriculture (USDA) employed targeted recruitment strategies and used hiring flexibilities to reduce vacancy rates and shorten hiring time in its 19 mission critical occupations. As a result of these efforts, USDA increased from 12 to 18 the number of mission critical occupations that now have less than three percent of their positions vacant.

The Government needs additional tools to ensure that it is using its workforce to its maximum potential. Designed in the late 1940s for a largely bureaucratic organization, the current personnel system is no longer appropriate for today's mostly professional workforce that performs a wide range of roles, at different proficiency levels. The current system does not sufficiently recognize employees for their work or hold managers accountable for how well they manage employees. The Administration has developed draft legislation, the Working for America Act, to require that agencies better manage, develop, and reward employees to serve the American people better. The reforms in the legislation that have been developed with Chief Human Capital Officers and congressional staff, are based on what the Government has learned implementing alternative pay systems over the past 25 years, and focus on what is good for Federal employees and American taxpayers. The Administration will work with the Congress to enact this important legislation to allow Federal employees to be thought of and treated as the professional public servants they are, and to enable the Government to make better use of its human capital resources to produce results for the American people.

USING INFORMATION TECHNOLOGY MORE EFFECTIVELY

By investing in information technology (IT) strategically, agencies are better positioned to provide increased access to Federal Government information and to deliver superior service to citizens. Additionally, agencies continue to work together and pool resources around Government-wide lines of business and software acquisition initiatives that improve services to citizens.

- Regulations.gov allows citizens, businesses, and other organizations interested in regulatory development to obtain free and easy access to Federal rulemaking information. The initiative increases public access to the rulemaking process by providing the opportunity to contribute views via the Internet. By the end of 2005, Regulations.gov enabled more than 1.6 million people to use the Internet to search, view, and submit comments on proposed Federal rules.
- Since February 2004, through the Expanding Electronic Tax Products for Businesses initiative, over 20,000 electronic Internal Revenue Service 1120 and 990 forms have been submitted. Additionally, through this initiative new business owners can apply for and immediately receive an Employer Identification Number (EIN) online or by telephone. Before this function was available, people had to fill out and mail a paper version of the EIN form, waiting up to two weeks to receive their EIN from the Internal Revenue Service.
- Grants.gov, a single, online portal for all Federal grant customers, makes it easier for potential recipients not only to obtain information about Federal grants, but also to submit applications for those grants. In 2005, 994 funding opportunities for discretionary Federal assistance, 44 percent of all grant opportunities, were available for electronic application submission via Grants.gov. Grants.gov currently provides Federal grant-seekers with access to over 1,000 Federal grant programs.
- Since its inception in 2002, the E-Payroll initiative has reduced the costs for agencies to process payroll services by consolidating 26 Federal payroll processing systems into four approved E-Payroll providers. For example, by migrating to the Department of Defense's Defense Finance and Accounting Service in April 2005, the Department of Health and Human Services has reduced its annual costs for payroll processing for its more than 65,000 employees from \$259 to \$90 per employee, a reduction of 65 percent.
- SmartBUY, the effort to leverage the Federal Government's purchasing power and establish Government-wide mandatory software acquisition vehicles, is helping the Government reduce IT costs. An agreement for an Oracle database signed in April 2005 generated \$174.5 million in savings in the first five months.

The Federal Government spends almost \$65 billion on IT each year. Federal agencies are working to ensure this investment produces the expected results.

- Federal agencies are working to ensure that all IT systems are properly secured and data are appropriately protected. Currently, 85 percent of Government systems have been certified as secure, up from 77 percent last year.
- For 69 percent of IT projects, there is documentation that the benefits derived from the investments exceed the costs. While this represents an improvement from the 45 percent reported in 2002, more work is needed to ensure that IT projects demonstrate they are producing intended results.
- Thirty-two percent of agencies have fully implemented processes to plan and monitor their IT investments, and on average are achieving at least 90 percent of their costs, schedule, and performance goals. While this may represent an improvement from the past, it falls significantly

short of acceptable performance levels. The Administration will devote particular attention over the next year to improving the performance of Federal IT investments.

IMPROVING REAL PROPERTY MANAGEMENT

For the first time, the Federal Government has inventoried its real property and is making sure it is put to the best use. The goal for the next few years is to liquidate \$15 billion worth, or five percent, of the properties that are no longer needed and put the money toward needed real property investments.

- The General Services Administration (GSA) is increasing occupancy rates for buildings, improving the condition of buildings in its inventory, and disposing of unnecessary buildings. Between 2001 and 2005, occupancy rates increased in Federal owned-space from 90.6 percent to 93.2 percent. GSA was able to increase the occupancy rates by enhancing systems to match available vacant space with tenant needs and by disposing of unnecessary buildings and reducing disposal time. In 2005, GSA disposed of 27 surplus properties, exceeding its target of 15.
- The Department of Veterans Affairs (VA) is reducing vacant space, disposing of properties, and working to reduce facility maintenance costs. Within the last year, vacant space at VA declined 15 percent. VA also disposed of or demolished 16 non-mission critical properties. VA expects to realize additional cost savings through campus consolidations, building enhancements, and demolitions.

INCREASING EFFICIENCY

The Administration is particularly focused on how much is spent to achieve the desired results. All programs are developing and using efficiency measures to deliver more for the same amount of money.

- By replacing manual inspection sites with fully automated weather and water supply data collection, the Department of Agriculture's Natural Resources Conservation Service reduced the unit cost of producing water supply forecasts in the western United States from \$1,011 to \$890 per forecast in 2005. This savings allowed the agency to increase the number of forecasts from 11,281 to 15,356 and to provide more timely and accurate information on potential spring and summer stream flows from melting snow packs.
- The Small Business Administration increased the number of loans guaranteed under its small business guaranteed loan program by 95 percent while at the same time reducing the costs of guaranteeing a loan from \$3,545 in 2002 to \$559 in 2005. It accomplished this by streamlining the delivery system, introducing an Internet loan origination solution, and reducing the program's credit subsidy cost to zero.
- By using technology such as the "e-designate" pilot—a paperless, electronic offender transition process that allows the courts, U.S. Parole Commission, U.S. Marshals, Bureau of Prisons, and Immigration and Customs Enforcement to move paperwork electronically between offices and agencies—the Department of Justice's Office of the Federal Detention Trustee has reduced the amount of time offenders in Arizona spend in detention awaiting trial, sentencing, or assignment to a Federal prison from 147 to 118 days. This results in savings of \$28 million annually.

Agencies are also reducing costs through strategic sourcing, the collaborative and structured process of critically analyzing an agency's spending to leverage buying power within and among agencies.

- The Department of Homeland Security determined that it could achieve significant savings in its acquisition of express mail and package delivery service and entered into a departmental contract that will reduce costs for these services by 37 percent.
- Consolidation of contracts for cell phone service has saved the Internal Revenue Service nearly 20 percent (close to \$1 million) in just the first year of its restructured contract.

ELIMINATING IMPROPER PAYMENTS

Agencies are improving the accuracy of Federal payments by ensuring that dollars are properly accounted for and are going to the right person in the right amount.

- The Government-wide improper payments total dropped approximately \$7.5 billion from last year's total of \$45.1 billion. The 17-percent reduction was largely the result of advances in the Medicare program. This program reduced improper payment dollars from \$21.7 billion to \$12.1 billion by strengthening documentation requirements to support payment claims. Payments that were previously considered improper due to lack of proper justification now have appropriate documentation and are known to be accurately paid.
- By promoting best practices and simplifying the program, the Department of Agriculture has reduced improper Food Stamp payments by \$1.4 billion over four years since 2000, and reported a 5.88 percent improper payment rate in June 2005, the lowest in the program's history.
- In 2005, improper unemployment insurance payments were reduced by approximately \$600 million. Implementation by the States of the National Directory of New Hires cross-match program over the next two years will allow them to ensure that people who have returned to work no longer collect unemployment benefits, providing an additional tool to reduce improper payments.
- By expanding and strengthening its income verification program, the Department of Housing and Urban Development reduced gross improper rental assistance payments by over 60 percent since 2000—from \$3.2 billion improper payments in 2000 to \$1.3 billion in 2004.
- After conducting internal reviews of agency-wide commercial payments, the Department of Defense recovered \$414.9 million in incorrect payments from a possible recovery total of \$469.5 million, a nearly 90-percent success rate.

USING COMPETITION TO REDUCE COSTS

Agencies are determining the most effective and efficient way to perform commercial tasks and developing tools to track implementation and ensure results are realized. Competitive sourcing (i.e., public-private competition) motivates Federal employees to propose more efficient ways of performing their commercial-oriented activities, while making it possible for contractors to offer new ways of performing these functions—all of which promotes taxpayer savings and better government management. Savings continue to increase as more competitions are completed and cost control is brought to a larger number of Government tasks, including technology support, financial services, human resources, and logistics.

Competitions completed in 2003, 2004, and 2005 will save taxpayers more than \$5.2 billion. These savings, most of which is expected over the next three to five years, are being generated through operational consolidations, better use of technology, and other re-engineering efforts.

- The Federal Aviation Administration (FAA) is dramatically improving the delivery of flight services—such as in-flight weather briefings, flight planning and emergency assistance—to general aviation pilots, and saving taxpayers \$2.2 billion. These improvements are the result of a public-private competition completed in 2004 that allowed FAA to select a contractor who will replace antiquated systems and labor intensive processes with state-of-the art technology, modern facilities, and high-quality customer service.
- The National Aeronautics and Space Administration (NASA) used public-private competition to consolidate human resources, procurement, financial management, and information technology activities performed at 10 NASA centers to one shared services center. The elimination of redundant systems and processes will improve efficiency and reduce agency costs by more than \$40 million over 10 years.

Most competitions have been won by Federal employees and have not required large scale reductions in the Federal workforce. For those who are affected by the competition process, agencies have made concerted efforts to reassign employees to priority programs within the agency, employ them with another Federal agency, or have them shifted to the payroll of the winning contractor.

The Administration continues to work with the Congress to remove legislative restrictions on competitive sourcing, such as those that require agencies to choose the cheapest providers. While cost will always be a key consideration in every decision, agencies must be able to look at innovative solutions and enhanced services that can provide better value to the taxpayer. Elimination of these legislative constraints will allow taxpayers to get the best results possible from competitive sourcing.

STRENGTHENING FINANCIAL MANAGEMENT

To ensure managers have the current and accurate financial information they need to make timely and well-informed decisions, we are managing our finances with more discipline, to a degree that was considered unattainable several years ago.

- 2005 was the first year that all 24 major agencies subject to the Chief Financial Officer (CFO) Act submitted their Performance and Accountability Reports by November 15th, only 45 days after the end of the year. This is a significant improvement from the five months it took agencies to submit these same reports in 2001.
- Nineteen of the 24 CFO Act agencies received unqualified audit opinions for 2005, an increase of two from 2001.
- Improvements in Federal financial management practices have increased the reliability of data, as shown in the decrease in auditor-reported material weaknesses, from 57 in 2001 to 48 in 2005.

The Federal Government, as one of the world's largest lenders, will work to improve how it manages its credit programs. At the end of last year, the Government had \$247 billion in direct loans outstanding, and over \$1.5 trillion in loan guarantees; administrative costs for the five largest agencies' programs total over \$1 billion per year. Through the new Improved Credit Management initiative, agencies will strengthen the way they award and service loans, manage their portfolios, and collect their debt. This initiative will be supported by the Federal Credit Council, consisting of representatives from the participating agencies and the Office of Management and Budget. The Council will work to find ways to lend, or guarantee private loans, at the lowest risk and cost to the taxpayer, while still achieving program goals. Anticipated results of this initiative are savings on the nearly \$70 billion delinquent debt portfolio, improved efficiency, and lower cost of doing business.

MANAGEMENT SCORECARDS

With the help of the President's Management Agenda, agencies have become more disciplined and results-oriented about the way they manage their programs, people, costs, and investments. For each management area, agencies identify clear goals and timeframes. They develop plans, identify responsible individuals, and apply resources to achieve these goals. An agency earns green status when it has successfully achieved all the desired disciplines in the initiative.

All agencies have shown steady improvement in achieving the overall goals of the President's Management Agenda. While 85 percent of the status scores were red on the first scorecard, today more than 75 percent of status scores are green or yellow.

Explanation of Status Scores

Green—Agency meets all the Standards for Success.

Yellow—Agency has achieved intermediate levels of performance in all the criteria.

Red—Agency has any one of a number of serious flaws.

Explanation of Progress Scores

Green—Implementation is proceeding according to plans agreed upon with agencies.

Yellow—Slippage in implementation schedule, quality of deliverables, or other issues requiring adjustment by agency in order to achieve initiative on a timely basis.

Red—Initiative is in serious jeopardy. It is unlikely to realize objectives absent significant management intervention.

The most recent scorecard as of December 31, 2005, follows. Quarterly scorecards are also available at www.results.gov. A discussion of each agency's implementation of the President's Management Agenda is included in the relevant agency chapter of this volume.

Executive Branch Management Scorecard

Current Status as of
December 31, 2005

Progress in Implementing President's
Management Agenda

	Human Capital	Com-petitive Sourcing	Financial Perf.	E-Gov	Budget/ Perf. Integration	Human Capital	Com-petitive Sourcing	Financial Perf.	E-Gov	Budget/ Perf. Integration
Agriculture	●	●	●	●	●	●	●	●	●	●
Commerce	●	●	●	●	●	●	●	●	●	●
Defense	●	●	●	●↑	●	●	●	●	●	●
Education	●	●	●	●	●	●	●	●	●	●
Energy	●	●	●↘↘	●	●	●	●	●	●	●
EPA	●	●	●	●↑	●	●	●	●	●	●
HHS	●	●	●	●	●	●	●	●	●	●
DHS	●	●	●	●	●	●	●	●	●	●
HUD	●	●	●	●↑	●	●	●	●	●	●
Interior	●	●	●	●	●	●	●	●	●	●
Justice	●	●	●	●↑	●	●	●	●	●	●
Labor	●	●	●	●	●	●	●	●	●	●
State	●	●	●	●	●	●	●	●	●	●
DOT	●	●	●	●↓	●	●	●	●	●	●
Treasury	●↑	●	●	●↑	●	●	●	●	●	●
VA	●	●	●	●	●	●	●	●	●	●
AID	●	●	●	●↑	●↑	●	●	●	●	●
Corps	●	●	●	●	●	●	●	●	●	●
GSA	●	●	●↘↘	●	●	●	●	●	●	●
NASA	●	●	●	●↑	●	●	●	●	●	●
NSF	●	●	●	●	●	●	●	●	●	●
OMB	●	●	●	●	●	●	●	●	●	●
OPM	●	●	●↑	●	●	●	●	●	●	●
SBA	●	●	●	●	●	●	●	●	●	●
Smithsonian	●	●	●↑↑	●↑	●	●	●	●	●	●
SSA	●	●	●	●	●	●	●	●	●	●

Arrows indicate change in status since evaluation on September 30, 2005.
Double arrows indicate that the status rating was either upgraded from red to green or downgraded from green to red.

Program Initiative Scorecard

Initiative	Status	Progress
Faith-Based and Community Initiative:		
Agriculture.....		
Commerce.....		
Education.....		
HHS.....		
HUD.....		
Justice.....		
Labor.....		
VA.....		
AID.....		
SBA.....		
Real Property Asset Management:		
Agriculture.....		
Defense.....	↑	
Energy.....		
HHS.....	↑	
DHS.....		
Interior.....	↑	
Justice.....	↑	
Labor.....		
State.....		
DOT.....	↑	
VA.....		
AID.....	↑	
Corps.....		
GSA.....	↑	
NASA.....		

Program Initiative Scorecard—Continued

Initiative	Status	Progress
Eliminating Improper Payments:		
Agriculture.....		
Defense		
Education.....		
HHS.....		
HUD		
DHS.....	↑	
Labor.....		
DOT.....		
Treasury.....		
VA	↑	
EPA.....		
NSF	↑↑	
OPM.....		
SBA		
SSA.....		
Privatization of Military Housing.....		
R&D Investment Criteria		
Housing and Urban Development Management and Performance.....		
Broadening Health Insurance Coverage through State Initiatives.....		
A “Right-Sized” Overseas Presence.....		
Coordination of VA and DOD Programs and Systems.....		