

MANAGING FOR RESULTS

It's important to set clear goals and to set priorities for the dollars we spend.... It's important to measure results so that we know we're doing our job. It's also important to measure results to determine whether or not the taxpayers' money is being spent wisely.... And when we find wasteful spending, we work to eliminate it. When we find a program that is making a significant difference, we work to enhance it.

President George W. Bush
October 13, 2006

Through the implementation of the President's Management Agenda (PMA), launched in 2001, Federal employees are successfully addressing the Government's most serious management challenges and making programs more effective and customer-focused for taxpayers. The areas of Government-wide emphasis are those long-recognized as essential to an effective Government: Strategic Management of Human Capital; Competitive Sourcing; Improved Financial Performance; Expanded Electronic Government; and Budget and Performance Integration. The strategy ensures the following conditions exist and endure at each Federal agency:

- Clear, specific performance goals—for individuals, projects, programs, and agencies—to help direct management efforts;
- Systems of accountability to motivate better performance; and
- Skills, disciplines, and information needed to achieve performance goals.

Each PMA initiative focuses on establishing specific management disciplines, and many agencies have developed solid management skills as a result. The Government's next challenge is to ensure these skills and disciplines translate into improved program performance. Implementation of the PMA has created significant opportunities for increased efficiency and effectiveness. The goal of Executive Branch leaders is now to use these opportunities to produce sustained results for the American people.

PERFORMING BETTER

The Administration has systematically reviewed the performance of nearly all its programs using a consistent methodology called the Program Assessment Rating Tool (PART). These reviews have helped ensure that all programs have clear, specific definitions of success; performance measures to track that success; and concrete improvement plans.

- Eighty-two percent of programs established or clarified their long-term and annual performance goals to focus on the outcomes that are important to the American people.
- Eighty percent of programs are achieving their performance goals.
- Ninety-two percent of programs are measuring their efficiency, a relatively new activity for Government programs.
- Sixty-nine percent of programs are improving efficiency annually.
- Fourteen percent of programs improved their performance rating overall.



Program reviews have helped increase accountability for results by giving the American people easy access to information about the performance of all Federal programs. Visitors to *www.ExpectMore.gov* can learn where the Government is successful, where it falls short, and in both situations, what Government programs are doing to improve their performance every year. They can also search for areas of interest and compare the performance of like programs.

To improve the results of Executive Branch programs, the Administration transmitted to the Congress the Government Reorganization and Program Performance Improvement Act in June 2005. The proposed Act would create 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 to improve agency and program performance and reduce unnecessary cost for taxpayers.

IMPROVING HUMAN CAPITAL MANAGEMENT

Increasing Government effectiveness depends on increasing the effectiveness of Federal workers. As part of the PMA, agencies are reforming their performance appraisal systems to make them more useful to employees. Managers and employees are working together to develop clear goals for each individual employee that provide meaningful feedback on performance. This effort will increase understanding of how individuals' efforts contribute to agency achievements and help managers and employees devise strategies to improve performance. These enhanced appraisal systems are being tested at agencies and modified and expanded based on lessons learned.

Agencies are also working to identify the critical skills their employees need to achieve their agencies' missions and to ensure that their workforce has those skills. Since 2001, agencies have used hiring and training to reduce the gaps in these skills from five percent to one percent. The goal is to close all of the Government's key employee skills gaps by 2008.

Government-wide standards are in place to reduce the time it takes to make offers to and hire applicants for Federal jobs. The Government-wide average hiring time is now 34 days. Agencies are using data from surveys of applicants and managers to make further improvements that will help expedite the process for hiring high-quality employees.

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 applicable to 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. The reforms in the legislation, which have been developed by agencies' Chief Human Capital Officers in conjunction with lawmakers, are based on lessons the Government has learned implementing alternative pay systems over the past 25 years, and focus on creating a better system that attracts a motivated and capable workforce. The Administration will

work with the Congress to enact this legislation to enable the Government to make better use of its human capital resources and produce better results for the American people.

USING INFORMATION TECHNOLOGY MORE EFFECTIVELY

By strategically investing in information technology (IT) and professionally managing those investments, agencies are positioned to more rapidly, securely, and comprehensively provide information resources to Government users and the public. The PMA has helped agencies establish the disciplines that enable them to use their IT more effectively.

- Today 88 percent of IT systems are certified and accredited as compared to 21 percent in 2001. The goal is to make 100 percent of these systems secure by 2008.
- Sixty percent of agencies can quantify and articulate how the benefits derived from their IT investments exceed the costs.
- Forty-six percent of agencies have fully implemented earned value management in accordance with industry standards and on average are achieving at least 90 percent of cost, schedule and performance goals for all major IT systems.

Federal agencies have also improved citizens' online access to information, services, and benefits through the implementation of Electronic Government (E-Gov) projects. For example, citizens have a single online source for determining eligibility for Government benefit programs (*www.GovBenefits.gov*), viewing and commenting on proposed rules and regulations (*www.Regulations.gov*), and filing taxes online for free (*www.irs.gov*).

Additionally, through the consolidation of duplicative services and systems, E-Gov is streamlining agency business processes and saving taxpayer dollars. For instance, through use of an E-Gov Travel service provider, the Department of Labor has reduced average travel voucher processing costs from approximately \$60 to \$20 per travel voucher and has decreased average travel voucher processing time from seven to three days per voucher.

Moving forward, agencies will continue to use the Federal Enterprise Architecture, a business-driven blueprint for Government transformation, to reduce redundancy; facilitate information sharing across the Federal Government and with State and local governments; and maximize IT investments to better achieve mission outcomes.

IMPROVING FINANCIAL AND REAL PROPERTY MANAGEMENT

To ensure managers have current and accurate financial information for decision-making, and that the Federal Government properly accounts for taxpayer resources, agencies have strengthened their financial management practices.

- Agencies have established regular, disciplined accounting practices that allowed them to reduce the time it takes to prepare their financial reports. In 2006, for the second straight year, every major Federal agency completed its Performance and Accountability Report just 45 days after the end of the fiscal year.
- At the same time, agencies have improved the quality of their financial reporting. Nineteen out of 24 major agencies earned clean audit opinions and agencies reduced the number of material weaknesses reported from 62 in 2001 to 41 in 2006. The goals for 2008 are for 21 agencies to earn clean audit opinions and to reduce material weaknesses to 31.
- Agencies have also established for the first time ever a comprehensive inventory of all the Government's real property assets, and identified and disposed of the first \$4.2 billion of \$15 billion in unneeded property. They aim to dispose of an additional \$3.6 billion by 2008.

USING COMPETITION TO GET TAXPAYERS THE BEST SERVICE AT THE LOWEST COST

Federal managers of commercial activities—such as IT support, accounting, and logistics—continue to use public-private competition to make common-sense decisions about whether our taxpayers are better served through performance by a reengineered Government organization or, alternatively, by the best qualified contractor. Agencies have projected that competitions completed during the last four years should generate a total of more than \$6 billion in savings, or an estimated annualized savings of about \$1 billion, through process reengineering, workforce realignments, better leveraging of technology, and operational consolidations. Agencies are tracking the implementation of their competitions to ensure results are realized. They already have identified close to \$1 billion in actual savings and cost avoidances that enable resources to be focused on better Government services, such as directing air traffic and improving disability claims processing.

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 would allow taxpayers to get the best results possible from competitive sourcing.

New and better ways of delivering service to taxpayers will continue to be identified as agencies complete more competitions and bring cost control and performance efficiencies to a larger number of daily tasks. Most Federal agencies on the President's Management Council have successfully used competition to improve performance at their respective agencies. When fully implemented, competitive sourcing will save taxpayers more than \$6 billion each year.

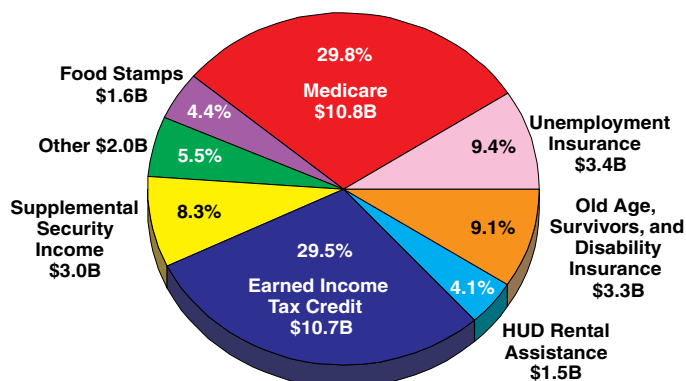
ELIMINATING IMPROPER PAYMENTS

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 correct amount. Federal agencies have reduced improper payments in the programs originally reported in 2004 from \$45.1 billion to \$36.3 billion in 2006, a decrease of approximately 20 percent over two years. When improper payments were originally reported in 2004, only 30 programs estimated and reported the extent of their erroneous payments. Today, as a result of the Improper Payments Initiative, 30 additional programs report their erroneous payments, and by 2008, all major Federal programs defined as high-risk will report error measurements.

- The Department of Housing and Urban Development (HUD) continued to reduce improper payments in its rental assistance and public housing programs. As reported in the 2006 Performance and Accountability Report, \$2 billion in annual improper payments have been eliminated since 2001, a 60-percent reduction. A key HUD action to reduce improper payments was the implementation of the Enterprise Income Verification System. This process allows housing administrators controlled access to existing Federal databases to verify amounts and sources of a subsidized household's income, including wages, Social Security benefits, and unemployment insurance benefits. Further improvements are expected as this system is phased in for all housing administrators.

- The Medicare program, for the second consecutive year, achieved a sharp reduction in its improper payment total. Specifically, the Department of Health and Human Services (HHS) reduced payment errors from \$12.1 billion (5.2 percent) in 2005 to \$10.8 billion (4.4 percent) in 2006. This amounts to a total reduction of more than \$10 billion in improper payments since 2004. These reductions are due primarily to improved documentation of paid medical claims.
- The Department of Agriculture, for the seventh consecutive year, reduced the error rate for the Food Stamp program. The latest error rate of 5.8 percent was achieved through program simplification and improved State administrative practices.
- The Social Security Administration's Old Age, Survivors, and Disability Insurance program significantly reduced erroneous payments.
- All remaining major Federal programs defined as high risk that are not currently reporting a measurement are now on track to report an error measurement. The School Lunch/Breakfast Program will report in 2007, and four HHS programs—Medicaid, Temporary Assistance for Needy Families, State Children's Health Insurance, and the Child Care Development—will be fully reporting by 2008.

Improper Payments Reduced to \$36.3 Billion



NOTE: Includes data for the 30 programs that originally reported in 2004.

USING MANAGEMENT SCORECARDS TO DRIVE RESULTS

With the help of the PMA, agencies have become more disciplined, transparent, and results-oriented in their management of 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. Each initiative has a set of goals that all agencies strive to achieve and these are measured through a scorecard with red, yellow, and green ratings. An agency earns the top green status when it has successfully achieved all the desired disciplines in the initiative. Agencies also receive progress scores that assess how well they are implementing their planned improvements. Each quarter, a scorecard is posted at www.whitehouse.gov/results/agenda/scorecard.html reporting on agency PMA implementation efforts.