As usual, I'm forwarding you the PMA e-newsletter for February. With the release of the President's '05 Budget and new PMA scorecards, there's a ton of news this month.

Also, I want to remind you of the most comprehensive performance management event of the year…… the 2004 Government Performance Summit (see details below). It's only a couple of weeks away. Do you plan to attend or send someone from your office?

Let me congratulate the Office of Personnel Management and the Energy Department for their efforts in implementing the PMA. They are the only agencies that received yellow or green lights in every PMA area.

-Carl DeMaio



February 2004

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Government-wide News

Agencies are Taking Ownership and Making Progress with the President's Management Agenda

Overall, the latest scorecard ratings show that agencies got off to a good start in the first quarter of fiscal 2004. Agencies are taking ownership of the president's management agenda to make lasting management improvements. OMB's quarterly scorecard tracks agencies' success at implementing each of the five areas outlined in the president's management agenda. The latest scorecard contained eight green lights, 54 yellow lights and 68 red lights. In contrast, OMB's first scorecard, released in February 2002, showed only one green light, 19 yellow lights and 110 red lights. The Office of Personnel Management and Energy Department were the only two agencies that managed to receive yellow or

green lights in every category, and should serve as examples to the other 24 agencies. Energy received five yellow lights, while OPM earned four yellows and moved up to a green on the e-government section. To view the latest scorecard go to:
http://www.results.gov/agenda/scorecard.html

Congressional Budget Office Forecasts 10-Year Deficits

The Congressional Budget Office projected that federal deficits will total nearly $2.4 trillion over the next decade, a worsening of nearly $1 trillion since its last forecast in August last year. It also found that the deficit would hit a record $477 billion this year. On a positive note, the report envisions next year's shortfall dipping to $362 billion. All the congressional projections assume the president and Congress will not cut taxes or increase spending. To view this article go to:
http://www.federalnewsradio.com/index.php?nid=78&sid=15314

Harvard to Award Government Programs for Innovation

From a pool of nearly 1,000, 50 best and brightest government programs were selected as semifinalists, for Harvard University's John F. Kennedy School of Government's awards for innovation. Programs run by government at all levels are competing for the Innovations in American Government Awards, five grants of $100,000 each, for being the most creative, forward-thinking and results-driven. Harvard will announce the winners July 28. Judges made their choices based on novelty, effectiveness in addressing important problems, significance and the potential for replication by other government entities. To view this article go to:
http://www.gcn.com/vol1_no1/daily-updates/24783-1.html



Featuring Six Tracks:
- Implementation Updates from All Five PMA Initiative Owners
- Measuring and Communicating Performance Results
- Town Hall Dialogues on Management Challenges
- Budgeting for Results
- Achieving Cost Efficiencies
- Leading Performance-Based Change

Featuring Keynote Addresses from:
- Elaine Chao, Secretary of Labor
- Clay Johnson, OMB Deputy Director of Management
- Kyle McSlarrow, Deputy Secretary of Energy

- Tom Feeney, US Representative

With the continued implementation of the President's Management Agenda (PMA), Federal managers and employees have been called upon to "institutionalize" Performance management reforms in their agencies. The PMA–now in its third year–has been the focal point of management reform in the federal government. And come July 2004, each agency will be asked to demonstrate tangible results for the American taxpayer under the Administration's "Proud-to-Be" Milestones.

The federal management improvement agenda has never been more robust–and best practices are emerging across government on how to design and implement management reforms. To access these best practices and to share your perspectives on the management reform agenda, you are invited to attend the fifth annual Government Performance Summit, being hosted March 3-5, 2004 in Washington, DC. The event boasts a "who's who" agenda of management reform leaders…from the Administration, Congress and leading federal agencies…and is filled with the latest government management innovations.

Stay Ahead of New Legislation, New OMB Circulars, and New Methodologies

The Government Performance Summit will provide a complete update on how your program can meet new management reform mandates unveiled in the past year. The Summit features an "implementation update" from the PMA Initiative Owners. Moreover, the Summit provides comprehensive coverage of new legislation passed by Congress in the past year, as well as various circulars, rules and regulations finalized by OMB and the Office of Personnel Management–covering everything from payment errors and IT budget justifications to competitive sourcing and employee performance evaluations.

Plan, Measure, Manage, and Budget...For Results!

Significant progress is being seen in the development of performance measures and the performance management capacities in the federal government. The Government Performance Summit provides comprehensive coverage of the latest innovations in performance management in government–from measuring outcomes to using management reforms to improve efficiencies and results. Moreover, two full tracks of the Summit are designed to help your program with the Program Assessment Rating Tool (PART)–the budget rating system used by the Office of Management and Budget (OMB) to evaluate performance management in each federal program.

Learn How to Lead Performance-Based Change

The management reforms mandated by the PMA must be viewed and implemented using an integrated approach in order to be truly successful. The barriers and 'silos' that have for too long separated the management functions of finance, acquisition, human resources, policy, planning, budget and technology must be broken down and their approaches coordinated. The Government Performance Summit will examine how to best bring those functions together into a cohesive, strategic approach to federal agency management. In addition, sessions will provide "how-to" advice from the front lines on designing and implementing management reform initiatives. The 2004 Government Performance Summit offers agencies the opportunity to master new approaches to federal management and to deliver improved and tangible results. Ensure your agency is well represented at this timely event by registering your agency today!

For more information go to:

http://www.governmentperformance.org/summit04/

Budget and Performance Integration

President's FY05 Budget Delivers Big Dividends on Performance Budgeting

With the release of the President's '05 budget, the federal government took another bold step towards a comprehensive "performance budgeting" system for the federal budget. As a result, 13 federal programs were eliminated saving over $1 billion in federal funds. This proves that the use of performance budgeting offers opportunities to save taxpayers billions. Carl DeMaio, president of the Performance Institute, noted that "performance budgeting is finally paying dividends for taxpayers." He further added "We can credit an Administration that has stuck to its promise to evaluate the performance of federal programs and actually impose positive and negative consequences in the budget based on performance." To view this press release go to: http://www.performanceweb.org/media/04-0202_fy05budget_release.htm

Budgeting by Results

The release of the President's budget continues a dramatic shift toward performance in the federal budget process. Already 40 percent of the federal government's programs have been scrutinized by the Office of Management and Budget's Program Assessment Rating Tool, or PART, and the findings of those studies are having a credible and justifiable influence on the budget. In continuing its commitment, OMB should be recognized for staying true to an initiative that has already been proven a valuable tool for improving government performance. The PART is the reason that performance is finally being used in the budget process. The PART is a methodological, standardized and evidence-based evaluation - offering hard data on whether federal programs are doing what taxpayers are paying for them to do. It investigates the most important aspects of performance… from relevance to results. To view this article go to: http://www.transparentgovernment.org/tg/pioped.htm

House Committee to Study PART as it Relates to GPRA

Lawmakers started holding a series of hearings to examine the effectiveness of the Office of Management and Budget's Program Assessment Rating Tool (PART) in measuring results. The House Government Reform Committee's Government Efficiency and Financial Management Subcommittee will address the relationship between PART, which measures program performance, and the Government Performance and Results Act (GPRA) of 1993 and how they can be better integrated. PART, which assigns each program a grade, tries to address the agency-wide performance issues raised by GPRA, which ties funds to an agency's performance results. The hearings will examine how PART contributes to GPRA, where there may be some overlap in the reporting requirements of the two and how to ensure PART is an effective tool to fulfill GPRA. To view this article go to: http://www.fcw.com/fcw/articles/2004/0126/web-gpra-01-30-04.asp

GAO Evaluates the Use of OMB's Evaluation Tool for the FY04 Budget

The Program Assessment Rating Tool (PART) helped structure OMB's use of performance information for its internal program and budget analysis. It made the use of this information more transparent. Further,

it stimulated agency interest in budget and performance integration. GAO confirmed that one of PART's major impacts was its ability to highlight OMB's recommended changes in program management and design. However, there are great challenges in assigning a single rating to programs having multiple purposes and goals, a common complain from agencies. PART is not well integrated with GPRA–the current statutory framework for strategic planning and reporting. It will be important for OMB to discuss timely with Congress the focus of PART assessments and clarify the results and limitations of PART and the underlying performance information. A more systematic congressional approach to providing its perspective on performance issues and goals could facilitate OMB's understanding of congressional priorities and thus increase PART's usefulness in budget deliberations. To view this report go to: http://www.gao.gov/cgi-bin/getrpt?GAO-04-174

Bush's Plan Proposes Program Cuts to Control Deficit

President Bush, in his FY05 budget proposal, asked lawmakers to control the deficit partly by eliminating 65 federal programs. By cutting these programs, the government could save $4.9 billion in 2005. Some programs have already accomplished their mission, while others are either duplicative or have failed to live up to the White House's expectations. Bush requested funding decreases based on OMB's formal program evaluations for 2005. Of the programs slated for elimination, 13 fared poorly completed using the Program Assessment Rating Tool (PART). Joshua Bolten, director of the Office of Management and Budget, said "if a program is not delivering results to the American people, we're going to be proposing to either fix it or take it out of the budget." Lawmakers will decide during the fiscal 2005 appropriations process whether to grant the Bush administration's request. To view this article go to: http://www.govexec.com/dailyfed/0204/020204a1.htm

2004 Best Practices Forum: Performance-Based Budgeting and PART Simulation (May 3-4, Arlington, VA)

With the release of the Program Assessment Rating Tool (PART) in 2002, the administration established the clear commitment to performance and accountability for federal programs. Providing tangible, evidence-based evaluations in the areas of program purpose, planning, management and results, the PART serves as an aid in the tough budgetary decisions. The FY05 Budget release saw 399 programs scored by the PART, which saw an increase in effective programs, and more accountability for overall results. While this improvement is a good sign, there is a long way to go towards overall performance. Whether your programs have or have not been assessed by the PART, it is imperative that you possess the skills and knowledge to fully explain your program in this questionnaire. This hands-on training will provide you with an overall explanation of OMB's designs for the PART in FY05 and beyond, as well as the PART's integration with past performance mandates, such as GPRA and PMA. Performance-based budgeting requires more than a high program assessment score; it involves implementing a successful framework to fully link resources to results to justify your program's performance. We will apply the Logic Model methodology to define agency mission, outcome goals and intermediate strategies to accomplish those goals. You will then walk through the "Ten Steps to Developing a Performance-Based Budget" and be able to not only align resources to results, but calculate full costs for existing activities. For more information go to:
http://www.performanceweb.org/financial/p194/p194.htm

Improved Financial Management

Timely Financial Information Needed To Track Costs

Managers spend money and deploy personnel without knowing how much those decisions will cost, whether they are getting the results they want from their money, or if they have the money in their budgets to spend. This situation is common across government. Even minor financial decisions can be treacherous if there isn't timely financial information. A lack of detailed financial information has cost NASA program managers millions. Program managers at NASA and other agencies need to be able to quickly understand the impact of seemingly minor changes. There are several reasons why managers lack that information. Many financial systems can't exchange, track or distribute data quickly or at all. Some managers are indifferent about tracking program costs. And the process of developing budgets and getting appropriations is fraught with uncertainty and delay, preventing managers from having a fix on how much money they have to spend. To view this article go to:
http://federaltimes.com/index.php?S=2581168

Managerial Cost Accounting for Government – Measuring, Managing, and Reporting the Full Cost of Government Services (March 22-23, Arlington, VA)

Achieve relevant cost accounting for operational management. Streamline the productivity of your management processes to foster continuous improvement in all levels of your agency. Reduce overhead and administrative expenses. Apply best practices to consolidate your program expenses and reduce operational and administrative costs. Design cost-efficient performance measures. Align financial measurement systems with performance reports to effectively manage cost information and achieve the objectives of your organization. Integrate cost-efficient processes across government functions. Communicate cost savings and efficiencies across management silos to ensure proper allocation, management and accounting of resources. For more information go to:
http://www.performanceweb.org/performancemanagement/P229/P229.htm

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Strategic Management of Human Capital

Providing Performance-Based Flexibilities to Improve Recruitment in Government

The House Committee on Government Reform Subcommittee on Civil Service and Agency Organization is considering legislation (HR 1601 and S129) to provide federal agencies more flexibility in setting pay rates for employees, providing bonuses for recruitment and retention, and improving the management of training. The proposed legislation has noble and worthy objectives. However, Carl DeMaio's testimony before the Committee proposed refinements to the proposed legislation. His recommendations were based on a research report done by the Performance Institute titled "Strategic Recruitment for Government" that catalogues best practices in recruitment in government from a survey of all major federal agencies. The legislation only addresses two of the 10 innovative practices outlined in the report. While legislation need not address all 10 (indeed for many of the 10 practices, legislative action is not required) some amendments were suggested. To view this testimony go to:
http://www.performanceweb.org/media/04-0211_hgrc_testimony.htm

GAO Identifies Lessons Learned in Designing Training and Development Programs

GAO identified important lessons learned from five federal agencies' experiences in designing training and development programs for their employees that could be useful to other agencies facing similar challenges. The agencies used a variety of approaches to assess current and future skill requirements, such as implementing workforce planning models and conducting knowledge and skills inventories. The agencies considered a mixture of delivery mechanisms, as well as potential sources for training and development opportunities. However, projecting costs and benefits of proposed training and development programs presented challenges for them. Overall, agencies relied primarily on participants' end-of-course evaluations, but they are beginning to use more comprehensive evaluation approaches, including limited use of return-on-investment analysis techniques. To view this report go to:
http://www.gao.gov/cgi-bin/getrpt?GAO-04-291

Strategic Workforce Planning Needed at SSA to Address Human Capital Challenges

The Disability Determination Service (DDS)- part of the Social Services Administration (SSA)- faces three key challenges in retaining examiners and enhancing their expertise, according to a recent GAO study. These are: high turnover, recruiting and hiring difficulties, and gaps in key skills. Examiner turnover was about twice that of federal employees performing similar work. Most DDS directors said they had difficulties over a three-year period in recruiting and hiring examiners. These difficulties contributed to increases in claims-processing times, examiner caseload levels, backlogs, and turnover. At least a quarter of examiners need additional training in areas critical to disability decision-making. To view this report go to:
http://www.gao.gov/new.items/d04121.pdf

Management Intern Program Expands To Include Senior Fellows

The Office of Personnel Management proposed that the Presidential Management Intern Program be revamped. Managers would have more options to bring in fresh management talent and more responsibility for training and developing those hired as interns. The program, renamed the Presidential Management Fellows Program, would have two tracks: a fellows program for new hires right out of graduate school, and a senior fellows program for experienced managers to fill higher level management positions. This latter is a new element. It would allow agencies to recruit candidates from within or outside government and assign them to areas where their expertise is needed because of skills gaps or retirement surges. To view this article go to:
http://federaltimes.com/index.php?S=2602553

Massive Brain Drain Forecasted of Senior IT Workers

A remarkable change is occurring in the federal workplace. A new generation of IT workers is realizing opportunities and potential in federal government. There will be a huge turnover in the coming years. Younger people are learning that baby boomers are retiring from the government. In fact, there is plenty of evidence that federal IT shops are changing. There are more workers in their 20s. Recent graduates are looking for job security, a healthy benefits package and career advancement, all of which the federal government offers. The stereotype of government workers being paper pushers punching time clocks no longer exists. However, the requirements are tough. Government employers want the best and brightest students who are at the top of their classes, have straight As and major in IT as undergraduates. In return, younger government workers deliver fresh ideas. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0126/feat-twenties-01-26-04.asp

Human Capital Planning and Workforce Assessment for Government (May 17-18, Arlington, VA)

To ensure your agency is ready for the human capital crisis, The Performance Institute has developed a methodology to craft an effective human capital plan to improve your agency's performance. This is a strategic approach to attract qualified employees. This framework is developed for strategic recruitment that begins with workforce analysis and ends with effective performance measures. It involves conducting a workforce assessment to plan, allocate and manage your human capital, based on your agency's strategic plan and project workforce gaps. Afterwards, you implement a comprehensive workforce planning and management process, aligning your workforce planning to agency mission, create clearly defined end-outcomes and develop strategies to get your agency to green on the President's Management Agenda. For more information go to:
http://www.performanceweb.org/humancapital/p236/p236.htm

Competitive Sourcing

Omnibus Budget Bill Preserves Job Competition Measures

President Bush signed the fiscal 2004 omnibus budget bill on January 23. This ended a season of heated debate over competitive sourcing language in budget bills. The legislation remains unchanged from a controversial compromise version of the bill completed in late November 2003. In that version, the White House convinced House-Senate negotiators to remove language that would have granted federal employees and union representatives the right to protest job competition decisions before the General Accounting Office. In addition, the spending package Bush signed into law sets multiple standards for running streamlined public-private job competitions where 10 to 65 positions are at stake. Agencies covered by the Transportation-Treasury section of the bill have different rules than those receiving funds from the other six appropriations measures wrapped into the omnibus. To view this article go to:
http://www.govexec.com/dailyfed/0104/012604a2.htm

Energy Workers Win Job Competition

In a public-private job competition involving 181 financial services jobs, workers at the Energy Department retained their jobs. Energy officials evaluated bids using new "best value" criteria included in OMB's Circular A-76. This evaluation method gives less weight to cost and puts more emphasis on technical innovation. The in-house team won by agreeing to eliminate 63 positions and restructure its operations. Accounting work done at 15 offices nationwide will move to two centers in Maryland and Tennessee. Energy officials predict that the new accounting organization will save $31 million over five years. To view this article go to:
http://www.govexec.com/dailyfed/0104/011604p1.htm

Officials Promote Share-In-Savings Contracting

Share-In-Savings is a contracting initiative that pays vendors from savings that their programs generate for the government. This could be an ideal vehicle for deploying new e-government services. The share-in-savings programs require little or no upfront spending by government entities. The contractors are paid for services only from the savings the programs generate, thus the contractor assumes all the risk and

has a great incentive to achieve results. A 2002 e-government law gave federal agencies the incentive to deploy the programs by allowing them to keep unused funds saved from the programs. To view this article go to:
http://www.govexec.com/dailyfed/0104/012204tdpm1.htm

Developing Most Efficient Organizations - Plan and Implement a Winning MEO for Government Competitions (March 25-26, Arlington, VA)

Competitive sourcing should no longer be considered a trend in government acquisition. New laws and mandates have established an altered acquisition environment that will remain well into the future. Threatening myths surrounding the competitive sourcing initiative forecast the elimination of government jobs. The fact is, job competitions are won by the government Most Efficient Organization (MEO) more than 50 percent of the time, but agencies still lack adequate training to improve their chances in competitions. This event is designed to take you through a successful model for designing and implementing an MEO, as well as address the latest legislative updates and key strategies. For more information go to:
http://www.performanceweb.org/contracting/C134/C134.htm

Competitive Sourcing in Government - Three Options for Understanding and Developing Agency A-76 Job Competitions (April 19-20, Arlington, VA)

Competitive sourcing and government-wide acquisition have dramatically changed in the past year due to the revisions of OMB Circular A-76 and new procurement legislation. With the most recent developments, agencies are now facing changed rules and regulations regarding public-private job competitions and need to acquire the proper training in order to successfully fulfill their responsibility in the job competition process. The Performance Institute has come up with three options to help agencies meet the challenges and requirements of the A-76 process: training forums, in-house facilitation sessions, and implementation services. PI sponsors two-day, comprehensive training events that are open to all agencies and feature the latest updates and showcase best practices from the competitive sourcing initiative. Many agencies prefer to have a customized, in-house session to walk their team through the A-76 process using one of their own case examples. The Institute also offers expert and proficient competitive sourcing consulting services to develop agency job competitions from beginning to end. These three options are different, yet effective ways to achieve success in competitive sourcing. For more information go to:
http://www.performanceweb.org/contracting/C135/C135.htm

Expanded E-Government

GAO Finds Mixed Progress Implementing Capital Planning Principles

GAO found that four agencies have had mixed success with implementing the planning phase principles found in OMB's Capital Programming Guide and GAO's Executive Guide. The agencies' capital planning processes generally link to their strategic goals, and they all consider a range of alternatives to bridge an identified performance gap. Most have established processes to review and select from competing project proposals. However, case study agencies have had limited success with using agency-wide asset inventory systems and data on asset condition to identify performance gaps. Also, none of them prepares an agency-wide long-term capital investment plan. Some have long-term capital planning documents that

could serve as a base for development of a comprehensive agency-wide plan. While two case study agencies indicated plans to develop agency-wide asset inventories and condition data, only one plans to develop a comprehensive agency-wide long-term capital plan. To view this report go to: http://www.gao.gov/new.items/d04138.pdf

OMB Evaluates Federal Enterprise Architecture Practices

The Office of Management and Budget is examining how well agencies use the federal enterprise architecture to drive investments to identify best practices. In the coming year, OMB will determine goals for the federal enterprise architecture at the agency level. The fiscal 2005 budget process showed how closely agencies follow the architecture for their information technology investments. For example, agencies did a good job using the performance reference model, one of five models defined in the architecture, to define performance metrics. The evaluation also revealed that many agencies share metrics, signaling areas for potential collaboration, a driving force behind the architecture. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0126/web-architecture-01-28-04.asp

OPM Gets To Green on E-Gov Score

The Office of Personnel Management (OPM) joined the National Science Foundation in earning a green score for e-government on the President's Management Agenda. OPM's improvement is directly attributed to IT security. OPM really moved forward with a comprehensive IT security plan. The agency certified and accredited at least 80 percent of its systems. Overall, e-government scores remained fairly stagnant, with the Transportation Department and the General Services Administration joining OPM as the only agencies to improve their scores. Transportation and GSA moved to yellow from red. IT security remains a weakness among agencies, with between 60 percent and 65 percent of all IT systems certified as secure. To view this article go to:
http://www.gcn.com/vol1_no1/daily-updates/24789-1.html

2004 Summit on Project Management in Government – Acquire the Latest Project Management Innovations for your Agency (March 8-10, Arlington, VA)

In order to succeed in project management, managers need to understand the existing principles, methods and tools of project management, as well as the processes that have proven to be successful in other agencies and complex contracting and outsourcing processes. Join us in Arlington and for two days concentrate on developing the basic and advanced skills needed to manage a project in a structured and performance-based environment. Currently there is a growing viewpoint that government project managers should be both full-time and certified, acknowledging the lack of fundamental project management skills. This is partly due to the fact that government programs of all types are being held accountable for their performance and streamlined allocation of funds and resources in these fiscally tight times, all the way down to the project management level. Whether your interest is measuring and evaluating performance in your project management practice, or the development of policies and protocols to track and manage projects and organizational change, this summit promises to be a valuable opportunity for a peer-to-peer exchange of ideas that focuses on leading strategies and best practices among project management specialists. For more information go to:
http://www.performanceweb.org/performancemanagement/P203/P203.htm

Agency Spotlight: Department of Energy

The latest scorecard form OMB shows that DOE was one of the two agencies that managed to receive yellow or green lights in every area of the PMA. DOE recognizes that accountability to the American people is a basic tenet of the government. The Department is committed to improving its management and is taking steps by implementing the President's Management Agenda to ensure that program management helps achieve program goals.

The Department reports actual performance against set targets annually in the Performance and Accountability Report. This report provides the basis for evaluating the Department's progress toward the strategic goals. Each year, the Department will adjust the strategies, as necessary, based on actual performance, the current resources available, and updated national, energy, and economic outlook. This will ensure that the Department is continuously fulfilling its mission to protect national, economic, energy security with advanced science and technology.

Budget and Performance Integration

DOE's annual budget justification is based on projected performance for the requested funding. Beginning with the budget for fiscal year 2005, the Department will incorporate its annual performance plan into the budget presentation and justification of its programs. The Department issued a new strategic plan in September 2003 and developed a 2005 performance budget that fully aligns funding with its goals. Improvements were made to make performance goals, targets, and measures results driven, quantifiable or outcome oriented, and adequately integrated with budgets and decision making processes. Departmental performance measure criteria have been established, formal training implemented, performance tracking software with expanded analytical capabilities implemented, a five-year program/budget review formally considering performance completed, and the Office of Management and Budget's Program Assessment Rating Tool evaluating the effectiveness of programs implemented. The Department's success in addressing these issues has been recognized, and performance management has been removed from a list of management challenges facing the Department.

Improved Financial Management

For the fifth consecutive year, the Department's 2003 financial statements received an unqualified audit opinion. This demonstrates our commitment to maintaining sound financial practices and reliable financial information to support management decision-making. We have also completed our evaluation of the Department's management controls as required by the Federal Managers' Financial Integrity Act. The purpose of this evaluation is to identify any material weakness that places the overall control system at risk. No such weakness was identified in the Department for fiscal year 2003. In addition, we have evaluated our financial management system as required by the Federal Managers' Financial Integrity Act and the Federal Financial Management Improvement Act, and we find that it generally conforms to governmental financial system requirements. As to erroneous payments, DOE has determined that none of its programs or activities are at risk of significant erroneous payments. The Department's erroneous payment rates for Fiscal Years 2002 and 2003 were below one percent of total payments.

Strategic Management of Human Capital

The Department is executing a Human Capital Management Strategic plan that addresses all human

capital standards and supports mission accomplishment. Completion of all major items is anticipated in 2004. Since 1995, the Department has experienced a 27 percent reduction in the workforce. By Fiscal Year 2000, up to 30 percent of the Department's critical workforce was eligible for retirement within the next five years. Combined with other factors such as lengthy hiring process, the relative age of the workforce, and a variety of incentives to leave Federal service, the decline in staffing has left the Department with a significant challenge. DOE has to reinvest in its human capital to ensure that the right skills, necessary to successfully meet its missions, are available. A Departmental framework for addressing this issue was put in place with the implementation of a comprehensive human capital management strategy; an improved senior executive performance management system; a guide on developing and retaining a highly-skilled workforce; and business visions and workforce plans for all major offices. Individual offices are now right-sizing to address their specific needs. Environmental cleanup officials began management rotations and succession planning in Fiscal Year 2003 and will reorganize the headquarters office in Fiscal Year 2004.

Competitive Sourcing

The Department initiated private-public competitions involving 1,180 Federal and 1,337 contractor positions, and completed 2 studies involving 21 Federal positions in Fiscal Year 2003. The remaining planned studies will be completed in 2004-05. Improvements are needed in the oversight of contractors managing and operating the Department's facilities. Specific oversight problems have been identified at environmental cleanup sites and laboratories conducting national security and scientific activities. Adequate oversight is needed to assure that contractor operations are effective and efficient. An improved contract administration structure that focuses on performance-based contracts has been put in place and efforts to institutionalize it are ongoing. In Fiscal Year 2003 new strategies for environmental cleanup contracts were implemented. These entail reevaluation and renegotiation to align contract incentives with accelerated cleanup objectives and to incorporate cost-sharing options for ensuring contractor efficiency.

Expanded E-Government

The Department has a Modernization Blueprint Enterprise Architecture and will be using it to ensure information technology investments improve performance. In addition, the Department is making progress in remedying information technology security weaknesses. The Department has a decentralized approach to information technology management, limited control by the Chief Information Officer in the budgeting process, and lack of an information technology baseline to guide management decisions. These problems have impeded the Department's ability to effectively manage its information technology resources. Management of information technology has been strengthened by making the Chief Information Officer a direct report to the Secretary and the primary official for agency information technology issues. A strategic plan targeted at Clinger-Cohen Act reforms has been developed as well as a high level enterprise architecture with an information technology baseline. In 2004, a detailed enterprise architecture, including mandatory standards, will be developed and an agency-wide directive establishing explicit information technology requirements will be issued.

For more information go to:
http://www.doe.gov/engine/content.do

President: Carl DeMaio

Newsletter Editor: Sergio Bonadona

The Implementation Update on the PMA is provided as an informational newsletter to all federal employees about the latest news from the federal government and independent news media about the President's Management Agenda–the Administration's plan to improve performance of government. Should you not wish to continue to receive this newsletter, please reply to this email writing "unsubscribe" in the subject heading, and your email will be taken off our distribution list.

The Performance Institute is a private think tank that serves as the nation's leading authority and repository on performance-based management practices for government organizations. Its mission is to identify, study and disseminate the leading management innovations pioneered by "best-in-class" government programs at federal, state and local levels. Through its national conferences on pressing issues, interactive executive training programs, and best practice research projects, the Institute provides cutting-edge expertise in the design, implementation and evaluation of strategies to solve operational challenges and enhance government performance.