Here is the PMA newsletter for July. The biggest and best news this month comes from the latest scorecard. Agencies have shown the greatest improvement so far in implementing PMA initiatives, especially in the areas of human capital management and budget/performance integration. Special congratulations to the Department of Transportation for getting to green in four of the five initiatives... the first and only agency to achieve this feat!

-Carl DeMaio



July 2004

If you find this newsletter useful and informative, please forward it to your friends and colleagues!

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Government-wide News

Latest Scorecard Shows Greatest Improvement to Date

According to the latest scorecard, federal agencies have achieved the greatest improvement yet on OMB's traffic-light-style system used to rate accomplishments in five areas of management reform. The third-quarter fiscal 2004

score card shows substantial gains overall, containing 27 green lights, 54 yellows and 49 reds. To view this article go to:
http://www.govexec.com/story_page.cfm?articleid=29000&dcn=todaysnews

To view the scorecard go to:
http://www.results.gov/agenda/20040630scorecard.pdf

Lessons Learned About Culture Change at Federal Agencies

Culture change manifests itself in every undertaking that results in new ways of doing things. When agencies modernize IT systems, introduce new forms of procurement, implement HR reforms, and in countless other contexts, agencies will face a culture change. To make a transition as smooth as possible, there are many strategies and techniques that can be used in every case. The common threads include leadership direction and support, and "buy-in" at all levels. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0705/feat-culture-07-05-04.asp

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Budget and Performance Integration

Four Agencies Get to Green in Latest Scorecard

In the last quarter, four agencies have achieved green status for the Budget and Performance Integration Initiative. These include: the Departments of Labor and Transportation and the Small Business and Social Security Administrations. Agencies that got to green have shown that they know what goals they have to be achieve, and is constantly making decisions to enhance their chances of achieving them. To view this release go to:
http://www.results.gov/agenda/budgetperformance0712.html

2004 Best Practices Forum on Performance-Based Budgeting and PART Simulation (August 16-17, 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 to making tough budgetary decisions. 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. Moreover, this training will show you how to 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/stateandlocal/p223/p223.htm

Improved Financial Management

Agencies on Track with Financial Performance According to Latest Scorecard

Throughout the year, and for the first time ever, agencies submitted quarterly financial statements within 21 days of the end of the quarter. Using this as a yardstick to gauge their ability to meet financial reporting deadlines, agencies appear to be on track for meeting the November 15th Performance and Accountability Report (PAR) submission date. Achieving this reporting goal indicates that agencies have the capability to produce timely and accurate financial information to manage their operations and plan for the future. Some agencies already achieved this, and got to green in the PMA's financial management initiative. To view this release go to:
http://www.results.gov/agenda/financialperformance06-30.html

GAO Still Not Able to Give Opinion on Financial Statements of Federal Government

The General Accountability Office, for the seventh fiscal year, was not able to provide the Congress and American citizens an opinion as to whether the consolidated financial statements of the federal government are fairly stated in conformity with generally accepted accounting principles. This is due to certain material weaknesses in internal control and in selected accounting and reporting practices that still exist. Three major impediments to an opinion on the consolidated financial statements continue to be: serious financial management problems at DOD, the federal government's inability to fully account for and reconcile transactions between federal government entities, and the federal government's ineffective process for preparing the consolidated financial statements. To view this report go to:
http://www.gao.gov/new.items/d04886t.pdf

Defense's Financial Management Weaknesses Limit Its Progress

The overhaul of the Department of Defense's (DOD) financial management system represents a great challenge given that it is one of the largest and most complex organizations in the world. Six DOD program areas are on GAO's "high risk" list, and the department shares responsibility for three other government-wide high-risk areas. DOD has substantial financial management weaknesses that adversely affect its ability to produce auditable financial information, and to provide accurate and timely information for management and Congress to use in making informed decisions. To view this report go to:
http://www.gao.gov/new.items/d04941t.pdf

EPA Not Pressured to Spend Funds

To avoid having to return appropriated funds to the Treasury, most agencies are pressured to spend them by October 1st. This is because of the unusual way Congress funds the agency. About a third of its funds do not expire at the end of the year the way appropriations at most other agencies do. EPA's special treatment by Congress is due to the fact that it relies heavily on trust funds it oversees to finance long-term environmental cleanup programs. The agency's reputation for good financial management with Congress also helps. To view this article go to:
http://federaltimes.com/index.php?S=233006

Long Way for DHS to Obtain an Unqualified Financial Statement Audit Opinion

In addition to the Department of Homeland Security's (DHS) newly identified internal control weaknesses, it has to fix the ones inherited from component agencies, which account to 21 of the 30 internal control weaknesses. According to DHS officials, the department is in the early stages of acquiring a financial enterprise solution to consolidate and integrate its financial accounting and reporting systems. To view this report go to:

http://www.gao.gov/new.items/d04945t.pdf

Strategic Management of Human Capital

OPM Wants to Speed Up the Hiring Process

The Office of Personnel Management is telling federal agencies to speed up the process to fill job openings. OPM wants federal managers to emulate the private sector and make job hiring a 45-day process, not one that takes months. The private sector has an efficient hiring process driven by the bottom line. OPM is aiming to do the same by providing guidelines that let agencies hire veterans quickly and directly. That gives agencies a shortcut to the job approval process. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0712/mgt-hiring-07-12-04.asp

Three Departments Benefit From New Hiring Flexibilities

The departments of Defense, Health and Human Services, and Energy are hiring qualified personnel quickly, filling positions in less than 40 days. These agencies are taking advantage of the new hiring authorities given by OPM such as category ranking and direct-hire authority. Category ranking allows agency human resources officials to present a larger group of qualified candidates to hiring managers. In the past, managers were able to review only three top candidates. Direct-hire authority allows agencies to apply to OPM to waive merit system protections in cases where they are facing a critical shortage of employees in hard-to-fill positions. To view this article go to:
http://www.govexec.com/story_page.cfm?articleid=28977&dcn=todaysnews

GAO to Undergo Pay System Overhaul

Under the GAO Human Capital Reform Act recently signed by President Bush, the General Accountability Office (GAO) is preparing to have a completely separate pay system from the executive branch of government. The act also allowed GAO to be renamed from its former name “General Accounting Office.” The investigative branch of congress will now have greater flexibility to shape its workforce and attract and retain top-notch employees. To view this article go to:
http://www.govexec.com/dailyfed/0704/071404a1.htm

OPM Surveys Show Job Seekers Favor Government

According to recent surveys from the Office of Personnel Management, a large number of talented and highly educated people want to work for the federal government. The surveys were conducted at job fairs in New York City and Washington. The majority of respondents said the government offers competitive salaries and benefits and provides good job security. The surveys also indicated that most Americans believe working for the government would allow them to help people, and would give them an opportunity for personal gain. To view this article go to:
http://federaltimes.com/index.php?S=233117

FAA Plans for Human Capital Crisis

The Federal Aviation Administration must embark on a massive hiring spree to replace thousands of air traffic

controllers projected to retire in the next eight years. Agency estimates show that nearly half of the FAA's 15,000 air traffic controllers could retire by 2012. The number of controllers eligible to retire will hit a peak in 2007, when more than 1,300 will become eligible. In response, the FAA is drafting a plan that will detail when and where controllers are expected to leave and how to replace them. To view this article go to:
http://federaltimes.com/index.php?S=233089

2004 National Forum on Strategic Recruitment for Government Agencies (August 4-6, Arlington, VA)

Federal agencies have traditionally engaged in a "spray and pray" approach to recruiting staff, wherein the age-old practice of filling empty seats has been the focus of recruitment and hiring initiatives. As a human resources specialist in the federal government, it is your responsibility to comply with stringent new federal mandates while simultaneously preparing your agency to cope with the looming wave of federal retirees. Indeed successful recruitment in government boils down to a complex formula; get the right people, in the right position, at the right time, with the right skills, to perform the right role, to achieve the agency's mission. That's a lot of rights to get right. To get equipped with the latest best practices in strategic recruitment, you are invited to attend this event hosted by the Performance Institute. This event is p*art of the* Human Capital Management Certification Program.
For more information go to:
http://www.performanceweb.org/humancapital/p287/p287.htm

For more information on the Human Capital Management Certification Program go to:
http://www.performanceweb.org/pi/training/humancapital_index.htm

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Competitive Sourcing

Latest Scorecard Shows Steady Progress in Competitive Sourcing

In the last quarter, two more agencies - the Defense Department and the Department of Transportation - achieved green status for competitive sourcing. These agencies, along with Health and Human Services, Energy, and the Office of Personnel Management have established infrastructures and long-range plans for the reasoned and timely application of competition to reduce costs and improve the performance of their commercial activities. Furthermore, each successfully used its infrastructure in a responsible manner to garner impressive savings or cost avoidances in FY 2003 and continues to do so in FY 2004. To view this release go to:
http://www.results.gov/agenda/competitivesourcing7-12-04.html

Proposed Rule May Place Share-in-Savings Contracting into FAR

A proposed rule published this month may place statutory authority for Share-in-Savings Contracting - a novel contracting method - into the Federal Acquisition Regulation (FAR). The proposal, coming from civilian and Defense acquisition councils, brings the controversial contracting style to the forefront. In a share-in-savings contract, the contractor bears the cost of a project and then is paid out of the money that the project saves for the agency. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0712/pol-share-07-12-04.asp

GSA Outlines Strategy to Improve Contracting Process

The General Services Administration recently unveiled its new plan – called "Get It Right" - to improve contracting operations and ensure proper use of GSA contracts. The plan will strengthen regulatory compliance and promote greater interaction with customer agencies, industry partners, the acquisition work force and other stakeholders. The plan also puts in place strategies to actively supervise the proper use of contract vehicles and services. To view this article go to:
http://federaltimes.com/index.php?S=255668

Amendment to Bill on Competitive Sourcing Favors Federal Employees

An amendment to the fiscal 2005 Transportation-Treasury bill on the competitive sourcing allows incumbent workers, usually federal employees, to form a team and defend jobs against contractors in any competitive sourcing study with more than 10 positions at stake. In-house teams would receive a 10 percent or $10 million cost advantage in those contests. To view this article go to:
http://www.govexec.com/story_page.cfm?articleid=29001&dcn=todaysnews

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Expanded E-Government

E-Government Improves Services for Citizens

After almost three years of implementing the 24 e-Gov initiatives to improve how the government provides services internally and to citizens, businesses, and state and local governments, the focus now is on three goals: support all initiatives in fulfilling their goals and objectives; institutionalize and integrate these transformational initiatives into their respective government agencies operations; and work to increase the utilization of the services already provided. To view this release go to:
http://www.results.gov/agenda/egov07-12.html

Congress Cuts Funds for E-Government Initiatives

For three years running, Congress has slashed the Administration's proposed central e-government fund. Now appropriators have started systematically cutting funds for specific e-government initiatives from agency spending bills. For instance, the House appropriations bill for the Interior Department includes language blocking funds for several e-government initiatives and strongly denounces the current approach to managing the initiatives. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0628/news-egov-06-28-04.asp

Traits and Qualities of an Effective Program Manager

Federal Computer Week (FCW) has selected six government employees as being among the best IT program managers in government. According to FCW, these six illustrate the traits and qualities that make a program manager effective. These include: having good communication skills, being able to translate and explain technical terms so anyone can understand, acting as an advocate for a program, being flexible and creative when plans change, having an ability to manage costs, schedules, performance and risk. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0712/feat-program-07-12-04.asp

2004 National Forum for IT Capital Planning in Government (August 26-27, Arlington, VA)

In times of tight budgets, federal agencies are struggling to get funding for their IT projects. Therefore, it is essential that develop sound investment methodologies through IT capital planning. At this forum, agencies will learn about how to utilize the IT Maturity Model to improve your agency's investment process. Agenices will also be shown how to align IT investments with strategic goals, and construct portfolio performance measures to implement effective IT program and portfolio management for lasting results. For more information go to: http://www.performanceweb.org/technology/t162/t162.htm

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Agency Spotlight: Environmental Protection Agency

Since 1970, the Environmental Protection Agency (EPA) has been working for a cleaner, healthier environment for the American people. EPA leads the nation's environmental science, research, education and assessment efforts. These themes reflect EPA's mission "to protect human health and the natural environment."

As part of its strategic plan, the agency has set five goals centered on the themes of: air and global climate change, water, land, communities and ecosystems, and compliance and environmental stewardship. EPA's strategic plan applies the PMA's principles for reform i.e. that government should be citizen-centered, results-oriented, and market-based. In developing plans for each of its five environmental goals, EPA has considered opportunities to advance the PMA's initiatives.

Budget and Performance Integration

EPA has long been a model for integrating budget and performance, having linked its budget to its long-range Strategic Plan and Annual Performance Plan since fiscal year 1999. By integrating its planning and budgeting efforts and implementing other systems changes, the Agency has been better able to evaluate its programs, assess its performance, and use the results to make budget and program improvement decisions. The Agency will continue to strengthen links between budget and performance through its five-goal structure. In addition, EPA is enhancing its financial reporting system, further integrating program performance and cost information and making it available to Agency managers and decision-makers on a real-time basis.

Improved Financial Management

In June 2003, EPA achieved a "green" status rating from the Office of Management and Budget (OMB) for improved financial performance. The Agency's record of superior accomplishments includes clean audit opinions on annual financial statements; effective internal controls to prevent erroneous payments; and resolving all outstanding material weaknesses for the first time since the Federal Manager's Financial Integrity Act became law. Equally important to EPA's financial performance is the Agency's financial management system, which promotes integrated information to provide timely and reliable financial and performance data to program managers, who use it to support day-today decision-making.

Strategic Management of Human Capital

Protecting human health and the environment requires a diverse, highly skilled, and motivated workforce that seeks creative solutions to environmental problems and is committed to achieving excellence. To develop and retain such

a workforce, EPA was among the first agencies to publish a human capital strategy. In 2000, the agency's human capital plan guided its human capital efforts over the past few years. When the PMA was introduced, EPA updated its human capital strategy to better integrate human capital issues into EPA's strategic planning. This helped the agency integrate workforce planning, employee development, and targeted recruitment with its ongoing strategic planning and resource management processes. By promoting strong national leadership and effective planning and implementation of human capital programs across the agency, the human capital strategy addresses both current and future workforce needs to accomplish goals and objectives.

Competitive Sourcing

In developing the strategies and approaches that EPA uses to achieve its goals, agency staff are always alert to opportunities for using competitive sourcing reviews to increase the efficiency and effectiveness of agency operations. In making sound workforce deployment decisions, EPA recognizes the need to look beyond numbers of employees and their respective skills. We continuously examine environmental objectives, changing priorities, and emerging technologies. Our competitive sourcing efforts complement our human capital strategy by providing an opportunity to analyze the Agency's activities and increase the efficiency and effectiveness of our operations. We are examining those activities with potential for efficiency gains either through internal improvements or competition/direct conversion.

Expanded E-Government

EPA is expanding its use of electronic systems for information management and a number of outreach and information sharing mechanisms to streamline and improve communications with its state and tribal partners and with the public. All of EPA's emerging information capabilities will continue to support and further the PMA's e-Gov initiative for improving service to individuals, business, and others while increasing efficiencies. The approach of the agency's e-Gov Strategy is to simplify processes and unify operations to better serve citizens' needs. Overall, EPA is participating as a partner in 14 designated e-Gov projects and is the lead agency for the government-wide Online Rulemaking Initiative to make the rule-making process more transparent to individuals and businesses.

For more information go to:
http://www.epa.gov/ocfo/plan/2003sp.pdf

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.

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.

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