As 2005 comes to a close we take an important look back at all of the notable accomplishments in federal performance management. In 2005 we saw the number of congressional hearings on federal management issues double, the draft legislation for the Working for America Act, the first agency to get to green on all 5 areas on the PMA and the creation of new personnel systems at DOD and DHS. We also saw several agencies E-gov scores take a downturn as OMB took a more critical look at the growing importance of project management skills and earned value management. Check out "2005: Best Places, Big Stresses and More Change" in the Government-Wide News section.

Seasons Greetings and Happy New Year!

-Carl DeMaio

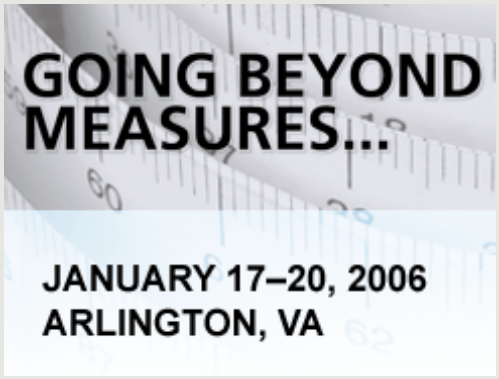


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*** If you find this newsletter useful and informative please forward it to your friends and colleagues! ***

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UPCOMING EVENTS

Going Beyond Measures
January 17-20, 2006 | Arlington, VA

Human Capital Management Week
January 23-27, 2006 | Arlington, VA

Government Project Management Week
February 6-10, 2006 | Arlington, VA

Government Financial Internal Controls Summit
March 22 – 24, 2006 | Arlington, VA

The Performance Institute is helping government manage for RESULTS! *See how well your organization measures up. Take our free Performance Measurement Assessment:* www.PerformanceWeb.org/Survey

Government-Wide News

2005: Best Places, Big Stresses and More Change

Employee surveys and management score cards gave agency executives fresh insight into how far they advanced the President's Management Agenda in 2005. To read more, click here http://www.fcw.com/article91691-12-12-05-Print

Defense Acquisitions: DOD Has Paid Billions in Award and Incentive Fees Regardless of Acquisition Outcomes

Report to the Subcommittee on Readiness and Management Support, Committee on Armed Services, U.S. Senate
http://www.gao.gov/cgi-bin/getrpt?GAO-06-66
Highlights - http://www.gao.gov/highlights/d0666high.pdf

Johnson Reports on Status of PMA

"Of special note this quarter is the work State and more than 40 other agencies with staffing overseas have been doing to "right-size" our international presence. Federal Departments used to post people overseas with no consideration for the real property and operating costs to do so." To read more, go to http://www.whitehouse.gov/results/agenda/fy05q4-ddm.doc

Unstrategic Plans

When then-Homeland Security chief Tom Ridge announced in January that the department had completed the 426-page National Response Plan, he described it as the "playbook" for the nation's response to future disasters, man-made or natural. The document explains that it is "the core operational plan for national incident management." But the National Response Plan, even with its detailed appendices and supplements, reads more like a strategic plan - or a plan for planning - than an operational plan. To read more, go to http://www.govexec.com/dailyfed/1205/120705mm.htm

Some Agencies Slip on PMA Scorecard

Six agencies stumbled in the e-government portion of the latest President's Management Agenda scorecard, with three of them dropping from the highest rating of green. To read more, click here http://www.gcn.com/vol1_no1/daily-updates/37576-1.html
New PMA score card here http://www.whitehouse.gov/results/agenda/scorecard.html

Budget and Performance Integration

Federal Deficit Hits Record High In Nov.

The federal government's budget deficit rose sharply in November as spending raced ahead of tax receipts. The Treasury Department reported Monday that the deficit totaled $83.1 billion, the highest imbalance ever recorded in November. For the first two months of the 2006 budget year, which began Oct. 1, the deficit totals $130.3 billion, 13.1 percent higher than the $115.2 billion in red ink run up during the same period last year. Most analysts are forecasting that the budget deficit will rise to around $350 billion this year, reflecting in part increased federal spending for reconstruction in the states devastated by the Gulf Coast hurricanes. To read more, go to
http://seattlepi.nwsource.com/business/1310AP_Budget.html

Fixing the Budget Process without Changes in Law, More Trouble Ahead

At the federal level, the cost of retirement and health care benefits is rising faster than revenues available to pay for them, resulting in an ever-widening fiscal gap and a growing federal debt that places at risk standards of living for generations to come. The National Academy of Public Administration is keenly concerned about the state of fiscal policy-making across the country, and created the Committee on the Fiscal Future in 2004 to develop approaches for governments to use to deal with their financial issues and the potentially increasing structural deficit. The fiscal challenges that lie ahead are serious. Yet elected officials have been unable to agree upon plans for addressing them. To read more, go to
http://federaltimes.com/index2.php?S=1408680

Agencies Report Program Assessments Online

Since November, managers have been required by the Office of Management and Budget to fill out program performance assessments online. And so far, those who have used the Web application to complete and update the Program Assessment Rating Tool (PART) are giving it good reviews, but there remain some minor glitches and broader questions about access. PARTWeb, which began as a pilot program with six agencies at the beginning of 2005, is now the mandatory way to complete the assessment. Every agency under review was required to file its final updated performance

data electronically to meet last month's deadline. To read more, go to http://www.federaltimes.com/index2.php?S=1389964

Improved Financial Performance

Understanding the Primary Components of the Annual Financial Report of the United States Government

The U.S. Government is the largest, most diverse, most complex, and arguably the most important entity on earth today. Useful, timely, and reliable financial and performance information is needed to make sound decisions on the current results and future direction of vital federal programs and policies. To read more, go to http://www.gao.gov/new.items/d05958sp.pdf

IRS Accounting System Cumbersome Despite Updates

Closing the annual financial books at the Internal Revenue Service requires a massive effort to compensate for outdated systems, despite the tax agency's successful implementation last year of a modernized system for internal administrative transactions. In an audit (GAO-06-137) examining fiscal 2004 and fiscal 2005 financial statements, the Government Accountability Office lauded the IRS for implementing the new system, known as the Integrated Financial System. To read more, go to http://www.govexec.com/story_page.cfm?articleid=32905&dcn=todaysnews

Chart: Summary of FY 2005 Financial Statement Audit Results By Agency

To read more, go to http://www.agacgfm.org/downloads/opinion200529.pdfc

Group Urges National Dialogue On Restoring Fiscal Health

Both Congress and the president must put all taxes and all programs on the table — including national defense and Social Security — and engage policy makers and voters in a national dialogue about priorities. This, according to a report released Dec. 5 by a National Academy of Public Administration (NAPA) committee, is the only way to fix what's increasingly becoming a bleak financial future. To read more, go to http://www.federaltimes.com/index2.php?S=1395987

Crackdown on Erroneous Payments Hits Snags

When it comes to government overspending, unemployment insurance and other benefit programs are among the biggest culprits, according to the Bush administration. The unemployment program, administered by state agencies but overseen by the Labor Department, erroneously disbursed an estimated $3.9 billion in unemployment insurance claims in 2004. n all, the administration estimates that agencies misspent $45 billion last year through overpayments, underpayments, payments that should never have been made at all, or payments that lacked proper documentation. The net amount of overpayments was about $36 billion. To read more, go to http://www.federaltimes.com/index2.php?S=1389961

Strategic Management of Human Capital

Unions Continue to Fight Proposed 20-Day Limit to Challenge Voided Contracts

Almost anytime there's a discussion of the Bush administration's regulation to revamp workplace rules at the Defense

Department, one expert or another will pronounce that "the devil is in the details," the cliche that signals no judgment can be made until more information becomes available.
But John Gage , president of the American Federation of Government Employees, got a glimpse of what he believes is a regulatory devil: a new Pentagon proposal that would give unions 20 days to challenge Defense managers who void contracts or contract provisions because they are deemed in conflict with the regulation creating the new National Security Personnel System. To read more please visit: http://www.washingtonpost.com/wp-dyn/content/article/2005/11/27/AR2005112700623.html?referrer=email&referrer=email

Rules Finalized For Special Veteran Hiring Authority

The Office of Personnel Management finalized rules Thursday governing a special hiring authority that will allow certain veterans into the civil service without competition. The final regulations, effective Jan. 3, 2006, implement some provisions of the 2002 Jobs for Veterans Act, which significantly changed eligibility requirements for positions opened under the noncompetitive hiring authority known as Veterans Recruitment Appointments. With VRAs, agencies can hire qualified veterans for normally competitive positions up to the GS-11 level without advertising the opening. After hires complete two years of satisfactory service, agencies must convert the positions to permanent civil service posts. To read more please visit: http://www.govexec.com/story_page.cfm?articleid=32904&dcn=e_wfw

Programs for Disabled and Blind Facing Increased Scrutiny

Two federal programs that provide jobs for disabled and blind Americans are under scrutiny in the Senate and face possible overhauls after operating for decades with minimal government oversight. The Javits-Wagner-O'Day, or JWOD, program aimed at employing disabled workers and the Randolph-Sheppard program for the blind are likely to be the subjects of lobbying fights on Capitol Hill. The programs' beneficiaries, including many disabled entrepreneurs and workers, are fighting among themselves for shares of available funding, even as senators sketch out possible reforms. Sen. Michael Enzi, R-Wyo., the chairman of the Health, Education, Labor, and Pensions (HELP) Committee, says that the two programs are "well-intentioned" but "long overdue for oversight." At a committee hearing in October, ranking member Sen. Edward Kennedy, D-Mass., echoed Enzi's criticisms, declaring that "there's no excuse for fraud and abuse. The time is right for reform." To read more please visit: http://www.govexec.com/story_page.cfm?articleid=32914&dcn=e_gvet

DOD’s New Pay Scales Draft Rules Tackle Pay, Promotions, Appraisals

About 500,000 employees converting to the Defense Department’s new performance-based pay system would be grouped into one of four broad career categories with pay ranges that closely track the General Schedule, according to new details of a draft plan released by the department. Employees will be converted into the new system without a pay reduction. Many, in fact, will receive an immediate pay increase to account for any within-grade pay increases they earned under the General Schedule. The department selected four career groups based on differences in training needs, compensation and similar factors, said Mary Lacey, program executive officer for the new personnel system, called the National Security Personnel System. They are standard, scientific and engineering, medical, and investigative and protective. There are several pay schedules within each group to recognize different career fields — such as professional, technical and managerial — and multiple pay bands within each schedule to reflect different performance levels. To read more please visit: http://www.federaltimes.com/index2.php?S=1389959

GAO Shifts to Market Wages Top Supervisors Gain – But at Whose Expense?

In 2006, a group of federal employees will be paid based on competitive labor market rates. And experts say the rest of government may not be far behind. Beginning Jan. 8, the Government Accountability Office will issue paychecks for nearly 2,400 analysts, economists and attorneys based on how much similar jobs pay outside the federal government. In addition, GAO will peg raises to individual performance. Some analysts will find their maximum earning power reduced by $13,400 a year, while others will see a boost of as much as $13,300 annually. To read more please visit: http://www.federaltimes.com/index2.php?S=1375895

Reference Checks Underused In Federal Hiring Process

Too few federal agencies call applicants' references and those who do don't always ask the right questions, according to a Merit Systems Protection Board report released last week. The 67-page report explains why reference checks are important and how they should be conducted. According to the report, properly conducted reference checks are job related, based on observation of work, focused on specifics, feasible and efficient, assessments of the applicant, legally defensible and part of the hiring process. To read more please visit: http://www.fednews-online.com/view_publication.aspx?publicationId=8668

The full MSPB report and others can be found at http://www.mspb.gov/studies/mspbstudiespage.html
Or try the direct link: http://www.mspb.gov/studies/rpt_11-29-05_refcheck/makingthecall.htm

FEMA Review a Fine Idea, But Leadership Is Key

Hurricane Katrina wrecked New Orleans and other parts of the Gulf Coast. It also whacked Washington, reminding us that there's a world of difference between having good management plans and having good leadership. In the Katrina catastrophe, the political leadership at the Federal Emergency Management Agency fell embarrassingly short, cooperation among federal, state and local authorities crumbled, and lessons learned in past emergencies were ignored or lost when the levees failed New Orleans. One of the great challenges for any administration is getting a handle on what works and what does not work -- at FEMA and other critical agencies. The Bush administration has invested substantial time and dollars in management scorecards and other efforts aimed at improving program performance, but trying to predict any program's chance of success is difficult at best. To read more please visit: http://www.washingtonpost.com/wp-dyn/content/article/2005/12/03/AR2005120301136_pf.html

Pentagon's Pay System Will Use New Terms to Rate Performance

"Fully successful" is out; "valued performance" is in."Outstanding" is gone; "role model" is tops. The terminology for job performance ratings is about to change at the Defense Department, perhaps as early as February, according to documents released by officials in charge of the new National Security Personnel System. NSPS, about two years in the making, plans to jettison the 15-grade General Schedule pay system and replace it with broad salary ranges, known as "pay bands," and to link pay raises more rigorously to performance. In the five-level NSPS rating system, more than 700,000 Defense civil service employees will have to be rated at least "fair" to receive an annual raise in their pay band or a locality pay adjustment. Defense civilians will have to show "valued performance" to get an additional performance-based raise or bonus. To read more please visit: http://www.washingtonpost.com/wp-dyn/content/article/2005/12/05/AR2005120501980.html?referrer=email&referrer=email&referrer=email

Recruit Now, Before Retirement Wave, OPM Warns

Agencies need to begin considering how to attract new employees to replace the legions of longtime workers who are projected to retire in coming years, the Bush administration's top personnel adviser said. "If you don't think ahead, you're going to be caught in a bad spot, because the clock doesn't stop," Office of Personnel Management Director Linda Springer told federal personnel specialists Nov. 29 during a conference hosted by the International Public Management Association for Human Resources Federal Section. Springer said OPM is looking ahead to project future work-force needs across government and agencies should be doing the same with their own work forces. Springer said there are three questions to ask: what types of employees will agencies need, what requirements will those employees have to come to the federal government, and how must agencies prepare. To read more please visit: http://www.federaltimes.com/index2.php?S=1389938

Pentagon Cleared To Move Senior Execs To Pay-For-Performance

The Defense Department announced Monday that it has received a green light to award performance-based raises to its Senior Executive Service members in 2006. The Office of Personnel Management granted the Pentagon provisional certification of its performance appraisal system for senior executives, allowing the department to raise its SES pay cap from $149,200 to $162,100. Agencies across the government are dropping the six levels of pay that have been designated for senior executives in favor of a single payband with raises tied to performance evaluations. The switch comes after Congress passed a law eliminating regular cost-of-living adjustments and locality pay for SES members, in favor of pay for performance. To learn more please visit: http://www.govexec.com/story_page.cfm?articleid=32932&dcn=e_gvet

Congress Funds Project to Entice College Grads to Government Service

Worried that too many young Americans are turned off by the idea of working in government, Congress has provided $600,000 for a research project to develop strategies to raise interest among college students in federal service. The "Call to Service Recruitment Initiative" will be run by the Office of Personnel Management and the Partnership for Public Service, according to the fiscal 2006 spending bill that covers OPM operations. "The war for talent is a real one," Max Stier, president of the partnership, said. "The public sector is losing that war, and the consequences are going to become more severe. "The project will use surveys and other research efforts to test and evaluate various methods of reaching out to college students and to understand what messages or outreach activities might sway top-notch graduates to seriously consider a federal job. To read more please visit: http://www.washingtonpost.com/wp-dyn/content/article/2005/12/08/AR2005120801990.html

Competitive Sourcing

Congress Backs 3.1 Percent Raise, Competitive Sourcing Measures

A compromise version of the fiscal 2006 Transportation-Treasury bill approved by the House Friday includes language designed to help federal employees whose jobs are placed up for competition with private firms under the Bush administration's competitive sourcing initiative. To read more, click here http://www.govexec.com/story_page.cfm?articleid=32850&dcn=todaysnews

Report: OMB Should Increase Health Care Cost Estimates For Job Competitions

The Office of Management and Budget should increase the amount it requires agencies running public-private job contests to factor in for federal employee teams' health care-related costs, congressional auditors recommended in a letter published Friday. To read the GAO report, click here http://www.gao.gov/new.items/d0687r.pdf To read the article, click here http://www.govexec.com/story_page.cfm?articleid=32858&dcn=todaysnews

Department of Energy Awards $1 Billion A-76 Contract to Energy Enterprise Solutions, LLC (EES)

The Department of Energy awarded a seven year, $1 billion award to Energy Enterprise Solutions, LLC (EES, http://www.eesllc.net), in partnership with the Department of Energy's Most Efficient Organization (MEO), to support the Department's IT requirements as a result of the recently completed DOE A-76 IT Competitive Sourcing Study. This award is one of the largest Federal information technology services contracts ever awarded to a small business. To read more, click here http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20051121005664&newsLang=en

GAO Shifts to Market Wages

In 2006, a group of federal employees will be paid based on competitive labor market rates. And experts say the rest of

government may not be far behind. To read more, click here http://www.federaltimes.com/index2.php?S=1375895

VA Violated Law in Funding Outsourcing Studies, GAO Says

The Veterans Affairs Department has violated a 1981 law that prohibits the diversion of funds appropriated to medical care accounts to research on the cost of keeping work in-house versus that of contracting it out, the Government Accountability Office reported this week. VA officials disagree. To read more, click here http://www.govexec.com/story_page.cfm?articleid=32913&dcn=todaysnews

Expanded E-Government

2005: 7 Lessons From GAO

If there's a problem in government, you can bet the Government Accountability Office will eventually investigate it. From bad management to bad contracting, from failing to be up-to-date on cybersecurity to failing programs, the government's watchdog agency will likely investigate what happened and why. Along the way, GAO will give program officials a chance to speak out, challenge the findings, correct them or promise to do better. That certainly was the case in 2005 as GAO tackled hundreds of problems involving the use and misuse of federal information technology. GAO's findings offer plenty of lessons for agencies to learn. Here is a look at some of those reports on IT issues — the good and the bad — with examples of how GAO's scrutiny changes agencies' behavior. To read more, go to http://www.fcw.com/article91697-12-12-05-Print

Study Reveals Disconnect Between Perceived Merits of Earned Value Management and Federal Agencies' Readiness to Implement

Primavera Systems, Inc., today announced the results of its Earned Value Management in the Federal Government study. This study of Information Technology (IT) decision makers in the federal government reveals a significant disconnect between perceived value of Earned Value Management (EVM) and actions being taken to implement EVM. To read more, go to: http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20051108005808&newsLang=en

Agencies Slip on E-Gov Progress

Six agencies' e-government scores dropped in the latest status report on the President's Management Agenda. Bush administration officials attribute the downgraded scores to failures to meet project milestones, but some experts said the lower scores don't necessarily indicate a lack of progress. To read more, click here http://www.fcw.com/article91597-12-05-05-Print

CIO Council Sends Data Reference Model To OMB For Final Approval

The CIO Council delivered Version 2.0 of the Federal Enterprise Architecture's Data Reference Model to the Office of Management and Budget last week for final approval.

This is the last stage before the draft is finalized by Dec. 17 as required under the E-Government Act of 2002. To read more, click here http://www.gcn.com/vol1_no1/e_gov/37652-1.html?topic=e_gov

Labor Seeks a Vendor to Host Govbenefits Portals

The Labor Department is looking for offers to host Web sites and components related to its GovBenefits program, an online portal that gives citizens access to government benefit eligibility information. To read more, click here http://www.gcn.com/vol1_no1/e_gov/37640-1.html?topic=e_gov

Treasury Thinks Green For 2006

The Treasury Department's top information technology priority for 2006 will be getting a green score on the e-government portion of the President's Management Agenda, said Ira Hobbs, the department's chief information officer. To read more, click here http://www.fcw.com/article91470-11-17-05-Web

OMB Asks Agencies to Practice Project Management Discipline

Earned value management (EVM) is an unfamiliar discipline to many federal project managers, but it won't be a mystery much longer. Federals agencies have until Dec. 31 to create policies for using EVM to reduce the inherent risk in large information technology projects. To read more, click here http://www.fcw.com/article91302-11-03-05-Web

OPM Launches Public-Private IT Workforce Swap

The Office of Personnel Management hopes its new IT workforce swap between the federal and private sectors will yield an unprecedented level of information sharing between them, as well as provide private IT experts with a unique glimpse into the federal space and vice versa. To read more, click here http://www.gcn.com/vol1_no1/daily-updates/37722-1.html

DHS, NASA Sign Interagency Technology Pact

DHS undersecretary for science and technology Charles McQueary and NASA assistant administrator for security and program protection David Saleeba signed a memorandum of understanding describing how the two agencies would share expertise and technologies. To read more, click here http://www.gcn.com/vol1_no1/daily-updates/37718-1.html

President: Carl DeMaio
Newsletter Editor: Cynthia Craig

The **Implementation Update on the PMA** is provided as a free monthly e-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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