Here is your copy of the July newsletter. The biggest news of the month comes from the latest OMB scorecard. The Institute would like to extend an enthusiastic congratulation to the Department of Labor for being the first and only agency to achieve green in all five initiative area of the PMA. This is an excellent accomplishment of performance. Keep up the great work!

-Carl DeMaio

Implementation Update on the President's Management Agenda

The Performance Institute

IN THIS ISSUE: JULY 2005

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

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UPCOMING EVENTS

Budget- Performance Integration in Government
October 24 –25, 2005 | Arlington, VA

Government Program Evaluation & Analysis
August 8-9, 2005 | Arlington, VA

Improving FAR and A-76 Competitions
December 1 - 2, 2005 | Arlington, VA

Program Evaluation and Analysis
August 8-9, 2005 | Arlington, VA

Evaluating, Auditing & Improving Performance Information Systems in Government
August 22-23, 2005 | Arlington, VA

Government-wide News

Administration Proposal to Review Federal Programs Legislation Introduced

The Bush administration has asked Congress to create a formal process for reviewing executive branch programs and deciding whether they should be eliminated or restructured. The Bush administration has proposed a series of bills to push this initiative forward.

Two types of bipartisan commissions, selected by the president with congressional input, would be also be created:

• Results Commissions, would be established under a separate act of Congress to study specific agencies or programs outlined by the president as having similar, related, or overlapping duties. The commissions' recommendations would be forwarded to Congress by the president, and Congress would vote up or down on them under a fast-track process.

• The Sunset Commission, which would review the performance of and need for all agencies and programs at least once every 10 years under a schedule created by the President and approved by Congress under an expedited process. Agencies or programs recommended for elimination by the commission would be abolished two years after such a recommendation is made unless Congress votes otherwise.

For more information, go to: http://www.federaltimes.com/index2.php?S=976328

House Appropriations Proposes 101 Program Terminations

With all 11 fiscal 2006 appropriations bills reported out of committee, the House Appropriations Committee has recommended a total of 101 proposed program terminations for the next fiscal year - two more than recommended by the administration - for a savings of $4.6 billion. House Appropriators did not go along with a number of proposed program terminations of established congressional favorites, particularly within the Education Department, while proposing to kill a number of new programs sought by the administration, such as its new high school initiative. Appropriators cut deeper into the State Department and foreign aid programs than the administration wanted, largely to make up for shortfalls in the domestic budget, and even eliminated one Pentagon program sought by the administration. For more information, go to: http://www.govexec.com/dailyfed/0605/062805cdam2.htm

Performance Measurement and Evaluation: Definitions and Relationships

Many analytic approaches have been employed over the years by agencies and others to assess the operations and results of federal programs, policies, activities, and organizations. Periodically, individual evaluation studies are designed to answer specific questions about how well a program is working, and thus such studies may take several forms. The Government Accountability Office (GAO) released a glossary that describes and explains the relationship between two common types of systematic program assessments: performance measures and program evaluations. It is based on GAO publications and program evaluation literature. To access this glossary, go to: http://www.gao.gov/cgi-bin/getrpt?GAO-05-739SP

Government Performance Evaluation and Analysis
August 8-9, 2005 , Arlington , VA

With government program managers being held accountable for program results, it is increasingly important that program managers and evaluators communicate concerning program goals, outputs and measures as indicators for success. Program Evaluation and Analysis identifies the cause and effect relationship concerning program management, implementation and execution relying on program goals and measures to drive performance. Government managers will acquire the skills necessary to establish an effective blueprint for the organization to manage and communicate for results. For more information or to register, go to:
http://www.performanceweb.org/Training/COURSES/program_evaluation_analysis.htm

Evaluating, Auditing, and Improving Performance Information Systems in Government
August 22-23, 2005 , Arlington , VA

This training will focus on the 11 key aspects of quality performance information, and ensure that a performance management framework, such as the Logic Model, is developed to communicate all key aspects. This framework will aid government managers in not only creating performance goals, but establishing criteria to determine the quality and credibility of performance information for government programs. For more information or to register, go to:
http://www.performanceweb.org/training/courses/evaluating_auditing_improving_performance.htm

President's Management Agenda Update

Office of Management and Budget released the FY 2005 Third Quarter scorecard of the President's Management Agenda

Today the Office of Management and Budget released the FY 2005 Third Quarter scorecard of the President's Management Agenda. The Performance Institute would like to congratulate the Department of Labor for becoming the first and only department to achieve Green in all five management disciplines. The achievement by the Department of Labor will be the model for other agencies on how to get to green. Government agencies earned a total of 43 green status scores, an improvement of 16 green scores over the FY 204 Third Quarter scorecard. While 85 percent of agency status

scores were red on the first scorecard in 2002, today 75 percent of the status scores are green or yellow. "The President's emphasis on improving management is working. It is clearly motivating agencies to implement the necessary disciplines to get more taxpayer dollars," said Deputy Director of Management for the Office of Management and Budget, Clay Johnson. "Both Federal employees and taxpayers win when agencies better manage their programs, people, and costs, and I congratulate the Department of Labor for leading this government-wide effort. Although agencies have demonstrated definite progress, we still have significant work ahead of us and will continue to improve government-wide management practices until every agency can get to green." View the entire scorecard at: http://www.whitehouse.gov/results/agenda/fy05q3-scorecard.pdf

Annual Performance Report Highlights Agency Performance in the Federal Government

OMB also released its second annual report on the President's Management Agenda. The report titled, "Giving the American People More for Their Money", describes the efforts to improve performance and reduce cost of the federal government. According to the report, the PMA is projected to save taxpayers between $50 and $100 billion each year by improving government performance and efficiency. To learn more about agency performance, view the report at: http://www.whitehouse.gov/results/agenda/2005_results_report.pdf

Budget and Performance Integration

Sharing Best Practices: Initiative Area Annual Report

The Federal Government continues to manage its costs, improve program performance, and spend taxpayer's money smarter every year. To help all agencies assess how much it would cost to get greater or fewer results, this quarter several agencies and departments shared best-in-class practices in estimating the marginal cost of different levels of performance. View the entire Initiative report at: http://www.whitehouse.gov/results/agenda/fy05q3-bpi.pdf

Walker Calls for Nonpartisan Program Evaluations

Comptroller General David Walker recently stated at a Congressional hearing that the Government Accountability Office or another objective organization should review the Bush administration's evaluations of federal programs. Walker said that the Bush administration's Program Assessment Rating Tool (PART) – used to evaluate the effectiveness of 1,200 programs - had no evident impact in the way Congress funds programs or conducts oversight. Walker recommends that Congress integrate PART with other performance measurement tools, such as the annual program performance reports required by the 1993 Government Performance and Results Act (GPRA), into a single assessment system that relies on credible information, has buy-in from lawmakers and other stakeholders, and that is able to review programs and policies that cut across agencies and congressional committees.

To read more, go to: http://federaltimes.com/index2.php?S=921542
To read Comptroller General Walker's testimony, go to: http://www.gao.gov/cgi-bin/getrpt?GAO-05-709T

Improved Financial Performance

Staying the Course in Financial Performance: Annual Report on Financial Accountability

We are to develop and implement government-wide financial management policies and practices for Federal agencies. It is sound financial management that ensures taxpayer dollars are not being wasted, that the government's financial books are in order, and that government decision-makers have access to accurate financial information. To read more, go to: http://www.whitehouse.gov/results/agenda/fy05q3-offm.pdf

"Lean" Trend Could Transform Financial Management

Federal managers are employing a process-improvement strategy that has been used for quite some time in the private sector but is only now beginning to be discovered by federal agencies, mostly at the Defense Department. The process, called Lean Six Sigma – also refer to it as “Lean” - embodies methods for removing waste from a process and making it flow faster. “Six Sigma” aims to improve quality, reduce variability and more accurately measure performance of a process. Lean Six Sigma is a method of dissecting and re-engineering virtually any kind of process — manufacturing, logistics, administrative, service-related or transactional — to remove wasteful steps and to streamline value-added steps to be more efficient. To read more, go to: http://federaltimes.com/index2.php?S=892117

Strategic Management of Human Capital

Advancing the Strategic Management of Human Capital: A Message from the Director

It is a particular privilege to lead the Office of Personnel Management (OPM) at a time of significant transformation in the manner in which the Federal Government manages employees. As the President's chief advisor on Federal human resources, I look forward to working with you as we implement the reforms. View the entire report at: http://www.whitehouse.gov/results/agenda/fy05q3-hc.pdf

New Hiring System not Being Used by Many Agencies

Despite rave reviews from human resource managers, only a handful of mostly small agencies are using category rating to evaluate and select qualified job candidates. The vast majority of managers across government still rely on the old rule-of-three process, which uses a simple scoring system to narrow the field of applicants to the three theoretically most qualified candidates. Many managers and human resources staffs are resistant to the new method because it would change how they currently operate. Many don't understand how it works or are unaware of it. Agency leaders have yet to assemble policies on how it should be used. And some HR computer systems would need to be upgraded or replaced to support category rating. At her June 15 nomination hearing to become the next Office of Personnel Management director, however, Linda Springer said she plans to press top HR managers across government to use category rating and other new hiring tools. To read more, go to: http://federaltimes.com/index2.php?S=936864

Options in Developing a Framework for Governmentwide HR Reform

Building on a human resource framework, the Government Accountability Office (GAO) has released a document that provides information on the statutory human capital authorities that Congress has provided to various federal agencies. The document organizes six selected agencies' existing human capital authorities by the principles, criteria, and processes included in the framework for governmentwide reform. These six agencies have undergone statutory reform of their human capital systems within the past 10 years. Cataloging these recent authorities could help Congress craft an approach to address human capital reform efforts. The second part of the document identifies and summarizes 10 selected agencies' exemptions from various chapters of title 5 of the U.S. Code dealing with civil service employees to illustrate more broadly what specific authorities Congress has provided to agencies in the past. To access this document, go to: http://www.gao.gov/cgi-bin/getrpt?GAO-05-398R

The Case for Personnel Reform Varies by Agency

Clay Johnson, the deputy director for management at the Office of Management and Budget, said governmentwide personnel restructuring is needed to improve recruitment and retention in the federal workforce. The current Defense and Homeland Security personnel overhauls scrap the General Schedule system, implement performance pay, limit union bargaining and streamline the appeals process. Officials at the Office of Personnel Management developed legislation last month that would extend similar changes to the rest of the federal workforce. Johnson said that there are positives and negatives to the proposed system and success depends on implementation. To read more, go to: http://www.govexec.com/dailyfed/0605/061305d1.htm

Government HR Innovations Summit 2005 September 14-16, Washington , DC

The time has come to discuss the future of the government workforce in a fresh and innovative way. The future of government service and thus, government human resources personnel, is being crafted today, by you and your colleagues. With the changes you implement in regards to recruitment, hiring, retention, and development of employees, you have the unique opportunity to impact generations of civil service workers and citizens at large. To help your agency align human capital strategies with mission and goals and prepare for the future of government service; the Performance Institute and a coalition of good-government groups has assembled HR Innovations 2005; The most comprehensive human capital management event being offered to government managers this year. For more information or to register, go to: http://www.hrinnovations.org/HRI/

Competitive Sourcing

Competitive Sourcing Report Reveals Savings

The Office of Management and Budget (OMB) released a FY 2004 competitive sourcing report that outlines the accomplishments agencies have made over the year. In FY 2004, agencies completed 217 competitions involving 12,573 full-time-equivalent employees (FTEs). These competitions are estimated to generate net savings or cost avoidances totaling approximately $1.4 billion over five years. When combined with the $1.1 billion expected from competitions completed in the prior year, the competitive sourcing initiative has positioned agencies to save more than $2.5 billion for redirection to higher priorities or deficit reduction. Estimated annual net savings per FTE studied was approximately $22,000 for competitions completed in FY 2004 -- nearly double the estimated net savings from competitions completed in FY 2003. To access this report, go to: http://www.whitehouse.gov/results/agenda/fy04-analysis-cs-050608.pdf

OMB Issues New Guidance on Job Competitions

OMB revised its guidance on which jobs are considered so essential to government that they cannot be outsourced. The guidance has been fairly consistent for the past decade, but the latest revision gives agencies the option to exclude from competitions jobs performed by disabled workers. The prospect of disabled workers, who are often hired because the government has goals for their recruitment and employment, being forced to compete for jobs against non-disabled contractors has outraged some advocates of the disabled community. To read more, go to: http://www.govexec.com/dailyfed/0505/052705k1.htm

A Method of Measuring Contractor Performance is Criticized

Industry groups advocated limiting the use of a certain method of measuring contractor performance in comments submitted to the councils responsible for the Federal Acquisition Regulation. The method, known as earned-value management, relies on principles from calculus to measure contractors' performance. It compares expected cost, actual cost and work completed, and involves extra data collection both before and after an award is made. OMB requires agencies to use the technique in large contracts for development projects. The proposed rule standardizes how it should be done. The Information Technology Association of America and Professional Services Council, which represent contractors, said the rule, if left unchanged, would impose costs on small businesses that would prevent them from competing, and make sensitive information available to competitors. To read more, go to: http://www.govexec.com/dailyfed/0605/062005k1.htm

Strategic Sourcing: Complex, but Effective

Agencies can reduce millions of dollars in unnecessary spending by coordinating their purchases of routine items instead of buying piecemeal through strategic sourcing. Strategic sourcing covers many procurement activities, such as making bulk purchases and tracking market trends to find the best time to buy something at the lowest cost. Businesses have used strategic sourcing to cut costs by more than 30 percent. Federal managers feel that carrying it out can be difficult. Reasons include: employees often use to old ways of buying things even after a new deal is negotiated; a vendor's price

may factor in many components that should be analyzed before an agency asks for discounts; and agency spending data may be fragmented and dispersed, requiring painstaking work to organize and understand it. To read more, go to: http://federaltimes.com/index2.php?S=906781

Expanded E-Government

Implementing and Utilizing E-Government: Report Updating the Progress of E-Gov Initiative

In an effort to further agency implementation of the E-Gov, Lines of Business (LOB), and SmartBUY initiatives, the Office of E-Government and Information Technology (IT) has been collaborating with agencies to refine their E-Gov implementation plans. The purpose of the agency implementation plans is to ensure agencies have documented clear objectives and measurable milestones regarding the adoption and utilization of the E-Gov, LoB, and SmartBUY initiatives. View the entire report at: http://www.whitehouse.gov/results/agenda/fy05q3-egov.pdf

E-Gov to Face Budget Cuts

The House Appropriations Committee called the e-government initiative fundamentally flawed and reduced OMB's e-government fiscal 2006 budget from $5 million in directly appropriated funds to $3 million, just $24,000 more than was appropriated for fiscal 2005. The committee voted for the cuts as part of the Treasury, Transportation and independent agencies fiscal 2006 bill. It now faces a vote by the full House and a markup of a similar version by a Senate appropriations subcommittee. In addition, the committee rejected an OMB request to use $40 million in excess funds generated by the General Services Administration for e-government projects in fiscal 2006. In a report accompanying the bill, committee members chastised OMB for wanting to spend GSA's money. To read more, go to: http://www.fcw.com/article89397-06-27-05-Print

Funding OMB's E-Gov Initiatives

The Government Accountability Office (GAO) released a report that reviews the funding of e-gov initiatives that relied on a variety of funding sources - including monetary contributions from participating agencies - to determine, for fiscal years 2003 and 2004, whether agencies made contributions in the amounts planned and to determine the timing of these contributions. In order to avoid errors and to better assist managing partner agencies in obtaining funds to execute e-gov initiatives, GAO recommends that the Office of Management and Budget (OMB) ensure that it correctly reflects the funding plans of each initiative in its budget guidance to partner agencies. To access this report, go to: http://www.gao.gov/cgi-bin/getrpt?GAO-05-420

CIO's Support Consolidation Efforts

OMB's plan to consolidate agencies' non-core services should be successful in the long term, but several obstacles must first be navigated, a panel of senior government information technology officials concluded. In the panel's report, sponsored by the nonprofit Association for Federal Information Resources Management, the 10 participating high-level government technology executives voiced support for the trend of consolidating agencies' business operations. The consolidation effort - which OMB calls its lines of business initiative - is an attempt to redefine how the government works and how agencies' management systems can be merged into superservice centers. OMB supports six consolidation efforts, covering legal case management, financial systems, grants, human resources management, federal health architecture and cybersecurity. To read more, go to: http://www.govexec.com/story_page.cfm?articleid=31501&sid=1

Emerging Cybersecurity Issues Threaten Federal Information Systems

GAO released a report on cybersecurity threats to federal information systems. Examples of these threats include spam (unsolicited commercial e-mail), phishing (fraudulent messages to obtain personal or sensitive data), and spyware

(software that monitors user activity without user knowledge or consent). To address these issues, GAO was asked to determine (1) the potential risks to federal systems from these emerging cybersecurity threats, (2) the federal agencies' perceptions of risk and their actions to mitigate them, (3) federal and private-sector actions to address the threats on a national level, and (4) governmentwide challenges to protecting federal systems from these threats. GAO recommends that OMB ensure that agencies address emerging cybersecurity threats in their FISMA-required information security program and coordinate with DHS and the Department of Justice to establish guidance for agencies on how to appropriately address and report incidents of emerging threats. To access this report, go to: http://www.gao.gov/cgi-bin/getrpt?GAO-05-231

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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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