Here is your copy of the Implementation Update on the President's Management Agenda e-newsletter. The release of the latest PMA scorecard has shown a slip in the incredible progress shown over the last 4 quarters, but the momentum is still there. A recommitment to the goals and principles of the PMA over the coming months will prove that the federal government is results-driven and dedicated to performance.

- Carl DeMaio



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

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Government-wide News

Latest PMA Scorecard and Status Report from Clay Johnson

The fiscal year 2005 second quarter PMA scorecard was released. There was some momentum lost over the last quarter, with 19 progress scores decreasing. There were some notable improvements, however, especially from the Office of Personnel Management and Smithsonian, who both improved on two progress scores. Deputy Director for Management Clay Johnson equates the progress decline to change in agency leadership diverting the focus away from management reform. He states that his current responsibility is to ensure that leadership remains focused on management opportunities to make agencies function better. To read his statement, go to: http://www.whitehouse.gov/results/agenda/fy05q2-ddm-update.pdf

To view the latest scorecard, go to: http://www.whitehouse.gov/results/agenda/scorecard.html

Reducing Costs and Gaining Efficiencies in the Federal Government

The Office of Management and Budget (OMB) released a report on the progress made to date by agencies with the President's Management Agenda (PMA). Some of the major improvements include: $1.7 billion in savings from an FAA competition, $1.6 billion in improper payments eliminated at HUD since FY 2000, $1 billion over 10 years in

projected savings from E-payroll, and 71% of assessed programs have defined and are tracking clear outcome goals to measure their results. The current progress looks effective in reaching PMA goals, such as eliminating $40 Billion per year in overpayments, reducing the cost of commercial activities by $6 Billion per year, using technology to save over $1 Billion, and getting more out of every dollar we spend. To access this report, go to: http://www.whitehouse.gov/results/agenda/2005-cost-mgt-report.pdf

Results-Oriented Government at DHS

The Government Accountability Office (GAO) released a report that assesses the extent to which the Department of Homeland Security's (DHS) planning process and documents address required elements of the Government Performance and Results Act of 1993 (GPRA) and other good strategic planning practices and reflect its homeland and non-homeland security mission responsibilities. To make DHS a more results-oriented agency and allow for public oversight and accountability, GAO recommends that the Secretary ensure that (1) DHS consult directly with external stakeholders, including Congress, federal agencies, state and local governments, and the private sector, in its next strategic planning process and (2) DHS's next strategic plan includes a description of the relationship between annual performance goals and long-term goals, as required by GPRA, and adopt a number of good strategic planning practices. To access this report, go to: http://www.gao.gov/new.items/d05300.pdf

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Budget and Performance Integration

Shea Reports on the Challenges of PART

Robert J. Shea, Counselor to the Deputy Director for Management, reports that this quarter several agencies declined in status on the scorecard due to not enough programs improving in Program Assessment Rating Tool (PART) ratings. While these agencies did develop performance goals and remedy some of their Results Not Demonstrated ratings, their pace was not aggressive enough to meet the standard. He recommends that agencies take actions necessary to improve not only programs rated Results Not Demonstrated, but all programs. He also says that program managers should be committed to taking PART's recommended next steps as part of their efforts to ensure their programs improve every year and performance targets must show the drive to achieve more for less. To access this update, go to: http://www.whitehouse.gov/results/agenda/fy05q2-bpi.pdf

Budget-Performance Integration in Government
June 27-28, Arlington, VA

This training will focus on developing performance goals and measures by applying the Government Management Logic Model Framework as a template for developing accurate and succinct performance goals and measures for government programs. This framework will aid government managers in the stewardship of the annual and long-term objectives of the individual program and the organization, and is in compliance with GPRA performance criteria as well as OMB PART guidance. For more information or to register, go to: http://www.performanceweb.org/Events/Courses/P435/P435.htm

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Improved Financial Management

Staying the Course in Financial Performance

Controller Linda Springer reports on the progress being made in improving federal financial management. She reports that in June 2002, only one agency - the National Science Foundation - met the "green" standards of success, while now eight agencies have achieved this distinction by meeting important financial objectives, such as receiving an unqualified opinion on their financial statements and reporting no material weaknesses. For future progress to be made, she states that the following must be met for financial management: an agreed-upon definition of the intended outcome, a clear measure of progress in achieving the outcome; and an accountability structure to ensure that agency leaders provide the necessary attention and resources to achieve success. To access this statement, go to: http://www.whitehouse.gov/results/agenda/fy05q2-fp.pdf

Challenges in Meeting Requirements of Improper Payments Information Act

The Government Accountability Office (GAO) released a report on the extent to which agencies have performed the required assessments to identify programs and activities that are susceptible to significant improper payments and the annual amount estimated for improper payments by the agencies. GAO found that the magnitude of the governmentwide improper payment problem is still unknown, because agencies have not yet prepared estimates of improper payments for all of their programs. Looking forward, future estimates are likely to trend higher because the governmentwide estimate did not include 12 programs with outlays of $248.7 billion in fiscal year 2004 that were required to annually report improper payments under OMB Circular A-11 during the past 3 years. To access this report, go to: http://www.gao.gov/new.items/d05417.pdf

Preparing the Consolidated Financial Statements Needs Improvement

GAO released this report on the weaknesses found in the last consolidated financial statement (CFS) for the federal government. The weaknesses GAO identified during the fiscal year 2004 CFS audit involved the following six areas: directly linking audited federal agency financial statements to the CFS, controls over the compilation process, consolidated reporting guidance to agencies, intra-governmental activity and balances-explanations for material unreconciled transactions, consistency of the Department of Justice's and agencies' opinions on legal cases, and conformity with U.S. generally accepted accounting principles. The report also states that of the 142 open recommendations that GAO reported in September 2004 regarding the process for preparing the CFS, 135 remained open as of December 6, 2004, the end of GAO's fieldwork for the fiscal year 2004 CFS audit. To access this report, go to:
http://www.gao.gov/cgi-bin/getrpt?GAO-05-407

Strategic Management of Human Capital

Recruitment, Relocation, and Retention Incentives

Office of Personnel Management (OPM) issued interim regulations to implement a provision of the Federal Workforce Flexibility Act of 2004 to provide agencies with the authority to pay recruitment, relocation, and retention incentives to employees. The new authorities will provide agencies with additional flexibility to help recruit and retain employees and better meet agency strategic human capital needs. They replace the former recruitment and relocation bonus and retention allowance authorities that applied to General Schedule and other categories of Federal employees. To access the new regulations, go to: http://www.opm.gov/fedregis/2005/69-051305-25752-a.pdf

2004 Employee Benefits Survey Results

OPM Acting Director Dan G. Blair released the results of the 2004 Employee Benefits Survey, the purpose of which was to determine employee attitudes about the importance, adequacy, value, and competitiveness of federal benefit programs. Last November, OPM issued the survey to a random sample of over 2,400 employees governmentwide. The target population included equal numbers of current employees with three or more years of federal service, and new hires who had less than three years service. OPM received over 850 responses by the end of the eight-week administration period, in January 2005. The Thrift Savings Plan, employee health benefits, retiree health benefits, and retirement annuity consistently rated the highest in importance and value. Life insurance benefits rated the fifth highest. The lowest rated benefits included telework, child care subsidies, and health and wellness programs. To access the survey, go to: http://www.opm.gov/employment_and_benefits/survey/index.asp

The Policy Framework in the Federal Workplace and Roles of EEOC/OPM

GAO released a report on the Equal Employment Opportunity (EEO), which prohibits unlawful discrimination based on such factors as race, color, religion, gender, national origin, age, and disability, and offers redress when discrimination and retaliation have occurred. This report provides information on the federal government's performance in promoting EEO and managing its diverse workforce, including the statutory and policy framework relating to EEO, affirmative employment, and workforce diversity; and the roles and responsibilities of EEOC and OPM within the framework and how these agencies carry out these roles and responsibilities. To access this report, go to: http://www.gao.gov/new.items/d05195.pdf

The FBI's Efforts to Hire and Retain Intelligence Analysts

The FBI's Office of Inspector General (OIG) released a report on the Bureau's efforts to hire and retain intelligence analysts. The review found that the FBI has made significant progress in hiring and training quality analysts, although significant issues remain. The report finds that the FBI has to: determine the number of analysts needed to meet its mission and, using threat-based criteria, allocate the analysts among FBI offices; establish and meet hiring goals for intelligence analysts that are based on the FBI's projected need for additional analysts, forecasted attrition, and the FBI's ability to hire, train, and utilize new analysts; increase the number of analysts trained at the FBI's College of Analytical Studies and develop a cadre of FBI instructors to teach the college's classes; assess the work done by intelligence analysts and reduce the extent of miscellaneous, non-analytical duties assigned to analysts; and implement measures to improve the retention of qualified analysts. To access this report, go to: http://www.usdoj.gov/oig/reports/FBI/a0520/final.pdf

Employees Concerned with New DHS Personnel System

A report reveals that employees at the Department of Homeland Security (DHS) are concerned about fairness and training in the personnel system being implemented at the agency. The report was produced after a series of focus group meetings with DHS employees in 10 locations and included 289 agency workers. Officials were given the power to build their own personnel system when Congress established DHS in 2002. Agency officials are planning to limit the scope of union bargaining, make it easier for managers to discipline poor performers and dismantle the General Schedule pay system in favor of a performance pay framework. To read more, go to: http://www.govexec.com/dailyfed/0505/051005d1.htm

Base Realignment Plan to Affect Civilian Workers

More than 18,000 Defense Department civilians will see their jobs eliminated or contracted out as part of the Pentagon's recommendations for closing and realigning military bases. The Pentagon wants to close 33 major bases, realign 22 more and make hundreds of other changes at smaller bases. Those recommendations will be reviewed by an the independent Base Realignment and Closure Commission this summer, which will then prepare a final list for

President Bush by Sept. 8. The president has until Sept. 23 to accept or reject the list before sending it to Congress, which has 45 legislative days to reject it or the recommendations become law. To read more, go to: http://www.govexec.com/dailyfed/0505/051305g2.htm

Succession Planning and Management in Government
June 23-24, Arlington, VA

Succession planning ensures that there are highly qualified people in all positions, not just today, but tomorrow, next year and five years from now. In the past, succession planning typically targeted only key leadership positions, but in today's organizations it is important to include key positions in a variety of job categories. This means that the kind of behaviors that need to be developed and promoted may be different than those in the existing culture. This course will begin with an assessment of your current workforce and end with the identification of the culture and the competencies that are required to support an agency of the future. It will give managers the critical tools to develop and implement successful succession planning efforts. It is critical not only for short-term success of the agency, but also for the long-term success in achieving agency mission. For more information or to register, go to: http://www.performanceweb.org/Training/COURSES/succession_planning.htm

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Competitive Sourcing

Safavian Reports on Competitive Sourcing Progress

David Safavian, Administrator Office of Federal Procurement Policy, issued an update on the progress of the competitive sourcing initiative. He specifically touts the completion of a Federal Aviation Administration (FAA) competition, which is the largest competition ever initiated in the 50-year history of the competitive sourcing program. Using the competitive process, FAA analyzed its Automated Flight Service Station (AFSS) System, and compared the government's in-house proposal, in the form of a most efficient organization (MEO), to four proposals from the private sector. The winning proposal, from Lockheed Martin, will introduce new and modified equipment and better facilities to improve the AFSS services, including pilot weather briefings, in-flight radio communications, flight planning, and search-and-rescue support. These improvements are expected to save taxpayers $1.7 billion over ten years. Lockheed Martin's proposal includes job offers to all AFSS incumbents at one of three new hub facilities. To access this update, go to: http://www.whitehouse.gov/results/agenda/fy05q2-cs.pdf

Overworked Contract Employees Make Mistakes

Steve Kelman, a Harvard University professor who served as administrator at the Office of Federal Procurement Policy in the 1990's, said recently that if policy makers want to get serious about resolving contracting problems, they need to increase the size of the federal contracting work force. He told an audience of procurement professionals that the work force is not growing to meet the increasing demands being placed on employees: booming increases in contracting volume, particularly in the complex field of services contracting; more requirements to do A-76 competitive sourcing studies; and more pressure to document their decisions along the way. To read more, go to: http://federaltimes.com/index2.php?S=832123

OMB Seeks Competition for Several Functions

OMB wants private-sector companies to offer human resources and financial management services to agencies under the administration's "lines of business" initiative. Now only pre-selected agencies are providing such services

to other agencies under the initiative to consolidate information technology systems and administrative services across government. The plan calls for the private sector to join the competition for human resources work as early as September and for financial management work by the next fiscal year. These areas are two of six common functions that the administration wants to consolidate across agencies to avoid redundancy, improve performance and lower cost. Other lines of business are criminal case management, grants management, federal health systems and information systems security. OMB is doing an analysis to see if the remaining four areas are suitable for private-sector competition and if the private sector is even interested in competing to provide services in these areas. To read more, go to: http://federaltimes.com/index2.php?S=826182

2005 Best Practices Forum: Managing A-76 Competitions
June 2-3, Arlington, VA

Competitive sourcing aims to increase efficiency and improve performance, but many agencies still lack adequate training necessary to achieve these goals. Continuous changes to A-76, OMB's guidance circular for managing public-private competitions, and legislation make it difficult for agency employees to stay on top of the rules of the game. Agencies need to acquire proper training in order to successfully fulfill their responsibility in the A-76 process. In this course, you will learn to develop a comprehensive strategy for competitive sourcing and conduct A-76 compliant competitions that are critical to achieving cost efficiency and performance effectiveness success in your agency. For more information or to register, go to:
http://www.performanceweb.org/Training/COURSES/managing_A-76_competitions.htm

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Expanded E-Government

Evans Reports on E-Gov Progress

Karen Evans, Administrator at the Office of E-Government and Information Technology, provided a progress report on the expanded e-gov initiative. She states that the Office of E-Government and Information Technology has made significant accomplishments in the past quarter, including the roll out of the IT budget with the release of the President's 2006 Budget and the re-launch of the E-Gov website to consolidate content for the Federal Enterprise Architecture (FEA), Information Policy, Presidential initiatives, and the Chief Information Officer's Council. She also breaks down the progress made in specific e-government initiatives, such as E-Payroll, E-Training, and Federal Enterprise Architecture (FEA). To access this report, go to:
http://www.whitehouse.gov/results/agenda/fy05q2-egov.pdf

OMB Examines Duplicate E-Gov Projects

The Office of Management and Budget (OMB) has analyzed agency IT investments - Exhibit 53s - to determine if they use systems that duplicate any of the 25 e-government projects, the Lines of Business Consolidation or the enterprise-wide software buying effort known as SmartBuy. Agencies are migrating to a number of e-government projects, such as E-Travel, E-Payroll and systems within the Integrated Acquisition Environment. Once they are fully utilizing the e-gov systems, OMB expects them to take down their internal systems. To read more, go to:
http://www.gcn.com/24_11/e_gov/35793-1.html

Smart Card Alliance creates Physical Access Council

The Smart Card Alliance has launched the Physical Access Council made up of government and industry leaders. The Council's goal is to increase adoption of smart cards for physical access and address some of the key issues that

organizations have in deploying physical access system technology. The Physical Access Council is managed by a combined government/industry steering committee. The Physical Access Council includes participants from across the smart card and physical access control system industry, including: end users; smart card chip, card, software and reader vendors; physical access control systems vendors; and integration service providers. For more information, go to: http://www.secureidnews.com/news/2005/03/03/smart-card-alliance-creates-physical-access-council/

Federal Webmasters Share Best Practices

About 350 managers from more than 30 government agencies convened at an e-government workshop in Washington, D.C., to share best practices from standout sites. The event, organized by the Interagency Committee on Government Information's Web Content Management Working Group, was designed to help managers comply with policies issued last December by OMB. The workshop focused on Web content rather than technology, with topics including writing in plain language, choosing search engines and focusing on usability. The workshop commended the Bureau of Labor and Statistics for its Web site's usability. To read more, go to: http://www.fcw.com/article88774-05-04-05-Web

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Agency Spotlight: Small Business Administration

While currently planning for a change in political leadership, the Department of State (State) has made significant advances in the implementation of the President's Management Agenda (PMA) and management improvements. In fact, State has improved to green status in two initiatives - E-Government and Budget-Performance Integration - on the latest PMA Scorecard.

Since January 2001, the Department and outgoing Secretary Colin Powell's management priorities have been: People, Security, Technology, Facilities, and Management Reform and Improvement. State previously had insufficient funding, a severe shortage of personnel, a lack of emphasis on training, a lack of real budget planning, antiquated information technology, and many insecure facilities in poor condition. Upgrading the infrastructure at the 263 embassies and consulates abroad as well as its operations in the United States has been a key focus of the Department leadership. State has focused on achieving results for its employees and the American taxpayers in emphasizing these priorities.

Starting with five reds on the PMA Scorecard in 2001, State has improved its scores significantly. It achieved its first complete slate of greens for "progress" on all five initiatives on the March 30th quarterly scorecard. The Department has continued this progress to date and now has three greens for "status", in E-Government, Budget-Performance Integration, and the Strategic Management of Human Capital initiative.

Budget and Performance Integration

State achieved a green in status for Budget-Performance Integration. The U.S. Small Business Administration's (SBA) mission is to "aid, assist, counsel and protect the interests of small businesses, and to contribute to the growth of the economy." In support of this mission, SBA developed four strategic goals, each with a number of long term objectives: improve the economic environment for small businesses; increase small business success by bridging competitive opportunity gaps; restore homes and businesses affected by disaster; and ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services.

To manage for results under the President's Management Agenda (PMA), SBA first aligned its goals, objectives and strategies to the President's Small Business Agenda, then to the Agency's Strategic Plan and the

Administrator's key initiatives. Second, SBA communicated its Strategic and Annual Performance Plans to each employee; incorporated specific milestones in individual Personal Business Commitment Plans (PBCPs); and scheduled regular meetings with senior leaders and program managers to monitor, review, and report on progress. Third, SBA used as the tool of choice an automated internal Execution Scorecard system where the government-wide scorecard rating system was replicated for each SBA program (i.e., red, yellow, and green to designate progress). Fourth, SBA used performance data to change and modify the direction of programs and to reward employees in the performance appraisal process. As a result of these processes, SBA re-gained a "green" for e-gov on the latest scorecard - one of two agencies to increase over the last quarter - and maintained a "green" for status in budget-performance integration. SBA has also maintained a complete "green" for progress in all initiatives.

Budget and Performance Integration

SBA has maintained a status green for this initiative for the last three quarters. By using an internal Execution Scorecard and an OIG-generated scorecard for major management challenges, SBA has instituted monthly reviews of key performance indicators, activities, and milestones to manage its efforts more effectively. It has also developed a marginal cost accounting methodology to use in justifying funding requests and assess cost efficiencies. In addition to surveying technical assistance recipients to measure program results, the agency is using performance information from monthly review sessions and recommendations from the PARTs to make program decisions (such as merging the Business Information Centers with other management and technical assistance delivery networks and elimination in backlog of 8(a) eligibility and certification actions). One notable effort SBA has made is the use of a new format for reporting of costs and results, offering the public increased transparency in the full cost of achieving strategic goals and fostering the integration of the various programs and delivery structures.

Improved Financial Management

Financial Management is the one red in status on the PMA scorecard for SBA. The agency, however, is taking significant steps to improve this status score. SBA continued to use a cost allocation survey to review the most cost effective way to manage resources and deliver program results. By centralizing loan purchase functions from 76 locations to one, SBA will reduce costs from $44 million in FY 2002 to an estimated $15 million in FY 2006 (a two-thirds reduction), as well as ensure consistency and a more uniform quality of actions and decisions in the guaranty purchase and liquidation processes. SBA implemented an electronic tool to communicate with the lenders that saves an average of two days in decision-making time, eliminates over 50,000 faxes, and saves the Nation's small business time and money. The agency has also addressed all identified audit findings and financial weaknesses, including improved internal control over subsidy modeling and re estimates, increased accountability and accuracy of financial information, improved control over loan program funds, and improved documentation of financial management procedures and controls.

Strategic Management of Human Capital

SBA maintains a yellow for status in the human capital initiative. Including SBA employees as one of its customer groups, the Agency completed leadership and general skill competency assessments for its employees, launched an e-training program for field employees, mandated the development of career development plans for selected specialists to include participating in (Go-Learn) online training, and implemented both a workforce planning system and succession strategies to ensure there are not mission-critical gaps. As part of a comprehensive capital plan, SBA has also directed each employee to develop Personal Business Commitment Plans to include the PMA as success indicators in the appraisal process. Some specific efforts undertaken by SBA include: launching an e-training curriculum for field office staff, completing career development plans for all employees impacted by the centralization of loan liquidation functions and offering all field offices access to GoLearn business suite of distance learning courses, resulting in 1,023 licenses issued and over 1,204 course registrations received.

Competitive Sourcing

SBA also maintains a yellow for status in competitive sourcing. SBA has been working to apply competition to commercial activities where reasoned analysis indicates that competition can help to improve mission performance and reduce costs. Achievements include the following: SBA conducted five streamlined competitions in FY04 on work performed by 251 full time equivalent employees (FTE), which could potentially save SBA an estimated $1.6 million; SBA will complete a re-competed standard competition this fiscal year in the Office of Investment examination activities (23 employees); and it has developed a Competitive Sourcing Plan, which reflects its workforce mix, capacity to conduct competitions (including available funding), and mission needs.

Expanded E-Government

SBA has re-achieved a green for status in e-government on this scorecard after dropping to yellow on the previous one. SBA has re-met all of its E-Gov requirements. These include completion of a modernization blueprint, improvements in IT security, participation in cross-agency E-Gov initiatives, and adherence to the standards for cost/schedule/performance in developing systems. In addition, the Agency completed the next version of the Business Gateway (business.gov), E-Tran (system to enable electronic communication with lenders), improvements to Businesslaw.gov that saved an estimated $750,000 for small businesses seeking federal Employer Identification Numbers, and a prototype of the 8(a) eligibility and certification process. Notable achievements include: implementing major IT investments within 10 percent cost, schedule and performance targets; strengthening existing processes to ensure that future IT investments align with the agency's mission and vision by establishing the Enterprise Architecture Technical Review Board and creating the Business Technology Investment Council (BTIC) Advisory Committee; and continues its commitment to E-government activities as illustrated by participation and contributions to 18 of the 24 cross-government projects.

For more information on the PMA at Small Business Administration, go to:
http://www.whitehouse.gov/results/agenda/report8-04/small_business_administration.pdf

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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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