Here is a copy of this month's President's Management Agenda Newsletter. The winner of the 2005 President's Quality Award, the top management honor for executive branch agencies, was announced. Check out which agencies were awarded in the Government-wide section of the newsletter.
Enjoy!

-Carl DeMaio

Implementation Update on the President's Management Agenda

The Performance Institute

IN THIS ISSUE: JANUARY 2006

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

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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

Three Agencies Honored With Top Management Awards

The Office of Personnel Management on Tuesday announced the winners of the 2005 President's Quality Award, the top management honor for executive branch agencies. Four awards were granted for management excellence in three categories. OPM selected winners from 47 submissions, and honored them at an official awards ceremony at the Corcoran Gallery of Art in Washington on Tuesday night. The State Department earned the award for Innovative and Exemplary Practices for the design and launch of its Employee Profile Plus database, which enables managers to locate current and former employees with skills in almost 300 specific areas. The Web-based system was deployed during the department's tsunami relief efforts in late 2004 and again following the Hurricane Katrina disaster, helping to find employees with the required language, area and disaster relief expertise in a matter of minutes, rather than days or weeks. To read more, go to http://www.govexec.com/story_page.cfm?articleid=33011&dcn=e_gvet

Satisfaction with Government Services Drops

Satisfaction with services offered by the federal government dropped slightly in 2005, marking the first step back in three years, according to an annual index compiled by the University of Michigan. The government received a score of 71.3 out of a possible 100 points on the 2005 American Customer Satisfaction Index, a drop of nearly 1 point from the 2004 score of 72.1. The government's score last declined in 2002. The nationwide survey is published annually by the University of Michigan's Ross School of Business in partnership with the American Society for Quality and the international consulting

UPCOMING EVENTS

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

Federal Acquisition Summit
February 13-15, 2006 | Arlington, VA

Government Performance Management Week
February 27-March 3, 2006 | Arlington, VA

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

Government Performance Summit 2006
April 3-5, 2006 | Arlington, VA

WEBINARS

Strategic Human Capital Management in Government: Lessons Learned after 5 Years
March 22, 2006
1:00pm-2:00pm PM EST

firm CFI Group. The government index is compiled in cooperation with the Treasury Department's Federal Consulting Group.
Full story: http://www.govexec.com/story_page.cfm?articleid=33018&dcn=e_gvet

Customer Satisfaction with Agencies Slips in 2005, Study Finds

Overall customer satisfaction with federal agencies dropped by 1.1 percent this year, after being on the rise since 2002, according to the latest American Customer Satisfaction Index, an annual University of Michigan study. While overall satisfaction dropped, results were mixed for the 23 agencies measured. Customer satisfaction with 43 percent of agencies declined, while 35 percent had improved customer satisfaction, leaving 22 percent of agencies unchanged. To read more, go to http://www.federaltimes.com/index2.php?S=14172

Budget and Performance Integration

OMB to Seek Hard Proof of Agency Successes

Four years into the president's management agenda, the Office of Management and Budget says it's time agencies graduate from learning and practicing good habits to proving tangible results. Clay Johnson, OMB's deputy director for management, said getting green — for success — on the scorecard is an indication that agencies are instituting best practices in areas such as work-force planning and use of e-government, but the key for 2006 will be translating this achievement to dollars and cents savings for the taxpayer. To read more, go to
http://www.federaltimes.com/index2.php?S=1439806

'06 Winners and Losers
What the President Wanted; What Congress Gave Him

While Congress didn't cut as deeply as the president requested, spending for 2006 will still mean having to do more with less for most agencies. Budget experts warn that the modest additions to program funding won't be enough to cover annual increases in many cases."Overall funding for non-defense programs will fall below 2005 levels when you adjust for inflation," said James Horney, senior fellow at the Center on Budget and Policy Priorities in Washington. "I think what [Congress] will find is that it will come up short in a number of areas as the year goes on." To read more, go to
http://www.federaltimes.com/index2.php?S=1405493

Supporters Call Even Start a Case Study in Faulty Program Assessments

For the past two years, the Bush administration has proposed killing a popular Education Department literacy program called Even Start. In its pitch to lawmakers to end the $225 million initiative, the Office of Management Budget argued that its own performance assessment of Even Start found it "ineffective". One primary complaint: Only 17 percent of adults who participate in the program go on to get a secondary school equivalency diploma, or GED. Today, some lawmakers point to Even Start as a case study for how programs can become endangered when disagreements arise between Congress and the administration over how their success should be measured. To read more, go to
http://www.federaltimes.com/index2.php?S=1452398

Improved Financial Performance

Internal Audit Slams Homeland Security

Weaknesses in the Federal Emergency Management Agency's response system during Hurricane Katrina were just one symptom of major management challenges at the Department of Homeland Security, an internal report issued yesterday

concludes.

The report by the department's inspector general also questions Homeland Security's ability to properly oversee billions of dollars worth of contracts it awards annually. http://washingtontimes.com/national/20051228-115411-8546r.htm

Government Flunks Annual Audit, Again

For the ninth year running, the federal government failed to achieve a clean financial audit, largely because of accounting issues at the Pentagon. This year's results, released on Thursday, looked much like those from recent years. Internal problems with government accounting systems prevented the Government Accountability Office from reaching a reliable conclusion about the accuracy of the Treasury Department's Fiscal Year 2005 Financial Report of the U.S. Government. To read more, go to http://www.govexec.com/story_page.cfm?articleid=33036&dcn=e_gvet

Managerial Cost Accounting Practices: Departments of Education, Transportation and the Treasury

Authoritative bodies have promulgated laws, accounting standards, information system requirements, and related guidance to emphasize the need for cost, information and cost management in the federal government. For example, the Chief Financial Officers (CFO) Act of 1990, contains several provisions related to managerial cost accounting, one of which states that an agency's CFO should develop and maintain an integrated accounting and financial management system that provides for the development and reporting of cost information. To read more, go to http://www.gao.gov/new.items/d06301r.pdf

Defense Inventory: Army Needs to Strengthen Internal Controls for Items Shipped to Repair Contractors

The Army has not maintained accurate accountability for inventory shipped to repair contractors, thereby placing these assets at risk or loss or theft. Although DOD policy requires the military services to confirm receipt of all assets shipped to contractors, the Army is not consistently recording shipment receipts in its inventory management systems. To read more, go to http://www.gao.gov/new.items/d06209.pdf

DHS Bureau Gets First Permanent Chief Financial Officer

The government's second-largest investigative agency got its first permanent chief financial officer this week, signaling that sound fiscal management has become a top priority. Debra Bond was appointed chief financial officer of the Homeland Security Department's troubled Immigration and Customs Enforcement bureau, which is responsible for investigating and stopping criminal and terrorist activity and enforcing the nation's immigration laws. To read more, go to http://www.govexec.com/story_page.cfm?articleid=33161&dcn=e_gvet

Federal Programs with a Financial Eligibility Component

Each year, federal benefit programs make billions of dollars of improper payments,in some cases, due to inaccurate personal and financial information provided byapplicants. For federal agencies administering those programs, getting reliablepersonal and financial information is vital for making good decisions about whetheran individual or business is eligible for federal benefits. As one of the largestrepositories of personal and financial information in the United States, IRS has anumber of data-sharing relationships with federal agencies to help verify applicant provided information. To read more, go to http://www.gao.gov/new.items/d06292r.pdf

Government Internal Controls

In the wake of new financial management mandates, government officials across the board are required to establish effective and efficient internal controls. The Sarbanes-Oxley Act of 2002 really began the push for increased accountability in the private sector, and much of that sentiment has now been transferred to the public sector as well. After many years of submitting inaccurate and untimely financial statements, federal, state and local governments are now realizing the need to produce useful financial information to top decision makers and the taxpayers. For firsthand insight into a wide range of critical internal control related issues, we invite you to be part of the Government Financial Internal Controls Summit on March 22 – 24, 2006 at The Performance Institute. This event will feature the most up to-date coverage of the latest financial management issues, challenges, and solutions! To read more, go to http://www.performanceweb.org/InternalControls/

Strategic Management of Human Capital

Performance Paramount For Federal Workers Under Working For America Act

The days when federal employment was viewed by some as a sort of American version of the “iron rice bowl”—a Chinese idiom that refers to guaranteed lifetime employment by the state, with wages unrelated to job performance—are drawing to a close, if a proposal to change the federal pay system is enacted.
The Working for America Act would abolish the General Schedule pay system that has been in place since the 1940s. Agencies would be able to design their own pay systems, within certain limits, said Linda Springer, director of the Office of Personnel Management. And part of an employee’s pay would be based on merit.
In testimony last month before the House Government Reform Subcommittee on Workforce Issues, Springer described the proposed legislation as a way for agencies “to better manage, develop and reward employees to better serve the American people.” To read more, go to: http://www.governmentleader.com/issues/news/97-1.html

Pentagon Postpones Training on Personnel System

Personnel reform at the Defense Department hit another bump last week when officials halted training on the new pay-for-performance system to allow more time to evaluate it and make changes. In a Dec. 23 letter, a National Security Personnel System official told program managers to stop all content-specific NSPS training for January at least. "We need more time to focus on simplifying the performance management design, getting performance objectives right, and ensuring the system is simple, clear and understandable," wrote Mary Lacey, program executive officer for NSPS. The regulations governing the system restrict union bargaining rights, eliminate the decades-old General Schedule in favor of broad pay bands and require pay raises to be based on rigorous performance evaluations. To read more please visit: http://www.govexec.com/story_page.cfm?articleid=33076&dcn=todaysnews

Is The Annual Performance Review The Goof-Off's Best Friend?

No drumroll today. We'll go straight to the quote: "If you want to get rid of the obnoxious goof-offs in government, you first have to get rid of the annual performance appraisal. You read that correctly: Abolish the yearly personnel review."

This radical proposal appears in the January edition of "Bob Behn's Public Management Report, " in which Robert D. Behn , a lecturer at Harvard University's Kennedy School of Government and a longtime public policy analyst, makes the case that annual performance reviews undermine agencies' ability to fire truly bad employees. Behn argues that most agency managers have only two choices when trying to fire employees who don't pull their weight: Launch an all-out attack using the full powers of the personnel system, or shrug off their lackluster performance and give the employee a passing grade, such as "meets expectations" or "satisfactory." Agency managers are not dumb or incompetent in their handling of poor performers, but they understand that there is only so much time in the week, the month and the year, Behn says. Managers can focus on a few important problems and try to make a difference on behalf of taxpayers, or they can go to war with employees who know the workplace rules and are "willing and able to use them" to protect their jobs, Behn writes… To read more please visit: http://www.washingtonpost.com/wp-dyn/content/article/2006/01/09/AR2006010901824.html

When Discipline Doesn't Work

Most disciplinary actions have been decided at several levels of an organization before being received by the errant employee. The boss, the boss' boss, HR, EEO, and who-knows-who may have already had a say in deciding to discipline the employee. Letters have been prepared and carefully reviewed before issuance. As a result, a letter of reprimand that could have been typed and delivered in a day or two may take weeks. Now, when the employee receives that carefully crafted and thoroughly reviewed reprimand, what effect will it have? The expectation is the employee will change behavior and in some fashion say, "Thanks, I needed that!" If not, to what end are we going through these administrative hoops? Wasn't discipline intended to correct the problem and prevent its reoccurrence? If we look inside ourselves, can't we understand how formal discipline can fuel animosities and resentments? To read more please visit:
http://www.fedsmith.com/articles/articles.showarticle.db.php?intArticleID=800

Agencies Discover Pay-Banding Pitfalls

At the intersection of 17th and G streets in Washington, there's a small government agency going its own way on personnel reform. The Office of Federal Housing Enterprise Oversight -- created in 1992 to ensure financial soundness for mortgage enterprises Fannie Mae and Freddie Mac -- was given authority from its inception to design its own personnel system. OFHEO did just that, and, along with similar financial institutions such as the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, the agency adopted a new-wave compensation approach known as pay-banding. At first, employees were assigned to one of seven bands according to their occupations. Placement within a band depended on complexity of work, scope of responsibility and extent of supervisory duties. Individuals could move horizontally within a pay-band once a year, based on performance. To read more please visit:
http://www.govexec.com/story_page.cfm?articleid=33132&dcn=e_tma

An Unfunded Fund

In 2003, the White House and lawmakers came up with the bright idea of creating incentives for hard work through a special set-aside fund. The fund was to be reserved for rewarding the top-performing federal employees with permanent pay raises. Hence was born the Human Capital Performance Fund--an account slated to hold $500 million a year.

"The purpose of this is to promote ... greater performance in the federal government," the law establishing the account stated. "This fund will offer federal managers a new tool to recognize employee performance that is critical to the achievement of agency missions." But two years later, no employees have pocketed raises from the fund. It's not because agencies couldn't find a single high-performing employee. It's because the fund…to read more please visit:
http://www.govexec.com/dailyfed/0106/010506pb.htm

Challenges Won’t Keep White House from Pursuing Reforms

Senior administration and personnel officials say they will continue work in 2006 to rally support for comprehensive civil service reform. “It’s time to ensure all agencies are equipped with flexibilities they need to obtain the work force of the future,” Doris Hausser, senior policy adviser at the Office of Personnel Management, told Federal Times. Last year, the Bush administration unveiled its plan to overhaul the government’s civil service system in a draft bill called the Working for America Act. Under the plan, the General Schedule and Wage Grade pay and personnel systems would be abolished governmentwide by 2010 and replaced with pay systems that are performance based and more closely aligned with market conditions for individual occupations in particular locations. To read more please visit:
http://federaltimes.com/index2.php?S=1439803

A Growing Number of Employees Are Staying Away From the Office

Ah, the joys of telecommuting -- especially on a snow and slush day like Friday. According to the latest count, 140,694 federal employees worked at home or at a telework center last year. Through the magic of computers and telephone lines, these lucky souls avoid snarled traffic, jammed subway trains and lousy weather.

The tally of federal telecommuters, sent to Congress last week by the Office of Personnel Management, showed an increase from 2003, when 102,921 government employees were counted as working away from the office at least one day a week. To read more please visit: http://www.washingtonpost.com/wp-dyn/content/article/2005/12/11/AR2005121101168.html?referrer=email

Competitive Sourcing

Acquisition Advisory Update

Since its inception the Acquisition Advisory Panel has toiled over topics such as performance-based contracting, contracting ethics, acquisition workforce and many other issues pertaining to its mission of review and recommendation of acquisition laws and regulations. With such a lofty goal in an area so disperse among the federal government Sen. John Warner (R-Va.), chairman of the Armed Services Committee, decided to add language to the 2006 defense authorization bill giving the panel another year to prepare its final report. Originally due this February, the final report will instead be a provisional release as the panel uses the proposed extension to enhance the breadth and scope to its formal recommendations. These final recommendations will no doubt impact all federal and non federal acquisition personal. We therefore encourage you to assess what the panel has done so far. To view the Acquisition Advisory Panel website, click here http://www.acqnet.gov/aap/

Senate Approves Limited VA Job Competitions

The Senate late last month passed legislation that would allow a limited reintroduction of public-private job competitions at the Veterans Affairs Department, which effectively stopped running such contests in early 2003. To read more, click here http://www.govexec.com/story_page.cfm?articleid=33077&dcn=todaysnews

Defense Spending Bill Renews Job Competition Restrictions

The Senate late Wednesday approved the fiscal 2006 Defense spending bill, which once again contains requirements to protect federal employees in formal competitive sourcing studies run using rules in Office of Management and Budget Circular A-76. To read more, click here http://www.govexec.com/story_page.cfm?articleid=33072&dcn=todaysnews

New Laws Filled With Anti-Outsourcing Measures

Outsourcing opponents successfully included measures in several spending bills designed to frustrate the Bush administration's effort to subject more federal work to contractor bidding. To read more, click here http://federaltimes.com/index2.php?S=1405464

Federal Acquisition

Many government contracts lack the ability to produce results and achieve agency goals. Often, these failures are attributed to lack of training and performance measures in government contracting. Performance-based contracting has long been used in the government, but has been mostly unsuccessful. With new initiatives and OMB mandating 40% performance-based contracts, the need for proper oversight has never been greater. Recently, the President's Management Agenda has demanded an increase in "performance-based" contracts and has also rewritten the rules for contract requirements incorporating Earned Value Management and other Project Management Methodologies. But research and training are still necessary to successfully implement this arm of the PMA. To assist your agency in implementing these changes and requirements, The Performance Institute would like to invite you to the 2006 Federal Acquisition Summit on February 13 to 15, 2006. To read more, go to http://www.excellenceinacquisition.org/

Coming Soon: OFPP Requirement on Acquisition Training and Certification

OFPP Policy Letter 06-01, still being drafted, will establish the Federal Acquisition Certification in Contracting Program. It also sets forth the requirements for education, training, and experience for those seeking a federal certification in the contracting function. The program is being established to meet the requirement that members of the workforce issued new contracting officer warrants on or after January 1, 2007, must be certified at an appropriate level to support their warrant obligations. Click here to read a DRAFT copy of the proposed policy.

http://oamp.od.nih.gov/Division/acp/AcqCertification/DraftPolicyLetter06-01.pdf

Expanded E-Government

Congress must OK e-Gov costs

Agencies must secure congressional approval before implementing e-government initiatives under a new measure passed as part of an appropriations bill. Experts say the development could further hinder the near-term expansion of e-government initiatives but lead to long-term improvements. To read more, click here http://www.fcw.com/article91908-01-09-06-Print

OMB Releases e-Gov Report

Three years after the E-Government Act was enacted, the federal government has improved electronic access to government information. To read the report, click here http://www.whitehouse.gov/omb/budintegration/expanding_egov_2005.pdf

After Finding Success in 2005, OMB Sets e-Gov Bar High In 2006

Karen Evans likes to say that fiscal 2006 is the year the rubber meets the road for many of the Office of Management and Budget's E-Government initiatives. To read more, click here http://www.gcn.com/vol1_no1/daily-updates/37817-1.html

Karen Evans: CIOs Do Matter

Last month, Federal Computer Week Executive Editor Christopher J. Dorobek and reporter Matthew Weigelt spoke with Evans about her views on the role of the CIO 10 years after the Clinger-Cohen Act became law. To read more, click here http://www.fcw.com/article91913-01-09-06-Print

OMB Delivers Report to Better Sell E-Government

The Office of Management and Budget submitted its mandated report to Congress Friday detailing the spending and benefits of all 25 e-government and five Line of Business Consolidation projects, hoping to sell lawmakers on why these initiatives are important. To read more, click here, http://www.gcn.com/vol1_no1/daily-updates/37953-1.html

7 Habits of Highly Effective CIOs

In his best-selling book, "The 7 Habits of Highly Effective People," Stephen Covey outlines seven practices on the path to

personal and professional achievement. Covey provides the framework of consistent patterns to tackle change with advice ranging from being proactive to sharpening the saw. To read more, click here http://www.fcw.com/article91914-01-09-06-Print

INPUT Predicts Federal IT Outsourcing Market to Reach Nearly $18 Billion by FY10

The federal IT outsourcing market is expected to increase at a healthy compound annual growth rate of nearly 8 percent, growing from $12.2 billion in fiscal year 2005 to $17.6 billion by fiscal year 2010 (FY10), according to a report released today by INPUT, the authority on government business. To read more, click here http://biz.yahoo.com/prnews/060112/dcth004.html?.v=40

Davis: When It Comes To IT Buys, Congress in a 'Straitjacket'

The U.S. government is the largest buyer of information technology and services in the world, but according to House Government Reform Committee Chairman Tom Davis, “it’s amazing how little members of Congress understand about this. Members tend to legislate on the procurement side anecdotally.” To read more, click here http://www.gcn.com/vol1_no1/daily-updates/37950-1.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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