Here's the PMA update for September. As you may have heard, the President was handed a huge victory last night when the Senate approved a key amendment offered by Senators Thomas and Voinovich to support the competitive sourcing initiative. We're not out the woods yet, but it seems the tide has turned in favor of competition in government.

And of course, there's lots of other good news on PMA, especially from NASA which is profiled in the "Agency Spotlight" below detailing ways the PMA is contributing to real program improvements in government. Enjoy!

-Carl DeMaio



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1. Government-Wide News

a. Comptroller David Walker Gives Provocative Speech on State of Federal Government's Fiscal Health

In a provocative speech given September 17, 2003 at the National Press Club, David

Walker, head of the General Accounting Office, notes how the federal government has to change how it tracks spending and performance in its budget. He points to the country's staggering $7 trillion national debt and financial management practices. The federal government's current financial statements and annual reports do not give an adequate picture of the government's overall performance and true financial condition. The reason is that the government does not count some of its largest entitlement programs, such as Social Security, Medicare and veterans' benefits, as liabilities on its annual financial statements. However, positive steps are being taken to improve the government's financial health, including: more detailed annual agency financial reports submitted with the president's budget; the ongoing implementation of the President's Management Agenda, which focuses on improving agency performance; and increased interest from Congress in studying waste, fraud and abuse in federal agencies. To view the entire text of Walker's remarks, go to:
http://www.gao.gov/cghome/npc917.pdf

b. Achieving Reorganization to Shape the Federal Government to Become Results-Oriented

As GAO seeks to assist Congress and the executive branch in the transition to a more high-performing, results-oriented, and accountable federal government, it has prepared a report suggesting ways the government can improve performance in federal operations in terms of reorganizing the federal government's overall structure. The report found that government organizations have significant performance and management problems. However, reorganizing government can be an immensely complex and politically charged activity. Reorganization efforts must have a clear rationale, and consensus for change must be built if such efforts are to succeed. All key players must be involved in the process—the Congress, the President, affected executive branch agencies, their employees and unions, and other interested parties, including the public. To view this report go to:
http://www.gao.gov/new.items/d031168t.pdf

c. The Performance Institute to Lead Forum in Canada on Comparing Progress between "Results Canada" and PMA

Government programs in Canada are going "results-oriented" by implementing a variety of management reform initiatives designed to improve government performance. At the federal level, the Treasury Board Secretariat- a central government agency that helps the Canadian government to manage its human, financial, information and technology resources- has instituted the Management Accountability Framework, which makes governmental decision-making favor a results-based approach to management and strategic planning. At provincial and local levels,

performance management initiatives are commonplace—with an emphasis on improved citizen service. In collaboration with the Treasury Board Secretariat, The Performance Institute will hold a forum in Ottawa, Ontario to discuss the latest innovations in results-based management and performance accountability.

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2. Budget and Performance Integration

a. What Happened to GPRA? A Retrospective Look at Government Performance and Results

The Government Reform Committee will hold a hearing to analyze whether the Government Performance and Results Act (GPRA) of 1993 has met expectations in the ten years since it was passed. This hearing will assess the overall effectiveness of the GPRA in shifting the focus of government from process to results. It will also provide an opportunity to discuss legislative options for improving the Results Act and integrating performance information more closely into the budget process. Thus far, the GPRA has had little impact on budget decisions. The General Accounting Office (GAO) has consistently pointed out that many agencies' performance plans lack realistic or measurable goals and provide little information on which budget decisions can be made. To view this article go to: http://reform.house.gov/GovReform/News/DocumentSingle.aspx?DocumentID=1313

b. Using GPRA to Address Future Challenges

In view of the broad trends and long-term fiscal challenges facing the nation, there is a need to consider how the government can make better use of GPRA's planning and accountability framework to maximize the performance of agencies as well as the federal government as whole. GPRA has established a statutory framework for management and accountability in government. Hence, the necessary infrastructure has been built to generate meaningful performance information. Now, the government is moving to a more difficult but more important phase of GPRA implementation, that is, using results-oriented performance information as a part of agencies' day-to-day management, and congressional and executive branch decision-making. Therefore, much work remains before this framework is effectively implemented across the government. To view this report go to: http://www.gao.gov/new.items/d031166t.pdf

c. 2003 Government Best Practice Forum: "Show Me The Measures!" October 29-31

To help agencies implement the FY '05 performance measurement guidance just released from OMB, the Performance Institute will host Show Me the Measures! Developing Model Performance Measures for Government on October 29-31 in Arlington, Va. Utilizing the Government Performance Logic Model, you can establish end- and intermediate-outcomes, as well as the strategies needed to reach them. The Logic Model provides the glue for all functions, resources and results, and can work with any performance measurement system at your agency. This forum is a "can't miss" event for anyone involved in managing government performance. Utilize the methodology and strategies provided to improve the performance and accountability of your program. For more information go to: http://www.performanceweb.org/performancemanagement/P182/p182.htm

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3. Improved Financial Performance

a. AGA Launches New Round of Reviews on Performance and Accountability Reports

After awarding seven federal agencies for publishing exceptional fiscal 2002 Performance and Accountability Reports (PARs), the Association of Government Accountants (AGA) is launching its CEAR Program's 6th year. The Certificate of Excellence in Accountability Reporting (CEAR) is awarded to agencies that present reports that are considered excellent. AGA's CEAR Program has been helping federal agencies produce high-quality Performance and Accountability Reports since 1997. Through the program, AGA advises agencies on how to prepare integrated and user-friendly PARs that clearly show what an agency accomplished with taxpayer dollars and the challenges that remain. Agencies that participate in the program submit their PAR to a five-member review team for an in-depth evaluation. For the 2003 round of reviews, the AGA has invited Carl DeMaio, President of The Performance Institute, to be in the Review Board. For more information on the CEAR Program go to: http://www.agacgfm.org/performance/cear/aboutcear.aspx

b. DHS Seeks to Integrate 22 Financial Management Systems

The Subcommittee on Government Efficiency and Financial Management will hold an oversight hearing on management practices at The Department of Homeland Security (DHS). As part of the Subcommittee's continuing oversight of Federal agency financial management, the hearing will examine the status of integrating component agencies into a single, effective department through the efficient consolidation of overlapping

functions. The DHS created a great management challenge by bringing together 22 diverse entities under one umbrella, creating an entirely new organizational culture. DHS inherited agencies in varying financial condition with 19 different financial management systems and 15 compensation systems. Given the magnitude and importance of the Department's mission, sound business practices are critical to success and must be established at the outset. To view this article go to: http://reform.house.gov/GEFM/News/DocumentSingle.aspx?DocumentID=1176

c. 2003 Inspectors General and Government Auditors Summit – Best Practices for Effectively Managing the Audit Function in Government – November 5-6

The role played by inspectors general and government auditors has never been more important – or more complex. The management mandates that trickle down to an inspectors general office are compounded by their own management challenges: staff recruitment, project management, issue prioritization, policy-maker demands, and limited budgets. At the same time, the evolution of "performance-based" government presents unique opportunities and challenges to government auditors – requiring a change in auditing culture, techniques and priorities. To equip them with the latest strategies for effectively addressing these management challenges, the Performance Institute has assembled the 2003 Summit for Inspectors General and Government Auditors – being hosted in Arlington, Va., on November 5-6, 2003. This event is designed for federal, state and local auditors and inspectors general, providing comprehensive coverage of internal and external issues facing the audit community. For more information go to: http://www.performanceweb.org/performancemanagement/P171/P171-WEB.pdf

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4. Strategic Management of Human Capital

a. Bush Seeks To Expand Performance-Based Pay

The Bush administration is seeking Congress' permission to expand performance-based pay to the Defense Department's 750,000 civilian employees and to the government's 7,000 Senior Executive Service members. Almost one in five federal civilian employees already receives pay that is at least partly based upon performance. The administration wants to create a $500 million performance fund for raises to high-performing employees across government. It is already designing a pay-for-performance program for the 180,000-person Homeland Security Department. Congress, however, remains undecided on whether to expand performance-based pay systems as the

administration requested. Lawmakers have argued that such systems are good in principle but difficult to design. Several factors have to be considered for a merit pay system to be successful, including: well-planned incentives, performance goals and performance measures, fairness, buy-in from employees and managers, good communications, training for managers, effective internal grievance procedures, and money. To view this article go to:
http://federaltimes.com/index.php?S=2212453

b. EEOC Considers Operational Reforms

The Equal Employment Opportunity Commission (EEOC) is considering structural and operational reforms to the agency. These are based on several recommendations about EEOC organization, employee management, financial and IT expenditures, found in a report by the National Academy of Public Administration. The most vital reforms, according to NAPA, are to establish a national call center for accepting complaints and fielding calls about status of existing complaints, accept complaints through the Internet, consolidate administrative services such as human resources and finance, reorganize headquarters staff and replace some of the agency's 50 field offices with mobile teams. Although, the EEOC has made no decisions on what reforms it will pursue, there is general agreement that the agency should cut its management layers and increase the number of employees with direct customer access. To view this article go to:
http://federaltimes.com/index.php?S=2184343

c. Agencies' Efforts To Promote Diversity Will Be Scored

In October, the Equal Employment Opportunity Commission (EEOC) will begin scoring agencies on their progress in hiring a diverse work force. To this end, the commission is directing agencies to compile work-force demographics annually, beginning next year, and pinpoint where disparities exist in comparison to the national labor force. This directive focuses on giving agencies the tools they need to identify and overcome barriers to discrimination at the workplace. It applies to all executive branch agencies, the U.S. Postal Service, the Postal Rate Commission, the Tennessee Valley Authority, the Smithsonian Institution and agencies in the judicial branch with competitive service positions. To view this article go to:

http://federaltimes.com/index.php?S=2173527

d. OPM To Monitor Under-Representation in Senior Ranks

The Bush administration is stepping up efforts to hold agencies accountable for

improving the diversity of their work forces, particularly at senior levels. In the Senior Executive Service and equivalent senior pay grades-those above the rank of GS-15, including Senior Executive Service, Senior Foreign Service, administrative law judges, and top technical and scientific employees-all minority groups are underrepresented as compared with their percentage in the national work force overall. In addition, Hispanics, are vastly underrepresented in all federal pay grades. Hispanics represented 7.1 percent of the federal work force and 3.3 percent of the senior federal work force in fiscal 2002. But they represent 12.4 percent of the national work force. OPM plans to conduct more thorough and more frequent reviews of agencies' recruitment and hiring programs, Perez said. Those reviews help ensure agencies are not discriminating against employees or job applicants when deciding who to hire, fire, promote or suspend. To view this article go to:
http://federaltimes.com/index.php?S=2154157

e. OPM/GSA Unveil Updated Telework Web Site

Telework agreements between federal employees and their managers are becoming more commonplace. A 2002 survey, by the OPM, indicates that the number of federal employees who telework increased 21 percent to 90,010 in 2002, from 74,487 in 2001. As a result, the Office of Personnel Management and the General Services Administration are promoting a newly improved web site dedicated to educating federal managers and employees about alternative work sites. The telework web site-www.telework.gov- jointly administered by OPM and GSA will better connect employees and managers to telework subject areas and educate them on the nuances of performance monitoring, managerial involvement and other telework-related topics. To view this article go to: http://www.opm.gov/pressrel/2003/MO-Telework.asp

f. Labor/Management Strategies for Government – Improved Management of the Government Workforce – November 3-4

Labor/management relations are a critical human resource function in every government agency. When both labor and management decide to cooperate in solving problems, we see a government that operates effectively. The Performance Institute is holding an interactive two day summit to assist government agencies to create a labor/management relationship that moves toward a more cooperative and productive relationship based on trust. To access solutions for achieving successful partnerships you are invited to attend Labor/Management Strategies in Government, November 3-4. This summit will provide government executive's opportunities to implement effective labor-management strategies and innovative methods to develop, manage and evaluate developmental programs. For more information go to:

http://www.performanceweb.org/humancapital/P184/P184-WEB.pdf

5. Competitive Sourcing

a. Senate Hands Administration Key Competitive Sourcing Victory

In a major shift, the US Senate voted 53-43 in favor of the President's competitive sourcing initiative by approving an amendment that would allow competitions at Dept. of Interior and USDA Forest Service as long as the agencies report measurable performance and cost improvements. An amendment offered by Senators Thomas and Voinovich with the performance reporting requirements successfully replaced an amendment that would have prohibited all competitive sourcing studies. Last week, the House passed an amendment to the 2004 Transportation-Treasury appropriations bill (H.R. 2989) that would discard OMB's revised Circular A-76. The Administration has threatened a veto. Ideally the Thomas-Voinovich amendment will be substituted for the current amendment once the measure reaches conference committee. To view The Performance Institute press release on this development, and the Thomas-Voinovich amendment go to: http://www.performanceweb.org/media/03-0923_csamend_release.htm

b. Styles Steps Down as OMB Procurement Chief

After more than two years as head of procurement policy at OMB, Angela Styles resigned on September 15. Styles was the president's point person to oversee the administration's ambitious goal of allowing companies to compete for 425,000 federal jobs. To achieve this, she rewrote OMB Circular A-76, the rulebook for federal outsourcing, in a bid to streamline the competition process. In addition to overhauling A-76, Styles supervised policies and regulations governing $240 billion a year in purchases by the federal government. To view this article go to: http://federaltimes.com/index.php?S=2187304

c. BCIS To Compete All Immigration Services Jobs

Recent protests by lawmakers and an array of interest groups have not changed the Homeland Security Department's plans to put immigration services jobs up for competition within the next 10 months. The BCIS decided to compete all 1,143 immigration officer and contact representative positions. Details are still pending, including whether the competition will take place on a national or local level. Later this

month, BCIS will post a formal invitation for contractors to bid on the work in Federal Business Opportunities. And in January, the agency will disclose further details about the scope of the work involved. To view this article go to: http://www.govexec.com/dailyfed/0903/091103a1.htm

d. Contractors Could Ease 'Human Capital Crisis'

The link between human capital management and competitive sourcing becomes clear in the case where agencies are having recruitment or retention problems in activities that are considered commercial. A report, by Reason Foundation, suggests that outsourcing is one way of addressing an impending "human capital crisis". More than 70 percent of the federal workforce will be eligible to retire for regular or early retirement by 2010, and agencies should prepare to fill the gaps in job skills. So when federal agencies have trouble finding qualified applicants to fill job openings, they should consider outsourcing the work. Agencies should concentrate on retaining in-house experts capable of overseeing contracts and tackling substantive mission-related projects, and contractors could handle day-to-day tasks. To view this report go to: http://www.rppi.org/ps312.pdf

e. Contractor Workforce Grows As Civil Service Shrinks

According to the Brookings Institution, contract workforce has grown rapidly under the Bush administration, both through new defense spending and in contracts issued by civilian agencies. The government's "shadow workforce" of contractors grew by 727,000 positions between 1999 and 2002, while the civil service got smaller. This estimate, which will surely fuel the debate over federal outsourcing efforts, finds that as of the end of 2002, federal contracts were generating 5.17 million jobs, while grants supported another 2.86 million jobs, the highest figures since the end of the Cold War in 1990. At the same time, the number of civil servants continued to shrink—in 2002, federal agencies had 1.76 million civil servants on the payroll, 418,000 fewer than they did in 1990. The figures do not include postal workers or uniformed military personnel. To view this article go to: http://www.govexec.com/dailyfed/0903/090403p1.htm

f. Council Aims To Combat 'Misinformation' On Competitive Sourcing

The Federal Acquisition Council will distribute informational pamphlets on the A-76 job competition process hoping that agencies have a more positive view on this PMA initiative. Two guides will be released—one for rank-and-file federal employees, and the other for federal managers and first-line supervisors. The guides fit with a larger Office of Management and Budget effort to counter what it calls misleading information

about competitive sourcing distributed by the news media and unions, among others. The guide for employees will emphasize that this initiative is about management vigilance, and ensuring that agencies are organized to perform work as efficiently as possible. The guide for managers will provide tips for thinking strategically about which activities to study for competitive sourcing. To view this article go to: http://www.govexec.com/dailyfed/0803/082503a1.htm

g. DOD To Manage Procurement of Services More Effectively

Recent legislation directs DOD to manage its procurement of services more effectively. To this end, DOD is developing an automated system to collect and analyze data by piloting a spend analysis to support management decisions and improve visibility over spending on service contracts. The analysis views spending from a DOD-wide perspective and identifies large-scale savings opportunities, but its scope is limited, and it is too early to tell how the department can make the best use of its results. The military departments are in the early stages of separate initiatives that may lead them to adopt a strategic approach to buying services, but DOD lacks a plan that coordinates these initiatives or provides a road map for future efforts. To view this report go to: http://www.gao.gov/new.items/d03935.pdf

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6. Expanded e-Government

a. Bush Selects New E-Government Leader

President Bush announced that he plans to nominate Karen Evans, the Energy Department's chief information officer, as the federal government's technology chief. Evans would fill the spot vacated by Mark Forman on Aug. 15, when he left the Office of Management and Budget to join a startup technology company in California's Silicon Valley. Evans differs from Forman in that she is a career civil servant, and is more removed from Bush's immediate political circles. Before serving as the Energy Department's CIO, Evans was director of the information resources management division at the Justice Department's Office of Justice Programs, and was also deputy director of the applications management division at the Agriculture Department. To view this article go to: http://www.whitehouse.gov/omb/egov/press/press.htm

b. House E-Government Provision Falls Short Of President's Request

A lack of adequate funding for e-government projects is proving to be a challenge for

the Administration. The 2004 Transportation-Treasury appropriations bill allots $1 million to an interagency fund supporting electronic government projects. Also, the Senate Appropriations Committee approved $5 million for the interagency fund, the same amount the fund received for fiscal 2003. Both sums fall at least $40 million short of President Bush's $45 million request for the fund, and the amount authorized in an e-government bill signed by President Bush in 2002. That bill grants $345 million to fund interagency technology initiatives over four years, allowing $45 million for fiscal 2003, $50 million for fiscal 2004, $100 million for fiscal 2005 and $150 million for fiscal 2006. To view this article go to: http://www.govexec.com/dailyfed/0903/091003a2.htm

c. Challenges To The Adoption of Smart Card Technology

Given the significant management and technical challenges associated with successful adoption of smart cards, a series of initiatives has been undertaken to facilitate the adoption of the technology. As the federal government's designated promoter of smart card technology, GSA assists agencies in assessing the potential of smart cards and in implementation. GSA has set up a government-wide, standards-based contracting vehicle and has established interagency groups to work on procedures, standards, and guidelines. As the government's policymaker, OMB is beginning to develop a framework of policy guidance for government-wide smart card adoption. Both GSA and OMB still have much work to do before common credentialing systems can be successfully implemented across government agencies. To view this report go to: http://gao.gov/new.items/d031108t.pdf

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7. Agency Spotlight: NASA

NASA takes the challenge of implementing the PMA and produce greater efficiency and accountability in the use of taxpayer resources very seriously. Administrator Sean O'Keefe demonstrated an exceptional level of commitment to implementing the PMA. He appointed five members of his senior management staff to be the "champions" of the respective initiatives, and their reports are the first items on the agenda at weekly senior management meetings.

Strategic Management Human Capital

NASA's human capital strategy and its nine attendant initiatives rest on five pillars: strategic alignment, strategic competencies, learning, performance culture, and leadership. These provide the grounding framework from which our best practices were developed to support NASA's effort to manage its human capital more effectively.

These practices have already delivered positive results for the agency, including: NASA

STARS, which provides a web-based hiring solution that improves by 35% the time to fill out an application, notifies candidates of application receipt within minutes, and enjoys a 98% satisfaction rating; a Corporate Recruitment Strategy that centralizes most recruitment activities and features a 5-year plan to target critical workforce needs; a Leadership Model that has been benchmarked by other federal agencies and foreign countries.

Competitive Sourcing

NASA has a long successful history in its sourcing practices. Currently, NASA has a total of 63,970 employees, of which 70% are contractors. NASA relies on a competitive model that takes advantage of the best engineers and scientists government, industry, and academia have to offer. Our contract with the California Institute of Technology (Caltech) for the operation of the Jet Propulsion Laboratory (JPL) is one of the finest examples in the world of the benefits that derive from competitive sourcing arrangements. NASA is establishing a shared service center that will consolidate much of NASA's administrative operations with the expectation of reducing service staffing by 24% and saving over $8 million dollars annually in service costs. We will continually look for new opportunities for competitive sourcing throughout the Agency, particularly where we have the greatest opportunity to improve operational effectiveness and productivity.

Improved Financial Management

NASA's effort to improve its financial management largely rests upon its Integrated Financial Management Program (IFMP), a suite of commercial enterprise applications that will integrate the management of its financial, physical, and human resources Agency-wide. With the recent successful implementation of its Core Financial module, NASA is the first and only Federal agency to implement a commercially provided Enterprise Resources Planning (ERP) system across the entire organization. Other federal agencies have begun benchmarking IFMP for their own ERP implementation planning. IFMP includes a number of modules that allow the implementation of those best practices that will help NASA achieve real results in financial improvement, including: a commercial software system that allows financial closings to take 1 to 3 days versus 1 to 3 weeks, and it has eliminated duplicate entry of source documents in financial systems; consolidation of tens of thousands of master records, fund centers, project structures, budget distributions, and purchasing records into a single database; a new financial system configured in such a manner to provide project management control and access to all their costs.

Expanded E-Government

NASA's biggest E-Gov impact so far has been to deliver high quality and useful information in the citizen-centered fashion called for in the PMA. Our newly re-engineered web portal is a key component of our strategy to communicate the Agency's missions, goals, and accomplishments to citizens. The ease of access and customer-friendly approach of this new portal has been recognized by a number of groups. The International Academy of Digital Arts and Sciences, which recognizes excellence in technology and creativity, presented NASA with two Webby Awards for 2003. The NASA portal was also presented the People's Voice Award by online community. The Foresee Results/University of Michigan's E-Government Satisfaction Index ranked the same portal 2nd out of 22 participating federal agencies.

Budget and Performance Integration

NASA has successfully integrated a comprehensive performance measurement regime with its budget. NASA is one of the first federal agencies to both link its performance goals to the budget resources needed to achieve them, and create and manage its performance-based budget in full cost terms. The first step was to create a strategic plan where its goals emanate directly from the Agency's mission and vision. Strategic objectives then flow from each goal, stating at a more specific level what we intend to achieve. This new framework was facilitated by the establishment of a Theme-based budget structure in which all programs and projects are grouped into 18 related program themes. A new budget structure was put in place that truly aligns budget resources with the programs they support, reflecting the full cost of delivering programs. NASA obtained Congressional approval to restructure its budget on this basis to facilitate this historic move to true budget and performance integration.

To read more about how NASA used an integrated approach to implement these best practices that are producing real efficiency and accountability results go to:
http://www.hq.nasa.gov/office/codea/pma/pages/home.html#

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The PMA Update is provided as an informational newsletter to all federal employees. Should you not wish to continue to receive the newsletter, please respond to this email address with "**unsubscribe**" and your email will be taken off of the distribution list.

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.