Here is the PMA newsletter for August. To mark the PMA's three year anniversary, the White House released a report on the overall progress of the PMA. The conclusion of the report is reflected by its proud title... "The Federal Government is Results-Oriented." Federal employees at all levels are working together to ensure that each and every government activity is generating mission-aligned results. And the institutionalization of this philosophy is already paying dividends and will continue to do so for years to come. Read more about the White House report below.

-Carl DeMaio



August 2004

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

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Government-wide News

OMB Releases Report on Progress of PMA

In a report released August 9 - "The Federal Government Is Results-Oriented: A Report to Federal Employees" - the Office of Management and Budget said agencies have made significant progress toward meeting PMA goals and are on track to achieve all of the objectives within the next few years. Once that happens, agencies should begin reaping significant savings. With a $2.4 trillion annual federal budget, each percentage point of increased effectiveness and efficiency translates to $24 billion in savings per year. Carl DeMaio, president of The Performance Institute, said the management agenda is institutionalizing a results-oriented philosophy in federal workplaces. To view this article go to:
http://federaltimes.com/index.php?S=296873

To view the report go to:
http://www.results.gov/agenda/report8-04/PMA_report.pdf

White House Report Demonstrates Broad Commitment to Improving Federal Government Management

In three years the President's Management Agenda has attempted to improve the performance of the federal government by improving the management of the federal government. The PMA calls for a range of changes to the way the government operates on a day-to-day basis, from the way it budgets and spends taxpayer dollars to the way it hires and trains its employees. Cascading those kinds of fundamental changes through a workforce of more than 1.8 million people requires leadership, commitment, and time. As the recently released White House report demonstrates, those investments are paying off in the form of noticeable performance improvements and significant cost savings. To view this release go to:
http://www.performanceweb.org/media/04-0809_pma_release.htm

OMB Will Focus on Capturing Potential Savings from PMA

As the PMA moves into its fourth year, OMB's attention is shifting to harnessing its full potential and documenting the resulting savings. If agencies lived up to Bush's expectations in all five PMA areas, the government could save taxpayers $30-35 billion a year. The current challenge is now to make those savings real. OMB also hopes to get Congress more involved in the PMA. Carl DeMaio, president of the Performance Institute commented that these are appropriate priorities and OMB should also be sure that these reforms are understood as the fundamental improvements they truly are. To view this article go to:
http://www.govexec.com/story_page.cfm?articleid=29193&dcn=todaysnews

Proposed Bill May Give IGs Independence

Proposed new legislation seeks to improve agency oversight by giving Inspectors General (IG) autonomy. The bill, called Improving Government Accountability Act, proposes a number of changes to enhance the independence and effectiveness of IGs. One provision would create a seven-year term for IGs. Another would require the president to meet a stringent standard before firing an IG. An additional provision includes unifying two IG councils, both of which are headed by Clay Johnson, the Office of Management and Budget's deputy director for management. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0802/mgt-watchdogs-08-02-04.asp

Management Agenda Lacks Congressional Support

The President's Management Agenda has focused unprecedented attention on a set of concrete reform goals. However, a number of lawmakers, particularly on appropriations committees, remain either uninformed or opposed to Bush's management goals. Appropriators, for instance, continue to underfund e-government projects prompted by the PMA. While lawmakers on oversight committees generally understand that most e-government initiatives require extensive collaboration among agencies, appropriators have yet to recognize the urgency of setting aside interagency pools of money for such projects. To view this article go to:
http://www.govexec.com/dailyfed/0704/072704a1.htm

Budget and Performance Integration

DOL Achieves Highest OMB Rating for Budget and Performance Integration

The Department of Labor (DOL) recently achieved the highest rating from the Office of Management and Budget for the Budget and Performance Integration initiative of the PMA. DOL has been recognized as a leader in the implementation of the PMA by adopting performance-based budgets that set real goals and that hold managers accountable for achieving those goals. The Labor Department is one of only two Cabinet-level departments and is among five out of 26 federal agencies to achieve a score of "green" for budget and performance integration. Integrating performance and budgeting has led to more effective program and resource decisions by federal agencies. At DOL, such integration has also led to increased communication and interaction among staff and served as a decision-making tool for program direction and day-to-day management of DOL programs. To view this article go to:
http://releases.usnewswire.com/GetRelease.asp?id=132-08062004

Activity Based Cost Management at DOI

Activity Based Cost Management (ABC/M) is a tool that helps illustrate the value that the Department of Interior (DOI) provides to the American public. ABC/M helps DOI improve customer service and enhance accountability to Congress and the public. By using ABC/M, the Department has broken its mission down into specific work activities to measure costs and performance. This tool enables DOI to monitor and evaluate program performance/results and improve the way it works. For more information go to:
http://www.doiu.nbc.gov/abc/

2004 Best Practices Forum: Show Me the Measures! - Developing and Using Performance Measures (October 6-7, Arlington, VA)

As we move closer and closer to a performance-based government, agencies are focusing on establishing measures and performance plans for the myriad programs under their supervision. The increased focus on performance moves hand-in-hand with an important increase in government transparency. One hurdle in this process has been the creation of efficient measures that track and communicate program success and accountability. Through the creation of results-oriented measures, managers can track program success by adhering to a set of measures to drive the outcomes, strategies and outputs of their program. This is part of the Government Performance Management Certification (GPMC) Program. For more information go to:
http://www.performanceweb.org/pi/training/courses/developingmeasures.htm

For more information on the GPMC Program go to:
http://www.performanceweb.org/pi/training/perfmgmt_index.htm

Balanced Scorecard Management in Government (October 18-19, Arlington, VA)

As agencies are asked to improve management and meet performance mandates, it is essential that managers adopt performance management frameworks to help drive decisions. Through the implementation of the Balanced Scorecard framework, agencies not only align strategic goals with the strategic plan, but also help drive budget decisions and customer service measures. Government managers will acquire the skills necessary to develop performance goals and measures and to utilize the performance data to aid in management decisions. For more information go to:
http://www.performanceweb.org/pi/training/courses/balancedscorecard.htm

Improved Financial Management

DHS Faces Significant Financial Management Challenges

DHS inherited 30 reportable internal control weaknesses identified in prior component financial audits with 18 considered to be material weaknesses. These weaknesses include insufficient internal controls, system security deficiencies, and incomplete policies and procedures necessary to complete basic financial information. Of the four inherited component agencies that had previously been subject to stand-alone audits, all four agencies' systems were found not to be in substantial compliance with the requirements of the Federal Financial Management Improvement Act (FFMIA), an indicator of whether a federal entity can produce reliable data for management and reporting purposes. To view this report go to:
http://www.gao.gov/new.items/d04774.pdf

GAO Creates Checklist for Reviewing Systems under the Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires that agencies implement and maintain financial management systems that substantially comply with federal financial management system requirements. These requirements are detailed in the Federal Financial Management System Requirements series issued by the Joint Financial Management Improvement Program (JFMIP-SR-02-01, November 2001) and in the guidance issued by the Office of Management and Budget (Circular A-127). Now GAO has issued a checklist, which reflects JFMIP's revised Core Financial System Requirements to determine if systems substantially comply with FFMIA. To view this report go to:
http://www.gao.gov/new.items/d04763g.pdf

Analysts Recommend New Audit Requirements for Agencies

Federal agencies would benefit from following the financial reporting requirements that private companies must meet under the Sarbanes-Oxley Act, passed in 2002 in response to corporate accounting scandals. To fully adhere to the Sarbanes-Oxley standards, agencies would need to receive an additional layer of annual audit opinions, assessing the adequacy of internal controls. Internal controls are systems of checks and balances designed to prevent errors in financial transactions and reduce the risk of fraud. To view this article go to:
http://www.govexec.com/dailyfed/0704/072604a1.htm

Strategic Management of Human Capital

New Rules Link SES Pay to Agency Goals

According to a new administration guidance issued July 29, agencies must link senior executives' performance appraisals with how well their agencies accomplish mission goals. Agencies are not mandated to adopt new rating systems for SES members, but they must if they want to take advantage of higher salaries and bonuses for them. And to do that, their rating systems must be certified by the Office of Personnel Management and the Office of Management and Budget. Most, if not all, agencies are expected to adopt performance appraisal systems that

comply with the guidance. To view this article go to:
http://federaltimes.com/index.php?S=285845

USPS Performance Plan Makes Goals Clearer

Agency officials say that the new pay-for-performance system at the U.S. Postal Service is working and that an added emphasis on midyear reviews is one positive effect of the program. The new program, called National Performance Assessment, replaced the Economic Value Added (EVA) program, which was canceled in 2002. Critics of the old bonus program complained that it did not set specific goals, awards were not handed out objectively, and managers did not know where they needed to improve. Under the new program, managers will be judged on how well they meet goals set by their superiors. Managers will also be judged on whether their postal facility and the Postal Service as a whole met expectations. To view this article go to:
http://federaltimes.com/index.php?S=269850

GAO Study Stresses Need for Workforce Plans

Shifting workforce demographics are leading to a shortage of skilled workers. GAO advices agencies to rethink their human resources plans. A recent GAO report highlights the challenges facing the country's workforce in the next 20 years, such as aging employees and a highly diversified labor force. The changing characteristics point to a greater need for training and retention programs. The report focuses on the need to shift policies and procedures to encourage aging workers to stay and to ensure that new workers have the necessary training. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0726/mgt-hrplans-07-26-04.asp

OPM to Issue IT Training Guidance

The Office of Personnel Management will release government-wide training standards for information technology employees. And in the coming months, it will work with the federal IT community to develop training policies. This came about in response to GAO report that was critical of the way agencies train their IT workers. GAO said OPM has failed to issue government-wide policies for training IT workers or evaluate agencies on their training programs, as required under the 2002 E-Government Act. To view this article go to:
http://federaltimes.com/index.php?S=282777

CIO Council Defines Project Manager Qualifications

Agencies must make sure every project manager is qualified based on guidance released recently by the CIO Council. This follows an earlier OMB guidance requiring agencies to ensure all major projects have qualified project managers. The CIO Council defined three project manager levels that correspond to project risk. A level 1 project manager is required to have at least one year of successful previous experience as well as an understanding of project management and IT-project management competencies. Level 2 asks for a more advanced knowledge of IT-project management skills to go along with 2 to 4 years of experience. Level 3 requires the project manager to have developed a systems perspective delineated in Clinger-Cohen core competencies. To view this article go to:
http://www.gcn.com/vol1_no1/daily-updates/26735-1.html

Employee Performance Evaluations for Government (September 15-16, Arlington, VA)

Your employees' success is often a reflection of your own leadership skills, and it is important to realize that the

President's Management Agenda further emphasizes employee success as a vital indication of workforce stability. As a human resource manager, it is of the utmost importance to recognize employee potential and transform those employees into the leaders of tomorrow. As a manger you must provide quality service to internal customers (employees), before you can expect quality service to be delivered to external customers. Learn techniques that will make preparing performance evaluations fast and easy, and will result in an evaluation that is a true reflection of the employee's job performance. For more information go to:
http://www.performanceweb.org/pi/training/courses/employeeevaluations.htm

Diversity Recruitment for Government (October 25-27, Arlington, VA)

Across government agencies, HR departments are realizing that a diverse workforce is not merely a plus-it is absolutely mandatory in order for an agency to be successful. As a human resource specialist in the federal government, you are responsible for complying with stringent new federal mandates while simultaneously preparing your agency to cope with the looming wave of federal retirees. Most employers know that they should focus on developing a more diverse workforce, what they don't know is how to develop a diversity strategy that works. At this training you will develop practical strategies to building and maintaining a diverse workforce. For more information go to:
http://www.performanceweb.org/pi/training/courses/diversitymgmt.htm

Human Capital Planning and Workforce Assessment for Government (November 8-9, Arlington, VA)

Those that say the "Human Capital Crisis" has already been averted are overlooking one crucial detail: half of the civilian workforce will still be eligible to retire in a few months. That fact is still a reality unaffected by the nation's economic state. Developing and implementing a strategic approach to human capital management ensures that agencies human capital policies and systems are aligned with strategic goals and that you will be able to motivate the best and brightest to join public service. The plan will provide a framework for assessing current activities, designing and implementing new programs where needed and monitoring and evaluating activities and outcomes. For more information go to:
http://www.performanceweb.org/pi/training/courses/humancapital.htm

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Competitive Sourcing

Forest Service In-House Team Wins Competition

The Forest Service's information technology support group have won a five-year, $295 million competitive sourcing contract. Nevertheless, an agency official said that the agency's proposal calls for a smaller IT organization with fewer employees. Generally speaking, competitive sourcing creates organizations with at least 30 percent fewer employees. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0802/web-forest-08-05-04.asp

IRS In-House Workers Win Competition with Less Jobs

After winning a job competition for 550 full-time equivalent distribution center positions, the Internal Revenue Service has decided to scale back on the number of federal employees performing this work. The in-house workers submitted a proposal to improve efficiency by closing two of three distribution centers. The in-house team found

that the need for IRS paper products is decreasing significantly, and work at the centers is expected to decline at a rate of 6 percent a year as citizens pull documents from the Internet. To view this article go to:
http://www.govexec.com/story_page.cfm?articleid=29147&dcn=todaysnews

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Expanded E-Government

Federal IT Inventories Represent Hurdle For IT Investment Requests

Before requesting more funds for IT investments, federal information technology managers have to make sure the technology is absolutely necessary to advance the agency's modernization plan, and that it is not already available elsewhere in government. However, a major problem with this is that federal IT inventories are incomplete and unreliable. The Chief Information Officers Council is currently helping agencies find a solution to this dilemma. To view this article go to:
http://federaltimes.com/index.php?S=290239

Federal IT Initiatives Win Prestigious Harvard Awards

Two federal IT initiatives were among five programs that won the Innovations in American Government Award, which recognizes government efforts that are creative, effective and address significant problems. The National Institutes of Health won for a Web site called ClinicalTrials.gov, which provides information about more than 11,000 government and privately sponsored clinical trials across the country. The Justice Department also won an award for its Performance-based Standards for Juvenile Correction and Detention Facilities program. It is a self-improvement and accountability system used to improve treatment and services for young people in custody. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0726/web-oscar-07-28-04.asp

The Role of CIOs Still Uncertain

In the eight years since the creation of the federal chief information officer position, CIOs' roles are still in a state of flux. There is a need to improve the effectiveness of CIOs. Many factors affect the efficiency of CIOs, especially their length of tenure, which tends to be about two years. Many current CIOs and former information technology executives cite three to five years as the minimum time it takes for a CIO to become effective. Also, to be most effective, agency CIOs should be included in the business structure and have equal stature among other agency department heads. To view this article go to:
http://www.fcw.com/fcw/articles/2004/0726/news-cios-07-26-04.asp

IT Performance Measures for Government (October 28-29, Arlington, VA)

In times of tight budgets, federal agencies are struggling to get funding for their IT projects. Therefore, it is essential that agencies develop sound performance methodologies. At this forum, agencies will learn about how to utilize the Government Performance Logic Model that links mission goals with IT activities and strategic planning to improve performance. Agencies will also be shown how to define effective performance measures for IT specific to the unique needs of your agency. Moreover, integrate performance measures into business cases and budget decisions to ensure funding. For more information go to:
http://www.performanceweb.org/technology/t173/index.html

Agency Spotlight: Department of Transportation

The Department of Transportation (DOT) has set "Organizational Excellence" as one of its strategic objectives detailed in its Strategic Plan. The purpose of this objective is to advance the Department's ability to manage for results and achieve the goals of the President's Management Agenda. The department's Strategic Plan lists each of the five PMA areas as outcomes for achieving organizational excellence.

The department's Secretary, Norman Mineta, understands that the department cannot achieve its strategic objectives without vision, leadership and a culture of continuous improvement. Secretary Mineta's central management strategy for achieving organizational improvement is to deliver the results outlined in the Strategic Plan and to fully implement the PMA. For this reason the DOT's leadership welcomed the PMA, and now the department is the first, and so far only, federal agency to earn four "green" scores in the five PMA initiatives.

To deal with the department's most significant management challenges, which cut across all of its operating administrations, Secretary Mineta appointed a Deputy Assistant Secretary within the Office of the Secretary to coordinate the day-to-day supervision of the PMA across DOT. Every operating administration in the department assigned a senior-level, usually career, executive as its "PMA Coordinator", as well as a technical expert for each of the five initiative areas.

Budget and Performance Integration

Beginning with the FY 2004 budget cycle, DOT organized its OMB and Congressional budget submissions in such a way that the linkages between additional resources and improved performance would be more apparent. The linkages were further strengthened during the FY 2005 budget submissions. Over the past two years, DOT examined its 72 performance outcomes and reduced them to 44, thereby tightening the connection between DOT-level outcomes and our strategic goals. This has helped the Department focus its resources in areas with the greatest impact on performance. The Program Assessment Rating Tool (PART) process has provided DOT a consistent and standardized tool to consider performance information when making management and funding decisions. The inclusion of PART results in the FY 2005 performance budget strengthens the link between program results and funding decisions. The PART also helps to demonstrate to Congress and the American public the results that are being achieved.

Improved Financial Management

Over the past several years, huge strides have been taken in the area of Financial Management at the Department of Transportation (DOT). In November 2003, DOT became the first cabinet level agency to install and use the same commercial off-the-shelf financial management software through the Department. Delphi provides efficient, integrated financial management for DOT's 60,000 employees and $58.6 billion annual budget. Prior to Delphi, year end processing time averaged 3 weeks. With the introduction of Delphi, year end closing time has fallen to 1 day. Delphi has been able to not only improve efficiency, but also accuracy and timeliness. There are also many streamlining benefits of Delphi. For the first time, the Department now has a standardize core operational processes and has a single accounting classification structure. A recent independent assessment shows that DOT will achieve a 78.12% return on investment in 5 years on an initial investment of $125 million, reaching full payback of its investment in about 8 years.

Strategic Management of Human Capital

DOT's Human Capital initiatives inform our workforce about the Department's goals, provide the management resources and measurements that encourage individuals within DOT to more effectively and efficiently serve the public, and recognize and reward them when they do so. DOT's Strategic Plan identifies specific human capital challenges associated with the strategies and goals for the Plan's objectives. The department has institutionalized annual workforce planning and analysis. In addition, DOT requires individual performance plans to be linked to the Department goals. The Department formed a Performance Management Taskforce with representatives from throughout the Department to develop performance policies with supporting measures to establish linkage and accountability at every level of every administration. By March 2004, 89% of DOT employees had performance plans that aligned with mission, goals, and outcomes.

Competitive Sourcing

The Department of Transportation (DOT) approaches competitive sourcing as a strategic tool for accomplishing the mission of the Department. Through the competitive sourcing process, the Department focuses its own employee's efforts on the core mission, and evaluates the lowest cost alternative to provide other necessary functions through either the private sector or government. The Department continually evaluates the optimal mix of Federal employees and private sector providers to deliver quality services at the most economic cost to the taxpayer while ensuring the highest quality in services. As of March 2004, the work of some 17,000 people out of the almost 60,000 people in the Department is being done by the private sector or scheduled for competition. The Department considers all available Human Capital sources to meeting the Department's demanding mission requirements.

Expanded E-Government

The Department's E-Government initiative allows the general public and the regulated community easier access to their government by taking full advantage of the widespread availability of the Internet, technological advancements and improved communications systems. For example, Do-It-Yourself (DIY), DOT's e-collection solution, is a series of Internet based, self-service payment and registration sites that simplify conducting business with DOT. By using a major credit card or by authorizing an automated clearinghouse (ACH) payment from their bank account, DOT customers can easily and securely use DIY to pay fines and fees; to apply and pay for registrations and licenses; and to request and pay for publications, data, and files. More than 45 applications, fees and products are available on DIY 24 hours a day, 7 days a week. As a result, DIY improves customer satisfaction, product delivery, response time and saves money.

For more information go to:
http://www.results.gov/agenda/report8-04/department_of_transportation.pdf

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President: Carl DeMaio
Newsletter Editor: Sergio Bonadona

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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