

Q&A: How to Seize Opportunity From the U.S. Economic Stimulus Plan

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Government agencies in the U.S. should consider how to make the American Recovery and Reinvestment Act of 2009 beneficial and use the data they are gathering along with the lessons they are learning to build a foundation to improve management of their missions.

ANALYSIS

Gartner clients in federal, state and local governments have many questions about the American Recovery and Reinvestment Act of 2009 (ARRA), the \$787 billion federal economic stimulus package signed into law by President Barack Obama in February 2009. This research report answers frequently asked questions posed to Gartner by government IT leaders.

In general, how are federal, state and local agencies coping with the fast-moving ARRA requirements?

Government executives and managers are in a kind of "transparency coma." They have been asked to submit lots of information, some of which is an add-on to the traditional oversight of grants and contracting. However, because of the move to real-time reporting and transparency via frequent posting of status and results on publicly available Web sites, and the feeling that the auditors are "at the door," everybody is struggling with the "be-careful-but-be-fast" message.

Now, that seems like a natural response, given the urgency of the need for economic stimulus, the deadline pressure, the multitude of requirements that the U.S. Office of Management and Budget (OMB) set out on 18 February, and the comments from the head of the Recovery Act Transparency and Accountability Board about the inevitability of waste, fraud and abuse.

However, too often in the federal government, compliance with reporting and other requirements drive performance management. ARRA reporting should be viewed as standard compliance output information from an agency's regular performance management reporting, not something separate and distinct from it.

Isn't the ARRA presenting a huge data collection and data management challenge?

Yes, but the urgency can create a management fog. Agencies need to cut through it. They have a real opportunity to think about how to make this ARRA exercise beneficial and how to use the data they are gathering and the lessons they are learning to build a foundation for improved management of their missions.

The ARRA is presenting governments with real-time case studies of performance management on "steroids." Financial, operational and strategic views need to be brought together to enhance real-time implementation and to measure social and economic impacts.

This is one of the biggest data management experiments the government has ever conducted. The requirement for expedient spending is driving this challenge, and it is just the first test of using public visibility as a tool to bring more precision and rigor to results-based governance.

Will the public-visibility intensity of ARRA likely be extended in the post-ARRA period?

It is clear that the Obama administration intends for broad and deep transparency to be applied beyond the ARRA. Soon, near-real-time tracking of funding, spending and outcomes will be expanded to the budget process. The question is whether agencies can move beyond their current focus on accountability for receipt of funds and contract awards and all the technical issues involved in getting data transferred, so that it can be posted on the Web.

The goal of transparency isn't just to provide accountability. As the president's January memorandum (www.whitehouse.gov/the_press_office/TransparencyandOpenGovernment) emphasizes, transparency is a means to a desirable end — guaranteeing that long-term public benefits are realized via stimulus spending. So, instead of being transfixed by today's requirements or responding to them in isolation, agencies can use them to prepare for the next phase.

How will ARRA reporting and focus likely change?

As the ARRA is implemented, there will be much more emphasis on demonstrating benefits, programmatic results and outcomes, perhaps through new scorecards. Managing for improved transparency is not only about compliance and oversight. As the 20 March memo (www.adtran.com/pub/Library/Broadband%20Stimulus%20Articles/March%202009/ARRA%20Memo%20Fed%20Reg%2003-25-09.pdf) points out, it is also about managing business operations to achieve operational efficiency, citizen satisfaction and policy results. Succeeding with the ARRA requires the same thing as successful performance management — true managerial transparency, which is a clear line of sight from goals to programs to funding recipients to beneficial projects and back again. Performance data should be rolled up from day-to-day or operational to tactical or strategic outcomes.

Agencies can attain that clear line of sight when they understand:

- What they are trying to achieve in performance terms (for example, do they wish to reduce risk or to improve customer service)
- What changes in processes and activities will make desired performance occur
- What assets — financial, human or technological — are needed to make the changes to achieve intended performance

With this understanding, government agencies can put the capacity in place to get the desired outcomes. For the ARRA, those outcomes are:

- Job creation or retention
- Economic stimulus
- Efficiency
- Service delivery

Because the stimulus funds will be tracked separately from all other spending, it will also be possible to look at the cost of achieving those results.

Federal laws and guidelines have required results data for almost two decades. Is there really anything new with the ARRA requirements?

Clearly, since the early 1990s, the federal government has become more-focused on strategic-level outcomes and results, but we have missed tangible opportunities at the operational level. Agencies are much better at defining outcomes they are seeking, but only the most advanced can clearly track inputs from activity to results. The focus is on goals, but the endgame is putting the assets, activities and processes in place to ensure that they can be achieved.

With the ARRA, the visibility of performance improvement will increase and become driven by pragmatic principles. Here's why: The ARRA asks agencies to track funds and to ensure that they are used according to the rules. Funding decisions will also be examined in the context of larger economic and public-value outcomes.

For example, the Department of Transportation (DOT) will be reporting that a certain number of bridges or miles of road were repaired as well as the types of jobs created in doing so. However, that work will also need to link back to the DOT's overall mission of improving transportation capacity and traffic safety, and increasing transport efficiency. This might include installing transponders to aid in traffic management as roads are repaired and paved or using a better, longer-lasting road material produced in a more energy-efficient way.

President Obama says he wants agencies to provide ARRA money only to projects and applicants that have the ability to achieve long-term economic benefits. Much of the results tracking in the first 12 to 18 months will be the amount of military housing built, the number of community health centers built, the number of Pell grants saved and the number of park facilities refurbished.

But tougher outcome questions will follow shortly. For example, did we put the health center in the right place to serve the underserved? Is the military housing energy efficient (such as powered by solar panels)? Was broadband capacity put in place where it was most needed to enable economic development, or have we built "fiber bridges to nowhere"?

And public or social goals may be brought to the forefront more explicitly. For example, increases in Pell grants might increase educational opportunities, but the quality of that education will be a separate performance matter.

The magnitude and transparency of the stimulus requirements are numbing to agencies, and to state and local governments. The impact of longer-term grant dollars can get lost in the bureaucratic shuffle. In the long term, it is not just a question of whether the money was disbursed without fraud or abuse. The question will be whether the money was used efficiently and effectively to create jobs, stimulate the economy, and deliver intended benefits.

Given the massive reporting requirements, how do agencies emerge from a fixation on compliance?

CIOs and executives should not just wait for the OMB to define and redefine the reporting framework. Instead, they should do some of the homework upfront. For example, how can you track performance and outcomes? Government leaders and managers know the agency's mission. Therefore, they should capture the incoming data once and then plan how to reuse it for different purposes. What is needed is a paradigm for performance information to satisfy different audiences.

Take Veterans Affairs claims processing, for example. At the political level, officials want to know that the Veteran's Administration (VA) is paying claims and tracking veterans' satisfaction. The disability process manager is concerned about the number of claims being processed, the backlog of claims and productivity levels. At the IT level, CIOs want to know whether they are delivering applications that help caseworkers process and resolve claims efficiently and accurately. All of this requires the CFO, for example, to talk with program managers about outcomes — not just about financial accountability, but about the stewardship of the financials that must occur to get programmatic results.

Agencies must go about the business of getting ARRA money out while, at the same time, creating a huge store of lessons learned from the current crisis to be translated to ongoing

performance management needs. For example, agency leaders should be answering these questions:

- What is the information we are collecting telling us?
- What do we not know that we need to know?
- What do we need to do to succeed — not just for the ARRA but for our mission?
- What are the capacity gaps that are being revealed because we are going through this firestorm? How can we fill them from this point on?

In short, the ARRA is an opportunity for ramping up governmentwide performance management efforts. No matter how temporary in nature the benefits are from the spending infusion, the consequence of renewed performance management and transparency will be longer-lasting.

RECOMMENDED READING

"Obama Takes Quick Steps to Ensure Open and Transparent Government"

"Stimulus Spending Reporting Will Challenge U.S. Agencies"

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