

# Performance Management Recommendations for the New Administration



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## FOREWORD

On behalf of the IBM Center for The Business of Government, we are pleased to present this report, "Performance Management Recommendations for the New Administration," by Shelley Metzenbaum.

Improving the performance of government agencies and programs has been on the agendas of the past two presidents. President Barack Obama has promised it will be on his agenda as well. What have we learned over the past 16 years that can help the Obama administration move forward quickly?

Dr. Metzenbaum, Director of the Edward J. Collins, Jr. Center for Public Management at the University of Massachusetts Boston, has written several reports for the IBM Center for The Business of Government in recent years on improving performance in government. In her 2006 report to the IBM Center, "Performance Accountability: The Five Building Blocks and Six Essential Practices," she wrote, "What is needed is a performance management approach that is outcome focused, measurement rich, and inquisitive but not punitive." In this report, she describes a performance management approach that does just that.

This new report reviews performance management initiatives undertaken in recent years. The report is informed by the author's experience and interviews with several dozen individuals who have been involved in the federal government's implementation of the Government Performance and Results Act (GPRA) and the Bush administration's Program Assessment Rating Tool (PART). Findings from the interviews are presented in the report.



Albert Morales



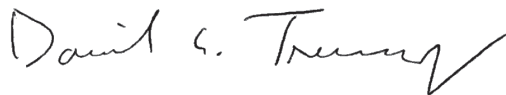
David Treworgy

Metzenbaum also identifies guiding principles for effective performance management that the Obama administration should adopt as it develops its own performance agenda. She offers an integrated set of recommendations to the President, the Office of Management and Budget, cabinet secretaries and agency heads, and the Performance Improvement Council, including advice on specific changes regarding the potential use of a revised Program Assessment Rating Tool in the Obama administration.

We hope that this report will be a useful resource for the Obama administration, as well as for public managers across the government as they continue transforming government to be more results-oriented.



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## EXECUTIVE SUMMARY

Two simple tools—goals and measurement—are among the most powerful leadership mechanisms available to a President for influencing the vast scope of federal agencies. Goals and measurement are useless, however, unless used. They must be used not just to comply with mandated reporting requirements, but to communicate priorities and problems, to motivate through attention and feedback, and to illuminate where, when, and why performance changes. The President and his leadership team must focus their discussions to deliver results around specific goals and discuss progress and problems relative to them. Otherwise, the goals agencies articulate in written plans are likely to be pushed aside and forgotten in the unending press of daily crises.

This report examines the evolution of the development and use of goals and measures over the past two presidential administrations and offers insights and recommendations to the incoming Obama Administration. These insights and recommendations are based on extensive interviews with key stakeholders in agencies, Congress, the Office of Management and Budget (OMB), and outside groups. It also draws on the government experience of the author as well as studies of federal performance trends by the Government Accountability Office, academics, and think tanks.

### Evolution of Federal Goals and Measurement Efforts

In 1993, Congress passed the Government Performance and Results Act (GPRA). It requires every federal agency to set strategic and annual goals (dealing with societal outcomes, not just agency activities), measure performance, and report

to Congress, OMB, and the public on progress relative to selected goals. The Clinton Administration developed the foundation for generating this new supply of goals and measures. The Bush Administration extended it by creating the Program Assessment Rating Tool (PART) “to give true effect to the spirit as well as the letter” of GPRA. PART shifted the focus of goal-setting and measurement from the agency level to the program level. The next President will need to decide whether and how to use GPRA to advance his agenda and, more generally, to improve the impact and productivity of federal agencies. To inform that decision, this report examines recent federal performance management experience and offers recommendations to the next Administration.

Interviews conducted for the report identified a few key findings regarding recent federal performance management practices:

- Simply stated, there is no comprehensive way for the public or Congress to see how the federal government is performing and what agency goals and program targets are.
- Despite reams of performance material produced in response to GPRA and PART, it is still remarkably difficult to find meaningful government performance information—performance levels, performance trends, and even targets—because too little attention has been paid to communicating targets and trends and too much to communicating the “percentage of targets met” as the primary indicator of overall performance.
- Too little attention has been paid to understanding the size and characteristics of problems to be addressed and why performance levels have

changed. Few agencies and programs routinely analyze their performance and other data, as businesses do, to generate the insights needed to improve performance.

- The program review process has been overly subjective, creating unfair inconsistencies and frustrating disputes about what constitutes appropriate measures, targets, and evaluation methods.
- Too little attention has been paid to identifying key audiences for goals and performance data, to determining their performance information needs, and to delivering information where and when it is needed in a format the target audiences can understand. As a consequence, key audiences, including Congress, field offices, delivery partners, and others, have not gotten the performance information they need.
- Too much attention has been given to program review, assessment, and control, and too little to providing expert advice and to stimulating innovation, discovery, cooperation, and assistance.

## Guiding Principles to Improve Federal Performance Management

Based on these findings, this report concludes that the key performance management challenge facing the Obama Administration is to use—not just produce—performance goals and measures.

Specifically, the report offers four guiding principles that should undergird changes to current federal performance management efforts:

- Communicate performance trends and targets, not target attainment and ratings
- Encourage performance improvement with increased diagnostic analysis, practical experiments, and knowledge sharing
- Present information in ways that meet the needs of specific audiences
- Structure accountability mechanisms to encourage and inspire, not embarrass, reprimand, or punish

## Recommendations

This report offers the following specific recommendations, organized by the agent for action:

### Recommendations for the President

1. **Clearly Identify Presidential Priority Targets.** The President should identify a limited number of priority targets, assign responsibility for pursuing the targets, and meet at least quarterly with each Cabinet secretary responsible for the Presidential priority targets to keep agencies focused on these targets.
2. **Appoint a Chief Performance Officer and create a White House Performance Unit.** The President should appoint a chief performance officer (CPO) to work closely with the President and head of OMB and should charge the CPO with assembling a dedicated White House performance unit to advance progress on Presidential priorities. The CPO and White House performance unit should work closely with and be supported by OMB and other parts of the White House, especially, but not exclusively, the OMB performance team.
3. **Run Goal-Focused, Data-Driven Meetings.** The President should use the new White House performance unit to run goal-focused, data-driven meetings pertaining to his priority targets.
4. **Increase Analysis.** The President should direct the CPO and the White House performance unit to encourage increased analysis of performance and other relevant data pertaining to presidential, cross-agency, agency, and program targets.
5. **Engage Performance Management Expertise for Cabinet.** The President should appoint experienced performance managers to key government management positions, especially to the Deputy or Undersecretary positions in each Cabinet-level agency, and the CPO should enlist senior-level performance management experts to provide counsel to Cabinet secretaries.



6. **Identify and Manage Cross-Agency Targets and Measures.** The President should direct the White House Policy Councils to work with the CPO to identify measures, and possibly a limited number of targets, for problems and opportunities not elevated to the level of Presidential priority but where performance improvement nonetheless needs cross-agency attention and cooperation.
7. **Adjust Accountability Expectations.** The President should instruct the CPO and the White House performance unit to lead a government-wide effort to adjust accountability expectations—holding agencies accountable for the persistent application of evidence, intelligence, and effort to achieve continual performance gains.
12. **Increase Training.** OMB should increase training for its own staff and for agency staff in order to increase understanding of effective performance management practices and analytic methods.
13. **Revise, but Continue PART.** OMB should continue to conduct program performance reviews, using a revised and renamed PART process (as discussed in Recommendations 21 and 22).
14. **Continue the President’s Management Council with Increased Attention to Performance.** OMB should continue to convene the President’s Management Council as a forum for bringing senior agency deputies together on a regular basis to discuss progress toward performance and management priorities and to reduce management risks.

### Recommendations for the Office of Management and Budget

8. **Communicate Targets and Trends.** OMB should direct agencies and programs to communicate agency targets and the direction of performance trends for key indicators—showing areas where performance is improving and areas where it is declining.
9. **Redesign Federal Performance Portal.** OMB should maintain a web-based federal performance portal site that makes it easy to find performance targets, trends, and other related information.
10. **Engage External Performance Management Expertise for Agencies and Programs.** OMB should strongly encourage agencies to invite outside expertise and multiple perspectives to inform the selection of targets, performance measures, and strategies to improve performance.
11. **Facilitate Cross-Agency Learning.** OMB should expand its role facilitating learning across organizations by building communities of practice and creating a reference desk to support federal agencies and their delivery partners.

15. **Expand OMB Performance Management Team.** OMB should increase the size of its performance management team in order to accomplish its expanded responsibilities to support performance improvement across the federal government.

### Recommendations for Cabinet Secretaries and Agency Heads

16. **Immediately Review Agency Performance Trends and Update Priority Targets.** Each cabinet secretary and agency head should review and refine their organization’s strategic and annual targets to reflect and communicate the new Administration’s priorities, informed by a review of past performance trends.
17. **Run Goal-Focused, Data-Driven Meetings.** Each cabinet secretary and agency head should run their own goal-focused, data-driven meetings to keep the organization focused and continually searching for opportunities for improvement.
18. **Identify Information Needs of Key Audiences.** Cabinet secretaries and agency heads must assure that their organizations identify key audiences for federal performance information, determine their needs, and establish priorities among the audiences to be served.

**19. Improve Federal Information Presentation and Dissemination Capacity.** Each cabinet secretary and agency head should pay increased attention to the presentation, dissemination, and use of performance information in order to communicate more effectively with targeted audiences and inform their priority-setting and performance-improving decisions.

**20. Create Agency Web-Based Performance Portals.** Each cabinet secretary and agency head should direct their organizations to add a performance portal on their home pages that makes it easy to find performance targets, trends, and other related information.

### **Recommendations for the Performance Improvement Council**

**21. Lead a review of PART.** The Performance Improvement Council should be directed to lead a process to propose changes to PART for subsequent action by OMB. This should include revising and renaming the process to shift the emphasis from program rating to performance improvement, fixing some the questions, and adding a few new questions.

**22. Consider Specific Revisions to PART.** The Performance Improvement Council should consider the following recommendations concerning revisions to the PART process:

- Align program targets with GPRA goals and allow agencies to define what constitutes a program
- Revise the PART scoring system and eliminate the ratings
- Increase reviewer perspectives
- Reorder and revise PART questions

# Introduction

## The Importance of Goals and Measures

Management issues seldom make their way onto the political agenda of presidential candidates. Nor do they rank high among the priorities of an incoming President. Yet, faced with multiple crises, each of which demand full attention, a President must decide how to run government to advance his priorities and prevent new problems. Two simple tools—goals and measurement—are among the most powerful leadership mechanisms a President can use to influence the vast scope of federal agencies.

Goals allow a President to clarify expectations concisely with cabinet members, other agency heads, and policy advisers. Measurements provide the means for monitoring progress, informing priorities, and identifying ways to improve. Also, public reporting of goals and measurement communicates priorities and progress succinctly to the public, boosting accountability.

Of course, goals and measurement are useless unless used. Once established, the President or a senior designee acting on his behalf must talk about specific goals and discuss progress and problems relative to them. Otherwise, the goals are likely to be pushed aside and forgotten by an unending series of daily crises.

In 1993, Congress passed the Government Performance and Results Act (GPRA), requiring every federal agency to set strategic and annual goals, measure performance, and report to Congress, the Office of Management and Budget (OMB), and the public on progress relative to their selected goals. GPRA requires government agencies to man-

## Obama Embraces Performance Management

During his campaign, President Obama called for the creation of “a focused team within the White House that will work with agency leaders and the White House Office of Management and Budget (OMB) to improve results and outcomes for federal government programs while eliminating waste and inefficiency. This unit ... will be ... headed by a new Chief Performance Officer (CPO) who will report directly to the President. The CPO will work with federal agencies to set tough performance targets and hold managers responsible for progress. The President will meet regularly with cabinet officers to review the progress their agencies are making toward meeting performance improvement targets.”

age performance, not just processes, by insisting that every agency choose goals dealing with societal outcomes to the extent feasible. President Obama will need to decide whether and how to use GPRA to advance his agenda and, more generally, to improve the effectiveness and cost-effectiveness of federal agencies.

Goals, reinforced by measurement, also strengthen democracy by clarifying agency priorities to the public, allowing Congress and the public to take action if they disagree with the choices that have been made. Goals and measurement can also be

used as control mechanisms, but problems arise when goals and measurement are implemented in ways that place more emphasis on control than on improving societal conditions. It is important for agencies to understand the underlying causes of performance change and apply that understanding to develop and implement sound strategies to improve societal outcomes.

## Performance Management Implementation in the Federal Government

GPRA successfully increased the production of goals and measurement. It did not, however, always motivate enthusiastic use of these goals and measures. While a handful of agency leaders, such as those in the Department of Transportation, the Department of Veterans Affairs, the United States Postal Service, and parts of the Department of Defense wholeheartedly embraced goals and measurement as a powerful leadership tool, most did not. In most agencies, change was initially minimal—only enough to comply with the law. Central offices chose targets, found measurement they could report, and wrote strategic and annual plans and annual reports as the law required. Once the reports were submitted to OMB and Congress, however, the agencies did little with the documents and the data that filled them.

When the Bush administration took office, it introduced the Program Assessment Rating Tool (PART) “to give true effect to the spirit as well as the letter” of GPRA. PART shifted the focus from agency goals—to which many in an agency might contribute but for which no one but the most senior manager was wholly responsible—to program-level targets with clearer lines of responsibility. By conducting PART reviews, scoring and rating of every federal program at least once every five years, PART compelled all federal programs to try to find sensible outcome-focused targets and decide how to measure progress toward the targets.

In addition to GPRA and PART, the Bush White House created the President’s Management Agenda Scorecard to grade agencies on their management practices in five priority areas, one of which was “performance improvement.” Every quarter, OMB awarded federal agencies a red, yellow, or green

light indicating OMB’s assessment of how well an agency had completed a checklist of actions.

Together, GPRA and PART successfully motivated widespread adoption of goals and measures, including those more focused on societal conditions than had previously been the case. Four GAO surveys conducted between 1997 and 2007 found that the percentage of federal agency managers and supervisors who reported having outcome measures and other kinds of data available to a “very great” or “great” extent increased significantly between 1997 (the year all agencies were expected to be compliant with GPRA) and 2007. By 2007, agencies reporting a “very great” or “great” availability of measures ranged between 40 and 60 percent, varying by kind of measure. About 50 percent of managers reported the availability of outcome measures gauging changes in societal conditions to a “very great” or “great” extent in 2007, up from 19 percent in 1994 and 32 percent in 1997. While progress has been made, more progress is clearly needed.

Interviews conducted for this report suggest that PART reviews were key to motivating greater agency attention to outcome-focused goal-setting and production of outcome-focused measurement, although other changes made in the same time period and evolving familiarity with the purpose and requirements of GPRA might also explain increased availability of measurements. The interviews also suggest that the President’s Management Agenda Scorecard motivated agencies to change their practices, but not necessarily in ways likely to improve outcomes.

What GPRA and PART did not motivate, however, was widespread use of the goals set and measurements collected. This is unfortunate, because goals and measurements are obviously useless when not used in daily and strategic decision-making. They are seen as costly and burdensome to the agencies that produce them, rather than as powerful tools that improve government programs and better communicate government choices and their impact to the public. The challenge facing the Obama administration is to make better use of outcome-focused performance goals and measurement to improve societal outcomes, boost program productivity, and strengthen democratic decision-making.

# Performance Management Mechanisms Used by the Bush Administration to Supplement GPRA

*Adapted from John Kamensky, "Bush's Performance Management Legacy," PA Times, October 2008*

President George W. Bush built on the Government Performance and Results Act of 1993 with program-level assessments, linking budgets to program performance, requiring agencies to conduct quarterly reviews, and tying program performance to executive pay. In the last year of his administration, he created via executive order a network of executives, mostly career, to focus on agency performance. Following are some of the key elements of the performance management framework the Bush administration put in place during its eight years in office.

## Program Assessment Rating Tool

OMB created and started using the Program Assessment Rating Tool (PART) in 2002. It reviewed about 200 programs a year and posted the results on a website, [www.expectmore.gov](http://www.expectmore.gov). As of mid-September 2008, OMB had reviewed 1,017 programs, covering nearly the entire budget. It rated 193 (19 percent) as effective, and only 27 (3 percent) as ineffective. OMB did not determine the effectiveness of 173 (17 percent) because it felt that those programs did not collect sufficient performance information to make a judgment. OMB says agencies have identified over 6,000 performance measures that track program outcomes, outputs, and activities that increase efficiency, and have undertaken 4,000 specific program improvement actions identified as a result of the PART assessment.

## Performance Budgets

Agencies are required by GPRA to develop a strategic plan, an annual performance plan, and an annual performance report. In recent years, OMB encouraged agencies to integrate the annual plan into their annual budget justifications to Congress. OMB guidance to agencies states, "Your submission should include descriptions of the means and

strategies, including resources, processes, and technologies, to be used in achieving the performance goals." Beginning with the fiscal year 2005 budget, OMB required agencies to submit a "performance budget" that would integrate the annual performance plan and the congressional budget justification into one document.

## Agency Reviews

The Bush administration also required agencies to conduct quarterly reviews of their performance and progress toward their goals and targets.

## Performance Improvement Officer

President Bush signed an executive order in November 2007 instructing all agencies to designate a Performance Improvement Officer. The order encouraged agencies to designate a career senior executive to this position. A number are their agency's chief budget officer. Others are their agency's lead in strategic planning or performance measurement.

## Performance Improvement Council

The executive order also created a government-wide Performance Improvement Council comprised of the agency performance improvement officers. It has been meeting monthly since it was formed in early 2008 and has focused on improving individual agency goals and plans to achieve them. It is currently chaired by a highly regarded career executive in an agency, supported by OMB staff.

The Council is divided into subcommittees that develop and bring issues to the broader group. These include:

- A subcommittee on program evaluation
- A subcommittee that gathers best practices to share across agencies

- A subcommittee on reporting and transparency that provides advice to OMB and agencies surrounding the contents of required reports and a timetable for their release

The council has developed a plan of action that will continue through 2009. This plan includes training and information-sharing activities.

## Transparency and Reporting

One of the boldest actions President Bush took in performance improvement was the public release of extensive amounts of information related to the performance of individual programs assessed under PART and reported in the budget. The website [www.expectmore.com](http://www.expectmore.com) included PART scores, the backup materials used to develop these scores, and a list of what agencies have committed to do to improve.

In addition, agencies publish performance-related reports each year. Most agencies publish combined performance and financial reports by November 15, as required by OMB in Circular A-136. Early in the Bush administration, the due date for these statutorily required authorized reports was accelerated from March 30 (six months after the end of the fiscal year) to November 15 (six weeks after the end of the fiscal year), so that this information would be available during the budget development process.

About 10 agencies are piloting separate financial and performance reports. The pilot agencies are preparing three separate reports. Financial reports were submitted on November 15, 2008; performance information as an integrated part of their budget submissions will be submitted in February 2009; and a “citizens’ report,” not to exceed 25 pages in length, was published in January 2009. All other agencies were encouraged to submit reports but were not required to do so.

All agencies were also asked to prepare, for the first time, a two-page “performance snapshot” published in January 2009. This snapshot is intended to provide an overview of each agency’s mission, organization, budget, and performance and financial results.

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## About This Report

This report identifies four guiding principles that should undergird changes to current federal performance management efforts. It presents a series of findings based on interviews with knowledgeable individuals about their perception of federal performance management practice today and the impact of GPRA and PART. It then offers recommendations based on the guiding principles, interview findings, and relevant literature. The recommendations provide a roadmap to improve federal efforts to manage for results.

The report is based on 30 formal interviews of 25 agency officials (central office, program managers and field managers; one political appointee and others career), four congressional staff (Senate and House staff from both parties; four appropriations committees and one authorizing committee), and two citizen group representatives. The interviews focused on what the respondents liked and did not like about both GPRA and PART. (Some interviewees have held multiple positions since GPRA and PART began, and therefore numbers in subsets do not add to totals.)

Those formally interviewed all dealt with the same four cabinet-level agencies. Interviews were coded to identify common themes that informed the formulation of the guiding principles and recommendations. This report was also informed by previous studies on GPRA and PART, studies of performance management efforts around the United States and the world, comments from public interest groups about GPRA and PART, and four GAO surveys conducted since 1997 capturing federal agency manager and supervisor opinions about performance management and the PART. In addition, the findings and recommendations of this report were informed by ongoing conversations in recent years with dozens of agency, OMB, and GAO practitioners about GPRA and PART. Feedback on the report's recommendations were received at an October 2008 Government Performance Workshop to discuss actions that the new administration could take to strengthen federal performance systems.

## Goals and Measures

Goals and measures are powerful tools that leaders can use to drive improvements in priority areas:

- To identify societal problems that need attention to:
  - Better understand the causes of the problems, especially those that are preventable
  - Assess the relative import of the problems to inform priority-setting
- To identify interventions that appear to be effective to:
  - Test whether and when they can be replicated
  - Find ways to speed adoption of effective methods
- To identify interventions that don't seem to work and need to be adjusted
- To communicate information on goals and measures to those who can use the information to improve performance and make better policy, management, and personal decisions, including:
  - The President and political appointees
  - Congress (especially appropriators)
  - Career agency officials in headquarter offices and in the field
  - Delivery partners, including other levels of government and non-profit and for-profit contractors
  - Citizens and taxpayers

# Four Guiding Principles for Improving Federal Performance Management

Federal programs have made noteworthy progress since passage of GPRA using outcome-focused goals and measures to improve program impact, cost-effectiveness, and accountability, but much work still needs to be done. To stimulate needed innovation and discovery and to achieve the performance improvement breakthroughs that should be possible, the following four principles, which address the performance-inhibiting problems described in the Findings section of this report, should guide future federal performance management improvement efforts.

## **Principle One: Communicate Performance Trends and Targets, Not Target Attainment and Ratings**

Government should pay increased attention to communicating performance trends and targets. Despite the fact that federal agencies have been expected to set agency goals, measure progress toward them, and report performance to the public for more than ten years under the Government Performance and Results Act of 1993 (GPRA) and to do the same at the program level since the inception of PART, it is still surprisingly difficult to find federal performance trend information. OMB and agency summary charts have not shown performance trends.

Instead, federal performance reports and summary charts show the number and percentage of “targets attained,” PART ratings, and traffic light scores on the President’s Management Scorecard as primary indicators of program and agency performance. This has focused agencies on meeting targets and raising PART and President’s Management Scorecard ratings but diverted their attention from undertaking the full range of assessments, analyses, and actions needed to improve societal conditions.

OMB reinforced the message to agencies, perhaps inadvertently, that performance trends were not as important as target attainment and PART ratings when it chose as exemplary agency Performance and Assessment reports (in its 2008 A-11 budget instructions) the reports of four agencies that showed the percentage of targets met, not the direction and size of performance change, to summarize agency performance.

Targets are powerful management tools, especially when they specify factors such as time, quantity, place, and population, etc. They are useful for focusing, motivating, and communicating priorities within an organization and to people beyond it and for enlisting outside assistance and resources. PART reviews, too, provide useful feedback to agencies on areas of program strength and weakness. The percentage of targets attained and PART performance ratings do not, however, effectively or objectively communicate performance.

It is far more informative and objective to communicate whether, where, in what direction, and by how much performance and related indicators are moving. Reporting performance trends indicates whether or not program outcomes and interim outcomes are going in the direction desired, suggesting whether agency actions are working as intended, not simply whether a target has been met or a commitment fulfilled. Reporting trends also highlights sudden or unexpected changes in direction and size. When agencies follow up on these unexpected changes to understand their underlying reasons, it often leads to the discovery of effective government interventions worthy of replication. It can also lead to the discovery of underlying causal factors contributing to performance declines (or gains) that government can influence.



### **“Target Attainment” is a Limited Indicator of Performance**

Targets are a powerful management and communication tool, but reporting target attainment communicates control, not priorities, problems, and progress. Measuring the percentage of targets met conveys little information about performance to those not involved in target negotiations unless the targets are known, the reasons they were selected are understood, and the reasons and targets themselves are accepted. The emphasis on target attainment sends a message that Congress and the public should accept the targets selected by agencies with OMB approval.

Measuring the number or percentage of “targets attained” can be a useful indicator for internal management purposes, but “targets attained” is not a good performance indicator for multiple reasons:

- **Knowledge of targets is essential to the value of “target attainment” as a performance indicator.** While it has been relatively easy to find summary charts of federal performance showing the number and/or percentage of targets attained, PART scores, and PART ratings, it is not easy to find a summary list, even by agency, of the targets set by federal programs. Interested readers must dig down into the details of agency and program performance reports to identify what the targets are. Summary charts that show target attainment but fail to show what the targets are, which were exceeded, which were attained, and which were not attained communicate only whether agencies met White House and agency leaders’ expectations, but not actual government performance. Without knowledge of what the targets are, summary charts reporting that a program or agency attained, say, 85 percent of its targets convey little useful information about the state of the world and program performance.
- **Acceptance of targets is essential to the value of “target attainment” as a performance indicator.** For Congress and others to care about target attainment rates, they must not only know, but also accept, the reasonableness of the targets chosen. While Congress sometimes writes targets in law that agencies then use when setting targets, agencies more often must narrow the broad goals and even the specific targets

Congress sets because budgetary resources are insufficient to tackle them all. Explicitly or implicitly, agencies make decisions about which problems, which populations, and which geographic areas to serve first. To understand these priority-setting decisions, Congress and the public need to know not only what the specific targets are, but also the reasons agencies choose them. It can be hard to find these reasons in agency documents.

- **Reporting on target attainment is not helpful unless agencies confirm awareness and acceptance of the targets with key congressional offices.** Congressional staff interviewed for this report indicated that they heard little from agencies about what their performance data showed, why agencies selected the targets they chose, why they chose specific strategies, and where fund reallocations among targets might be appropriate.

With a few noteworthy exceptions, most exchanges that did occur were formal, and confined primarily to official documents and congressional hearings. This seldom afforded a useful means for clarifying misunderstandings and digging more deeply into unanswered questions. Some congressional appropriations staff interviewed for this report indicated they would welcome more informal discussions about targets, trends, and strategies, although agency and OMB officials indicated that some agencies offered to brief key congressional committees with little response.

- **Target attainment does not always correlate with performance gains.** An agency or program that chose targets lower than prior-year performance could meet all of its targets even if actual performance had declined. Adoption of more lenient targets did occur, yet neither agencies nor OMB tracked the number or percentage of targets set at levels lower than prior-year performance and target levels. Without companion information showing how targets compared to past performance, summary charts indicating targets met or even exceeded cannot accurately convey the direction of performance change.
- **Tracking target attainment rather than performance trends as the primary performance indi-**

**cator can motivate measurement manipulation.**

Experience shows that some organizations, eager to meet targets or earn higher ratings, “cream-skim.” They serve populations or places more easily served. “Cream-skimming” can also arise when agencies track trends, but the intensified pressure of meeting a target makes it more likely to occur when target attainment is used as the primary performance indicator.

- **Tracking target attainment also intensifies the temptation to choose timid targets that programs know they can meet, rather than the sort of “stretch” targets that research has shown can lead to larger performance gain.** To earn high PART scores, programs were expected not only to set ambitious long- and short-term targets, but also to meet them. By definition, this is highly unlikely. Ambitious targets are those that cannot be met all of the time. In other words, the chance that a program could earn a “yes” score on the two PART questions about ambitious targets and also on the PART question about meeting targets is, by definition, extremely small. The PART scoring penalty for programs that failed to meet their targets was exacerbated by the summary charts that implied, by their use of target attainment percentages, PART scores, and PART ratings, that programs that dared to set but failed to meet ambitious targets had lower performance.

**Ratings are Limited Indicators of Performance**

OMB and the White House used PART performance ratings (effective, moderately effective, adequate, ineffective, and results not demonstrated) as another performance indicator. Using PART ratings (rather than performance trends) as a performance indicator was a sensible start-up strategy. It provided a mechanism for recognizing progress while programs built their capacity to measure outcomes. However, using PART ratings as an ongoing way to measure and communicate program performance, or the rating of the President’s Management Agenda Scorecard, has serious limits for the following reasons:

- **Ratings are subjective and therefore likely to be inconsistent and reflective of reviewer bias.** The structure of the PART review process that produces PART ratings, with single but different individuals making multiple decisions about the

adequacy of program practices along multiple dimensions, creates inconsistency and bias problems.

Inconsistent PART reviews are not the fault of individual OMB examiners; they are inherent to any review dependent on the opinion of an individual evaluator. Olympic scoring for events such as gymnastics or diving, where winners are determined not by the cross of a finish line but by opinion, accepts the inevitability of reviewer bias. To contain it, expert judges from different countries use explicit scoring criteria. Even then, reviewer bias is anticipated, and the high and low scores are tossed out. With all these adjustments, bias by judges is still seen as a problem.

Reviewer subjectivity creates problems beyond inconsistency. As the vast literature on cognitive bias has found, reviewers are influenced by their professional perspectives, experience, expertise, and values. OMB examiners, by the nature of their budgeting and central office responsibilities, are likely to hold a professional bias toward cost-cutting over performance improvement. They are also likely to have an inclination to play more of a controlling than an assisting role.

- **Ratings hide multiple, relevant dimensions of performance.** Ratings, whether grades or labels such as “effective” or “ineffective,” hide valuable information when distinct dimensions of product performance are not easy to see. Consider how *Consumer Reports (CR)* presents its ratings to make them useful to readers. *CR* charts show how each product fares on multiple dimensions of performance. *CR* communicates its summary preferences in two ways: ranking in order of quality across all performance criteria and highlighting “best buys” that, while not the top quality product, are considered best for the price. Summary charts also show how each product fares on each performance dimension, allowing readers to assess whether they agree with *CR*’s summary assessment and to adjust that assessment to incorporate their own preferences.

OMB summary charts of PART ratings do not make it easy for readers to see how well a program fared on different dimensions of performance. Summary charts showing performance

trends for each key indicator would convey that information more succinctly.

- **Ratings influence choices among alternative products and qualify entities for certain situations, but PART ratings are not needed for those purposes.** *Consumer Reports* ratings help buyers compare products. Ratings are also useful for qualifying people and organizations to enter specific competitions, assume responsibilities, or earn special privileges. The use of a PART rating is less clear, however. Neither Congress nor OMB is likely to use PART ratings to choose among producers of different federal functions, because federal programs seldom compete directly with one another; they tend to be created to address very distinct needs not provided by any other program. Programs with similar functions can find it helpful to look at other federal programs with a higher PART rating to identify practices worth replicating, but they could gain more insight by looking at scores on individual PART questions and changes in the scores over time.

Ratings, arguably, motivate some programs, but not necessarily in the ways intended. For example, several agency officials report that, over time, they learned how to “get to green” on the President’s Management Agenda Scorecard and improve their PART score by figuring out minimal actions they could take to earn an upgrade even though the changes did not improve operational or program effectiveness. Actual performance trends are likely to be a better indicator of progress than ratings and are more likely to align agency actions with organizational objectives.

- **Ratings do not recognize continuous improvement.** The PART rating system cannot recognize improvement in areas where an agency has already earned the highest “effective” score. OMB could add new conditions to motivate further improvement, but that would have the unfortunate side effect of lowering scores for those who had already reached the top. Ratings have no way to recognize further improvement by those already doing well.

## Principle Two: Encourage Performance Improvement with Increased Diagnostic Analysis, Data-Driven Discussion, Practical Experiments, and Knowledge Sharing

Principle One argued that agencies and OMB should communicate targets and trends when reporting agency and program performance. Reporting is not, however, measurement’s only or, arguably, its most important use. Measurement is most valuable when organizations use the data they collect not just to report, but to illuminate, communicate, motivate, and allocate.

Recent federal performance management practices have paid too little attention to the diagnostic analysis of data to understand the nature of problems more precisely, the factors affecting performance trends and variations, and the government actions that can influence them. They also paid too little attention to sharing insights from those analyses with people in government and others that design and deliver programs.

Agencies need to pay more attention to:

- Understanding the size and characteristics of problems to be addressed and opportunities to be pursued
- Discovering why performance levels change or vary
- Finding effective interventions for different types of problems
- Sharing knowledge of problems and solutions so it can be applied in program implementation

Agencies also need to pay more attention to sharing the data they collect to make it easier for others to analyze, to discover patterns and possibilities, and to inform policy decisions and personal choices.

Specifically, federal agencies and programs need to use the performance measurement they collect to:

- **Illuminate problems needing attention, their causes, and interventions worthy of replication.** Analyzing performance data helps agencies determine the size and characteristics of social

and system problems needing attention so they can set priorities among them. It reveals promising programs worth continuing and problems that need adjustment. Studying unexpected changes, variations in performance levels, and anomalies can lead to a deeper understanding of causal factors that can be influenced to improve outcomes.

- **Communicate measurements, lessons and data.** Communicating and discussing performance trends for priority targets sends the message that previously set targets continue to be a priority. Communicating performance trends, supported by information about the timing of new interventions, helps to speed adoption across agency delivery partners of practices that improve trends and slow adoption of those that do not. Communicating data helps to stimulate external analysis and support coordination among multiple delivery partners cooperating to advance shared goals.
- **Motivate with measurement by using it to provide fast feedback.** This can energize people by providing a sense of accomplishment when progress is being made and by creating a sense of urgency for making programmatic changes when it is not.
- **Allocate resources to activities with the greatest performance impact relative to time, money, and other resources invested.**

When analysis of performance data does not reveal effective, efficient practices, federal agencies may need to experiment to discover increasingly effective and cost-effective interventions. Once promising practices are found, they may also need to experiment to find successful methods for promoting their adoption by other agencies and delivery partners.

### Principle Three: Present Information To Meet the Needs of Specific Audiences

One of the most significant findings from the interviews conducted for this study is that, despite near consensus about the value of performance measurement, so few—in Congress, in agency field and headquarters offices, among those served or regulated, in advocacy organizations—found the

numerous documents and websites with federal performance information useful. There were some noteworthy exceptions, such as the Department of Education’s budget justification, which was singled out as a model for other agencies in a House appropriations bill. Most performance-linked documents were viewed as confusing and disappointing, however. They paid too little attention to figuring out who wanted and needed performance information, how they could use it, and how to meet those needs.

There are several possible explanations for this problem. Budget justifications, the content of which was specified by OMB Circular A-11, irritated congressional appropriators because current year budget proposals could not be compared to prior-year information. The GPRA-required performance reports that agencies submitted to Congress were overwhelming because they packaged copious amounts of financial and management risk information together with performance data in a single Performance and Accountability Report (PAR), the content of which was prescribed by OMB Circular A-136. The emphasis on target attainment status and commitment fulfillment rather than goals, targets, trends, analysis, and strategies rendered most performance reports of limited value to would-be users. Also, while the President’s Management Agenda Scorecard ratings functioned as a useful checklist of management activity expectations for the White House, it imparted little information to others.

In addition, as previously noted, performance trend information, of great interest to the public and those looking for successful programs to replicate, was remarkably hard to find. Too often, PART reviews and agency performance reports shared only a few years of performance trend data and only for some, but not for all, of the relevant indicators. When agencies

#### The Reports Consolidation Act of 2000

The Reports Consolidation Act of 2000 (P.L. 106-531) authorized agencies to consolidate their financial and performance reports, perhaps encouraging but not mandating the consolidation that produced the PAR reports everyone found so overwhelming. OMB Circular A-136 translated that authority to a requirement.

## The Program Assessment Rating Tool (PART)

PART was launched as a pilot in February 2002 and introduced in the President's FY 2003 budget as a tool to be applied to every government program. PART is a list of "Yes/No" questions asking programs how they use goals, measures, and evaluation. The questions are grouped in four categories:

- Program purpose and design
- Strategic planning
- Program management
- Program results/accountability

(Appendix I contains the full list of PART questions.) PART is more than a list of questions, though. It also involves third-party review and public reporting.

PART tackled what agencies and Congress identified as one of GPRA's biggest weaknesses—the use of what some described as the "10,000-mile high indicators" used in GPRA documents. While GPRA goals and measures could be powerful when used by senior management to drive change, enhance coherence, and spur cooperation across agency programs, they often lacked relevance for program offices and congressional decision-makers unless agencies explicitly articulated what was expected of each program to advance GPRA goals. Some agencies took the time to sort out and communicate the link between GPRA goals and program expectations—what some call cascading down and rolling back up. Most, however, did not.

PART translated the goal-setting and measurement requirements of GPRA to the program level, the scale at which most agency operations function and at which funding decisions are made. By shifting attention to programs and at the same time announcing that OMB would review 20 percent of agency programs each year so all programs were reviewed at least once every five years, PART signaled that all federal programs, not just agency central-office staff, were expected to adopt outcome-

focused performance management practices. Programs could request follow-up PART reviews (before the scheduled five-year review) to earn a higher PART score and rating earlier, and many did.

PART uses several distinct motivational mechanisms to increase agency attention to goals and measurement:

- **Focus on the Program Level.** PART requires programs, not agencies, to select goals and measures. This pushed responsibility for goal-setting and measurement adoption beyond the central budget, planning, or performance office of an agency to the program level.
- **Questions.** PART provides a detailed set of questions that every federal program is required to answer at least once every five years. This compelled agencies to consider basic program management questions that program managers often wanted but never found the time to consider.
- **External Review.** OMB, not the agency, conducts the reviews of each program's performance management practices, which compels agencies to consider how each program fares relative to each of the PART questions. Programs cannot ignore a question as irrelevant without being able to defend that decision to OMB. The review process varies by OMB reviewers and is up to the discretion of the examiner.
- **Scores.** OMB provides a binary "Yes/No" score and commentary on each question, providing programs with feedback about specific areas of strength and weakness. Questions are weighted and summed to tally a total program score, up to 100 percent. The PART score for each question is posted for public review on the Internet, along with short explanatory notes. The aggregate PART score is also posted.
- **Ratings.** OMB uses the total PART score to determine a rating: effective, moderately effective, adequate, ineffective, and results not demonstrated. OMB rates a program "results not dem-

onstrated” when it concludes that insufficient measurement is available to determine program impact. Some agencies reported their programs were motivated to earn a higher rating.

- **Improvement Commitments.** Following a PART review, each agency and OMB agree on a list of specific actions each program commits to take. Programs periodically provide OMB and the public, via the web, a written update on actions they have taken to fulfill the commitments.
- **Transparency.** Program ratings are prominently displayed in OMB summary charts and OMB shares the following underlying scoring details with the public:
  - The PART score for each question
  - Comments on each question
  - The total score for each program
  - An overall program rating
  - The list and status of improvement commitments

All of this information was available to view at [www.expectmore.gov](http://www.expectmore.gov), the OMB-run website which facilitated public access to PART reviews, strategic plans, and performance reports.

In addition, a second OMB website, [www.results.gov](http://www.results.gov), contained hints and examples intended to help agencies improve their performance management practices. This site also featured summary data about the status of agency implementation of the President’s Management Agenda Scorecard.

were required to submit other annual reports to Congress with relevant performance and other data, too few agencies created coherent connections between the content of those reports, GPRA documents, and PART reviews.

Nor did many agencies try to show how their GPRA goals and PART targets connected. Also, the online posted versions of PART reviews were often disappointing because they lacked much of the information congressional staff and the public sought. For example, when the PART website cited an evaluation study, it often failed to provide a full citation or URL to make the study easy to obtain.

OMB has recognized the problem with the Performance and Accountability Report and has encouraged agencies to experiment with a short performance highlights document. But changing the document size will not fully address congressional and public frustration. Performance reports must deliver the information key audiences need.

GPRA, PART, and relevant OMB circulars do not ask agencies about target audiences for their performance information. The websites [www.expectmore.gov](http://www.expectmore.gov) and [www.results.gov](http://www.results.gov) did not organize information to serve different audiences, despite progress on that dimension by many other federal agency websites. For performance measurement to be useful, and not just filler for documents required by law and OMB, agencies need to think more explicitly and strategically about who the key audiences for performance information are and how to meet their needs. They need to learn how to present information so it is understandable and useful to each target audience and how to confirm its use and usefulness. They also need to learn where and when to distribute it so key information reaches users in time to inform their decisions and actions. In short, every agency and program should think more explicitly about who needs what information to make better choices and improve performance. They should think explicitly about when they need it, where they need it, and in what format.

## **Principle Four: Structure Accountability Mechanisms to Encourage and Inspire, Not Embarrass, Reprimand or Punish**

The accountability mechanisms of the federal performance management system—the expectations set and incentives used—are askew and need adjustment. As discussed earlier, the mechanisms OMB uses to motivate agencies focus on the wrong objectives: target attainment, PART ratings, and President’s Management Agenda Scorecard green lights. Focusing on these objectives implicitly punishes programs when targets are not met even when a program applies smart strategies based on available evidence, collects relevant data, and exerts strong effort. Moreover, OMB fails to take advantage of some of the strongest motivators for government workers, including a sense of accomplishment, genuine positive feedback, and ongoing opportunities to discuss problems and brainstorm solutions with other knowledgeable individuals.

GPRA sensibly requires agencies to set goals and measure performance toward them. GPRA does not, however, call for penalties for agencies that do not meet their targets.

PART introduced penalties. It penalizes programs with a lower total PART score when they fail to attain short-term ambitious targets and fail to make adequate progress toward long-term ambitious targets. Lower PART scores translate to a lower PART rating, which is treated as a proxy for agency performance in numerous venues. PART successfully increases agency attention to setting outcome-focused goals and measuring performance, but also creates a perverse incentive: it tempts agencies to pick timid targets they know they can meet, not ambitious targets more likely to stimulate the kind of innovation and energy that achieves higher performance levels.

The notion that it is problematic to penalize agencies that fail to meet their targets is somewhat counterintuitive. Nonetheless, it can be a serious problem. Misaligned accountability expectations can quickly compromise a healthy performance-improving dynamic. It is important for agencies and

programs to set specific targets, and it is stimulating when they select a few in priority areas that are ambitious. It is also important for managers to push their organizations to meet targets and to achieve continual performance improvement.

Yet if those targets are, in fact, ambitious, it is neither fair nor motivating to penalize people or organizations for not meeting them. It is discouraging and irritating. Penalties are useful for calling attention to problems that would otherwise be ignored and are necessary to assure attainment of standards (such as non-discrimination or caps on allowable releases of specific substances to the environment). Penalties levied for non-attainment of, or slow progress toward, an ambitious target are unfair, however, when intelligence, evidence, and effort have been applied. It is far better to hold agencies accountable for collecting and carefully analyzing evidence pertaining to problems, growth opportunities, and past experience, and for adopting and implementing cogent strategies to meet targets and improve performance.

Ambitious targets can be motivating, but only when they are also realistic given available skills, resources, and authority. Penalizing programs not meeting or making progress toward their targets when the programs request but do not receive changes in legislative authority can undermine the initiative of those otherwise doing their best. The PART process unfairly penalizes programs that lack needed legal authority to make program changes, even when a program proposes legislative changes to OMB and Congress.

The current performance system also makes insufficient use of several proven motivators: a sense of accomplishment, genuine positive feedback, and an opportunity to discuss problems with people who have relevant expertise to understand the evidence better and to brainstorm smarter strategies.

PART reviews assess and rate. They reward well-run programs with a good PART score and rating, but few OMB reviewers provide much constructive verbal feedback. Indeed, it might seem inappropriate for an OMB reviewer to praise a program manager,

since few OMB reviewers have enough program management expertise to provide program management guidance. The problem is that no one else provides that verbal feedback, either. Some OMB reviewers sensibly broker expertise when they see it is needed, but most assess, score, rate, and negotiate with agencies. Agencies are commended at meetings of the President's Management Council for "getting to green" on the President's Management Agenda Scorecard, but not recognized for improving performance trends.

The new administration needs to adjust the motivational mechanisms of the federal performance management system to reduce fear and the perceived unfairness in the system. It needs to adjust the accountability expectations and increase use of positive incentives that tap into intrinsic inclinations to do well and altruistic instincts to do good.



# Findings from Interviews

The guiding principles in the previous section of this report and the recommendations in the next section are based on findings from interviews conducted in 2008 with over 30 individuals in agencies, Congress, and interest groups, as well as a look at prior studies on performance management and web-based comments about GPRA, PART, and the President's Management Agenda Scorecard.

The guiding principles address several common themes that emerged from interviews conducted for this report:

- The concept of performance management in the federal government is sound and agencies should continue producing, reporting, and using outcome-focused performance goals and measurement.
- GPRA and PART have had positive effects that should be preserved.
- At the same time, past federal performance management practices were inhibited by several problems that need to be fixed:
  - There is no comprehensive way for the public or Congress to see how the federal government is performing and what agency goals and program targets are.
  - Too little attention was paid to the direction of performance trends and too much to "percentage of targets met" as the primary indicator of overall performance.
  - Too little attention was paid to understanding why performance levels changed, to understanding the size and characteristics of societal or system problems to be addressed, and to sharing that understand-

ing so it could be applied in program implementation.

- The program review and evaluation process was overly subjective.
- Too little attention was paid to identifying the audience for goals and measurement and to determining and meeting their performance information needs.
- Too much attention was given to review, assessment, and control and too little to providing expert advice and to stimulating innovation, discovery, cooperation, and assistance.

This section of the report presents interview findings.

## Findings from Interviews with Congressional Staff Members

### **Finding One: Congressional staff members reported an interest in performance information.**

During interviews conducted for this report, congressional staff members indicated a strong interest in using performance information when readily available. However, many staff members expressed frustration that they could seldom find what they needed. Despite that frustration, most not only supported the concept of GPRA, which Congress had written, but also supported most aspects of the OMB-created PART process. They felt PART had the potential to improve the quantity and quality of information they had available to review programs before making funding decisions. They also noted that, when program reviews were done well, they were very helpful.

## Summary of Interview Findings

### Congressional staff reported:

- An interest in obtaining performance information from agencies, but...
- Difficulty finding relevant performance information, despite GPRA and PART

### Agency staff reported:

- GPRA and PART encouraged agencies to articulate outcome-focused objectives, measure them, and work more strategically and cooperatively to achieve shared objectives and
- Many aspects of PART were helpful, but ...
  - GPRA and PART significantly increased agency workloads
  - The lack of linkage between GPRA and PART was a problem
  - PART reviews were highly subjective, but lacked effective mechanisms for fairly and quickly resolving differences about what constitutes a program, appropriate program measures, targets, evaluations, timing, handling of unanticipated events, and scoring
  - Reviewer inconsistency was a serious problem
  - Data analysis and presentation were undervalued
  - OMB could play a stronger role helping agencies improve

### Citizen groups report:

- GPRA and PART improved public access to agency information, but...
- The PART rating and scoring process was too closed to public input, inhibiting valuable feedback from multiple perspectives that could influence PART scores and, more important, improve program performance.

“What I like about it is that it is good government and lets people look at government prioritization and management.”

“It is better to have than not to have the performance information because we can have a conversation about it. We would not be able to have that conversation without the performance information to raise it. It is easy for advocates to come in and say, ‘We are a good program and you should not allow those changes to take place.’ The performance data lets me make a recommendation to [the member of Congress] who takes it from there.”

“I like the accountability focus of it to remind us and the agency folks that policy makers are asking questions about how they spend their money. This is a tool that says we are not just going to shovel money out

the door. This is about the mindset more than anything. I would try to incorporate questions about effectiveness when we were doing appropriations hearings. This is a great tool that can answer a lot of questions for taxpayers and policy makers and we should continue to use it to expand data. It would be a shame if it goes away because we have put a lot of effort into it over the past fifteen years, in both parties, and it gives us information that anybody can use in many ways.”

“[The agency I oversee] has done a really good job of integrating information into their budget documents. I found it really helpful. We relied on it a lot, and it helped us make funding decisions. If a program that wanted funding had data and a similar program had no data, the chairman would want to put the money in the program where the data existed. We had a lot of

meetings with [the department] about improving their data systems and [the department] did a really good job. We wanted to give them the budget they requested because they had done such a good job integrating their information, including information about the number of recipients. We now have much better data than before to make decisions. In some cases, the department did not know how many [organizations] were participating in [the program] and how many people. It just did not know. Now it does. I think GPRA and PART have done this in different ways. GPRA provides a broader picture, the strategic targets. PART looks at individual programs. I think both components have been positive.”

“I like the data that PART has provided.... It is helpful to boil it down this way and make it really accessible. We are very busy on the Hill and don’t have a lot of time to sift through all the data. How do I look through this in fifteen minutes? PART has helped me do that on the front end.”

“State grants ... get “results not demonstrated” because the department cannot get comparable data from the states. PART is keeping the pressure on here.”

“Part of the analysis we get is what the agency is doing in terms of its responsibilities to run the program—corrective action plans and improvements that are planned and holding agencies accountable. That is great as long as it lets us keep tabs on whether an agency is doing what it needs to do to improve the rating on different programs.”

Although congressional appropriations staff indicated an interest in getting good performance information from agencies, they also made clear that additional factors influence their funding decisions.

“The administration has used GPRA to say where its priorities are, and sometimes, Congress has disagreed. [Program] is a popular program and people want new money for it. The administration targeted it for elim-

ination, but has not made the case that the program funds are useless and should be redirected. It would have to make a very compelling case because [the program] has been around for a while and people hear about [the proposed cuts] and tell us about the local impact if we eliminate funding and move the funds to do something else. It is a difficult case to make to cut a program like this.”

### **Finding Two: Congressional staff reported difficulty finding relevant performance information, despite GPRA and PART.**

While interested in useful performance information, congressional staff interviewed for this report expressed irritation that they often could not find the information they sought in the documents submitted to them. They had trouble understanding the paper performance reports delivered to them and the PART reviews posted online. Equally irksome to congressional staff was the difficulty of finding budget information that looked like what they had previously used.

“We are the primary audience for this information yet we cannot figure it out because the stuff is so massive and it is buried in hundreds, maybe thousands, of pages that we end up throwing out.”

“We kept saying, ‘What the hell is this? They are acting as if we appropriate by goals, not by programs. We do not appropriate by goals. We appropriate by program. We want them to tell us information by specific program area. I wish I had the resources to go out and figure out if [this program] works. But I don’t and this does not tell me what I need to know.”

“The Bush administration totally redesigned its budget presentation, so much so that we could not find the core budget information that the staff had come to expect. They replaced it with a narrative-based document about how money was being spent with respect to goals and objectives.”

“No one has a problem with the agency showing us the overall picture, but we cannot find information that tells us this is

how they spent the money and how they are planning to spend the money in the coming year if appropriated. Without that core, we cannot go forward. The budget was just pages and pages of text, with flowery language about how the programs are going to meet the goals and objectives. [One agency we look at] got a green on the President's Management Agenda Scorecard for budget-and-performance integration, but the information was totally useless to us. You need to respect the critical core of what the budget is, and how you would propose to spend it, which would be part of a conversation about how that program would contribute to a goal. That would still be an integrated budget but would make more sense. It is fine to present budgets with respect to performance, but not at the expense of core budget information that staff and the public need."

"I tried to find an evaluation for a program given a 'yes' score [on the PART evaluation question]. Instead, I found this useless explanatory note: 'See FY 2006 PART measures correspondence during the PART reconsideration.' What am I going to do with that? Why not share the evaluation itself or at least post the correspondence?"

Some, but not all, congressional staff wanted more conversation with agencies about program performance.

"I would like the executive branch to reach out to Congress more. We complain about our inability to understand what a program is really doing. One way to educate the legislative branch is get us more involved in PART. I looked at the [PART] spread sheet ..., but it did not really give as good an indication of what is going on as I needed."

Finally, some congressional staff perceived PART reviews as political and therefore dismissed them in their entirety.

"If I wanted to know if [program] is operating as intended, I pick up the phone and call GAO. PART is political."

## Findings from Interviews with Agency Staff Members

**Finding Three: Agency staff reported that GPRA and PART encouraged agencies to articulate outcome-focused objectives, measure them, and work more strategically and cooperatively to achieve shared objectives.**

During interviews, agency staff indicated that they felt that both GPRA and PART had positively influenced agencies:

- To articulate clear and outcome-focused objectives
- To collect better data to measure outcomes
- To think more strategically about program design and implementation

Both GPRA and PART also made information about government priorities, strategies, and progress more transparent to the public.

Many interviewed had much to praise about the collective impact of GPRA and PART.

"GPRA and PART genuinely raised awareness, causing us to think differently. They helped us broaden our performance measures and think about key indicators that describe program success."

"I have seen GPRA and PART transform the organization. The dialogue about choices is the biggest success for GPRA and PART."

"GPRA and PART fill a void that needs to be filled. If they did not exist, they would [need to] be created. If there were no GPRA and PART, we would have some other management system. There has always been a notion that there needs to be some way to hold managers accountable. GPRA and PART take it to another level. The notion is an old one and a good one and it should not go away. This is an evolution; things have progressed as we have learned more."

"It holds the agency to a timetable and a set of deliverables. That is important."

When asked to isolate the impact of GPRA (as distinct from PART), most felt GPRA compelled agencies to stay focused on what their programs were trying to accomplish, not just their activities, and to state clearly and in a single place an agency's purpose and objectives. Setting GPRA goals clarified priorities chosen by agencies faced with multiple legislated responsibilities and limited budgets.

"We tend to get caught up in our work—whatever we are doing—and forget that at the end of the day, we have to produce things for the American public. GPRA makes us step back and look at the big picture instead of getting caught in the weeds. It gets us to ask if we are focusing on those things that should be at the top of our agenda."

"This keeps up thinking about the big picture—where things are going and what is missing."

"GPRA compelled us to think more coherently and to articulate priority objectives."

"Without GPRA, we would still be counting widgets."

GPRA also made agencies consider the appropriateness of actions they were taking to reach their objectives and the measures they were using to gauge if their actions were working.

"GPRA got us to consider questions such as 'What is this initiative for?' Too often, we don't ask that until long after the program is up and running, if ever."

"GPRA led us to think more strategically about how we are serving people. This has caused many of our programs to change the way we measure and it has led to better outcomes."

"We are very focused on how we get the information, and are reaching outside the agency for useful proximal knowledge."

In addition, GPRA encouraged coordination across units that needed to cooperate to accomplish their objectives.

"GPRA has had the greatest impact on programs that are multi-headed beasts, with several program offices and regions contributing. By using the GPRA framework, it created much greater and thoughtful integration. It became necessary for us to create a logic diagram around our programs and our division directors were forced to say, 'I cannot do this myself' and so my success needs to be measured in terms of how I am supporting another division. Our division directors have gotten a much closer tie in to our permitting office and our science and technology units to determine how they are going to meet the goal."

For many agency officials, GPRA pushed them to take common sense actions they had long wanted, but never had sufficient impetus, to take.

"If GPRA had never been adopted, [the change] would have depended on whether or not we were smart enough to invent it ourselves. Folks in [one program] had been advocating this approach for a very long period of time. GPRA gave them the impetus to move forward. They wanted to advance this approach any way, but had not been able to move it forward very fast. GPRA provided the needed prod."

"These questions were happening before GPRA. We always had people asking those hard questions, but never answering. Now, because it is required, we have people who collect, report, and put data in the system. Also, because everything is so much more transparent internally and externally, we are more thoughtful and reflective."

#### **Finding Four: Agency staff found many aspects of PART helpful.**

Many agency officials interviewed for this report—both in the central offices coordinating the PART process and in the program offices—found the PART

questions and process helpful. Few interviewed in field offices had heard of PART.

PART prompted agencies to think more about program impact and efficiency.

“I think what PART has done is help managers pay more attention to measures and results. GPRA let people off the hook.... PART focused us more on outcomes.... That was a positive thing. It got us looking beyond our activities to figure out impacts of our programs. It got managers to focus more on results.”

“What I like about PART, and I see GPRA as linked to the PART, is that it asks a whole bunch of transparent questions. Our program got rated “Results Not Demonstrated” because it does not have the data needed for assessment. Because we want a higher rating, it forced us to focus on the need for data.”

One PART enthusiast based in a central office commented that he “will be sorry if PART goes away.” The PART process, he felt, had proven beneficial for the agency in many ways, including encouraging programs to pay more attention to data collected from grantees.

“What we found was that program staff caught on and wanted their programs to have the highest score possible so we began to undertake management changes to turn their scores around and started to put their performance information on the web. Ten or 20 years ago, our program grantees would send in reports and no one read them. Now, programs read grantee reports because they need to for a good score on the PART. I would argue that we have seen really good changes because of PART.”

Many agency officials feel that PART compelled a long overdue shift from measuring inputs and outputs to setting outcome-focused goals and measuring outcomes. Despite GPRA, many agencies had not taken the mandate to focus on outcomes seriously. Fear of a low PART score prompted a change in this area. That shift, in turn, helped those on the front

line see how their work matters, even though few understood that PART had prompted the change.

“We have always counted the investigations and inspections we conduct and the fines we collect, but now, we are discussing our work in terms of our success rates—how many open cases and closed cases but also changes in the overall health of the people we are trying to serve.”

PART also helped one agency convince Congress to eliminate a few ineffective programs that had long survived because of strong support from constituents or other powerful parties despite doubtful program impact.

“We would divest a number of our programs because they don’t work. We would zero them out because they require a lot of process work that is not contributing anything that is useful. But the programs have had strong congressional sponsors. We finally succeeded in eliminating two of them: one that is no longer needed because of the Internet and another that started as a block grant years ago and keeps getting whittled down. We have proposed to cut it every year but it always got saved by folks who remembered it was a Reagan program. It is very hard to end programs even if there is no indication they work. PART or GPRA may have helped us end these programs this time around, although it might have happened anyway.”

Several agency officials also praised PART for directing attention to critical but often overlooked operational issues, including mundane matters such as employee retention and attrition patterns, but also matters more central to strategy development and implementation, including data analyses and tracking the status of action items.

“What I love about PART is that by doing the review of one program at a time, it allowed a kind of concentrated analysis that led to much better thinking of what the program is about. I like that we look at legislative purpose, the management issues, and

performance because these are all related and there is time to ask about these kinds of things. We do a lot of crisis management and I like the fact that the PART gets us to sit calmly and ask about all of these things.”

“What I like about PART is that it never goes away, because it has action steps, and once those are complete, you create new action steps. We are always in a program improvement mode. In GPRA, you could have the worst performance data but there was nothing that required you to do something about it.”

“PART gave us a reason to do something we should have been doing anyway. It forced us to put a lot of work into thinking about what was actually being accomplished in areas where we lack regulatory control.... It reinforced to people running the program how important it was to do the analytic piece.”

“This may sound amazing to you, but our program people do not know how to analyze data and have never been told this is an important part of their job. They have never been told that they should interact with grantees. This is an important aspect of the PART—to get people not only to collect better data, but to analyze it, to look at differences across programs, to try to explain the differences. This is especially important because a lot of our action is at the grantee level. The real promise here is using data more for program improvement.”

### **Finding Five: Agency staff felt GPRA and PART significantly increased agency workloads.**

Agency staff interviewed for this report identified increased workload as a major problem of GPRA and PART. For agencies that had not already taken planning and performance measurement seriously, GPRA added significant new paper production obligations:

- A strategic plan updated at least once every three years
- An annual plan

- An annual performance report

PART introduced a completely new and intensive program review process for every federal program once every five years.

Complaints about workload differed by agency and perceptions about GPRA depended not only on OMB guidance but also on implementation choices agency leaders made. Some agencies used the strategic planning process as a decision-driving process, encouraging a healthy discipline and discussion of priority-setting not just inside the agency but with delivery partners and other key stakeholders. Other agencies, including some strong PART enthusiasts, have not been able to use GPRA planning and reporting requirements to improve their organizational coherence. For them, GPRA proved overwhelmingly burdensome.

“I don’t like GPRA because, at least as implemented in our agency, there are too many things to measure.... It is difficult for the people who work on [the performance report] to know what is really important and really matters. It is done as a bottoms-up exercise where everyone provides input and they all get tied together and we call that a performance report. It gets reviewed, several levels, to the point where it is not demonstrably harmful. Theoretically, we could get a few people who are more astute to pull out what is really important, but this report just tends to be a nuisance for the place. It is just a nuisance my staff have to work on every year to keep it from being really bad. The part I least like is that we have never benefited from having a strategic plan or measuring our performance against it. There was an effort early on in the Bush administration to get program offices to develop action steps to accomplish the strategic plan. We identified hundreds and hundreds of actions that we were already planning to undertake. There was no new thinking or behavior. It was just very cumbersome and burdensome.”

“My problem with GPRA is the same that I have on a lot of this stuff we get from

OMB—the paper process nature of this. We need to talk about IT investments, FMFIA, etc. Take these esoteric financial statements that no one understands and juxtapose those with these performance measures. They want us to show outlays and our performance measures, but the way outlays go back multiple years does not tie in, in any way, with performance over those years. Other than satisfying the requirements, not much gets accomplished by this work.”

“Our strategic plan tends to read like a long laundry list and there is no focusing in it. The Secretary is managing strategically, and people have a good sense of what the priorities are, but it does not align with the Strategic Plan. At first, the Secretary did not want to do one, but we were required to, so we did it. We have never thought about it again.”

Many, especially those in the central offices managing agency PART reviews, view PART as an onerous process:

“I wish someone would do the math. It is time consuming and resource intensive. From March to June, it is a full-time process for me. We had to do seven programs one year which is an unbelievable amount of work. I had to go to the regions for information, not just the headquarter offices. But it hasn’t really helped to get people to do more program evaluation. The criteria for evaluation are so strict that our programs look at it and think, ‘I cannot possibly do that. I cannot get the independence needed. I cannot do a randomized controlled trial.’ We have even had cases where people who would have previously done a process evaluation ask, ‘Will it give me credit in the PART?’ and then forego the useful process evaluations that they would have done because they are not valued in PART.”

“One of my big gripes about PART is the frequent drills. We had to do PART updates in the midst of the budget process. They need to let up on that. It causes a lot of grumbling.”

### **Finding Six: Agency and Congressional staff found the lack of linkage between GPRA and PART to be a problem.**

Agency staff and congressional staff members expressed frustration that OMB failed to link GPRA and PART when PART was launched, which created two separate, parallel, and uncoordinated processes except in the small number of organizations where a strong leader insisted that they be aligned. Failure to align GPRA and PART from the beginning added to an already burgeoning measurement workload and created frustrating inconsistencies and incoherence between GPRA and PART goals.

“There is a disconnect between how we organize our work under GPRA and how OMB wants us to organize under PART.”

“We keep two sets of books. We always started with our strategic plan or annual plan, but examiners did not always care about those. To the extent we could, we aligned them, but OMB did not always make that easy.”

“We created a number of measures separate from GPRA, but OMB so de-emphasized GPRA that we had to drop some of our GPRA measures.”

“The PART process strengthens stovepipes, something we have been trying to break down. The more we can break them down and have our organization look at priorities as a whole, the more effective we will be. When we do program-by-program reviews, we lose our ability to be strategic.”

“When we do a PART assessment, we look at a specific program rather than a process. The focus is different. It is not budget integration.”

Fortunately, over time, the gap between GPRA and PART appears to be closing, although not fully reconciled.

“I see more direction by the [Bush] administration in the meetings of the Performance Improvement Council to link PART to GPRA. I thought that was wise.”



“I guess in the final analysis—it is working out alright. We have the broader department picture and now we have mapped out the linkage. Still, it is hard to talk about an integrated approach when we manage by the PART.”

**Finding Seven: Agency staff found PART reviews highly subjective. Some also believed that there were no effective mechanisms for fairly and quickly resolving differences about what constitutes a “program” and appropriate program measures, targets, evaluations, timing, handling of unanticipated events, and scoring.**

Agency staff expressed unhappiness about the subjectivity of PART scores and comments, and reported great variation in the way OMB reviewers handled PART reviews. Some OMB reviewers met with agencies early and often, while others met less frequently. Some agencies worked closely with their examiners to find useful measures, sensible targets, and effective intervention methods, while others had far more antagonistic interactions.

“PART is good in theory, but has serious implementation flaws. Examiners applied the guidance very inconsistently. I have worked with five different examiners, 14 programs, 19 program reviews with re-PARTs, and 60 measures, plus 40 or 50 follow-up actions. It is amazing to me how they take the guidance and look at it differently. Some are very laid back and don’t pay a lot of attention to what you send them. Others treat it as an audit and look at every detail of everything sent and track every detail as if an internal financial audit. Some are very open-minded about making decisions, and others stick to the guidance to the letter. If they cannot find the answer in the guidance, they go to their senior managers and it can take months for them to get an answer back. The frustrating thing is how it affects the programs. Some do well and others that are just as good do not. It is mostly dependent on the examiner. That is a serious problem with the PART.”

***What constitutes a program?***

In some agencies, the problem starts with initial decisions about what constitutes a program for purposes of the PART review.

“We have [50+] programs that are ‘PART-ed,’ some very big and some small. Early on, we thought long and hard about what we would propose as a “program.” We wanted to group PART program reviews around our strategic plan framework. OMB took some but not all of our suggestions. We ran into an OMB preference that examiners handle approximately an equivalent number of PART assessments. We never came to agreement on what the definition of a program was under PART and that has left us with a legacy of PART programs that don’t make sense.”

***What constitutes appropriate measures?***

Debates about appropriate measures were often troublesome.

“Our biggest challenge is reaching agreement on the right measures for the effectiveness of our program.”

“There is one performance measure we share with other agencies. Our OMB examiner won’t accept it, even though examiners for other agencies that use the same measure think it is fine.”

“They don’t appreciate that, sometimes, short-term measures are required for projects and programs that take multiple years to see progress. In those cases, outputs or milestone measurement would be better.”

In one case, OMB insisted that a program measure the number of problems reported to a call center, with the goal of reducing the number of problems reported. The program resisted using calls as a performance measure because it knew the number of calls to the center could be heavily influenced not just by the number of problem incidents, but by the number of people aware that the call center existed and the number willing to call the center. Furthermore, the program believed that a decline in the number of calls might indicate that the underlying problems prompting the calls were

successfully being reduced. The program preferred to use as a performance indicator the prevalence of warning labels that it considered a necessary precursor both to use of a call center and to preventing the number of problems requiring a call. Despite the program's serious reservations, OMB insisted the agency count calls to the center as its performance indicator. No effort was made to collect complementary indicators, such as the percentage of properly labelled containers, target audience's awareness of the call center or likelihood of making the call, or related emergency room incidents, to put the call center metric into context and inform program design.

Several agencies reported that their OMB reviewers limited the number of targets and measures they could use, creating what they considered an unhealthy impetus to do one type of work that ultimately interfered with achieving the program's larger objectives.

One particularly irritating battle for several agencies, including PART enthusiasts, was OMB's insistence on efficiency measures for every program. Agencies felt that efficiency measures did not make sense for all of their programs and sometimes forced them to shift resources to measuring minor matters.

"We spent a lot of time fighting about efficiency measures."

"It is difficult to come up with useful efficiency measures. I have never seen anyone use these measures because they don't make much sense to us."

"It does not make sense to evaluate ... the efficiency of scientific research .... OMB rejected [the agency's] original efficiency measurement method for research and development, although it accepted the same measure for other agencies."

"From an agency standpoint at my level (program manager), I want to make sure that we don't focus so much on measuring at so narrow a level that we lose sight of the overall objectives. I would probably advocate for less reporting of smaller indicators of agency performance. Right now, we are

reporting on efficiency measures because it is an annual measure (we measure the number we help per 1,000 enforcement hours), but the program is not only about efficiency. I don't have any problem tracking it but from an overall perspective, that is not what we should report."

"You can measure administrative stuff over and over, but efficiency and whether [our agency] has three competitive sourcing projects each year does not indicate if a cabinet office is accomplishing its mission."

Agencies realized that the measurement debates with OMB could be part of a healthy learning process about effective ways to measure programs to improve them.

"There is legitimate debate about what we should measure. We want the crime rate to go down, but do we also want to see the [traffic] ticket rate go up?"

"The grant program [is funded by a tax on specific activities in a state and disbursed back to the state to enhance outcomes related to the area taxed]. So what do you use for a measure of program effectiveness? One measure we want to use is getting the money out to states on time. The program is legislatively mandated and has historically given states a high degree of latitude [figuring out which outcomes to improve within a specific policy area and how]. Every state is different. But OMB says we cannot 'PART' the timing of getting the money out to the states. We need to measure outcomes, even though they may be different in each state. We ended up punting because we could not reach agreement on how to PART this program."

### ***What constitutes ambitious targets?***

Most agency staff interviewed accepted the value of setting ambitious targets but had problems when OMB insisted that every program subject to a PART review set ambitious targets every year. Some were uncomfortable with stretch targets in some areas, while others were unhappy when their examiner did

not allow the agency to shift priorities to other areas once an ambitious target had been reached. Most were frustrated by the fact that they were penalized with a lower PART score when they did not meet a target, even though, by definition, ambitious targets are those that cannot always be met.

“We had lots of negotiation between heads of our programs and OMB about how ambitious the targets should be. It is not our goal in life to come to work to fail. We want goals we can get to and not stretch goals or pie-in-the-sky goals.”

“OMB says if your targets are not ambitious, increasing or improving, then you are not properly measuring yourself. But you cannot always increase your hit rate. You create perverse incentives if you do.”

“No one is against [ambitious targets], but when we started to implement it, it prompted very difficult conversations with OMB examiners. They say, ‘You have to go from 70 to 80 or the target is not ambitious.’ But it may be ambitious. Maintaining the same level every year may be very ambitious.”

“I remember very distinctly when this came around. OMB said, ‘Don’t be afraid to set a stretch goal.’ That was refreshing, but I can tell you, internally, if you do not hit and exceed your target, there is a lot of pain. The pain is in the implementation, not in the concept. It can drive people in the program to a very undesirable result.”

“They are driving us crazy with these measures and how they always have to be improving and ambitious.”

“Let’s say we have a banner year, beyond our target. OMB won’t let us go backward. What if the higher year was an anomaly? We get punished because the target always has to be above [the prior one].”

### ***What qualifies as evaluation?***

Some agency staff interviewed for this report expressed frustration when examiners took an overly rigid approach to determining evaluation adequacy.

“Our [program] is recognized as one of most stringent and effective in the world. It ... is constantly recognized as an international model. We pulled together all the studies that had been done of it from all around the world, and then OMB said it would not accept anything that was not done by a U.S. author. We eventually got them to take it, but there was a lot of time spent in the back and forth, filling out all the forms. It was very much like a regulatory negotiation. When you go over there with all your information, you feel as though you are part of a regulatory negotiation. You are almost in the same position of trying to convince OMB that a rule making is the most cost-effective way to do something.”

### ***What time frame is most appropriate?***

Some agency officials interviewed for this report expressed frustration that some examiners failed to appreciate the need, in some circumstances, to adopt a long-term perspective.

One agency official complained that the PART process did not afford her agency time to design and implement a new data collection system. Despite the fact that the data system had met its design timeline and was scheduled for on-time delivery, she reported being penalized with lower PART scores until the system was up and running. The agency’s OMB reviewer would not give the program PART credit for meeting milestones in the system’s construction.

### ***What is an appropriate response to unpredictable situations?***

Some agencies also voiced concern that the PART process did not readily accommodate unpredictable events that a program often encounters. For example, one agency agreed to assume an existing program from another agency to improve government-wide efficiency. After acquiring the program, it discovered

that the contractor had a computer problem that would put the checks of 3 million people at risk. The agency quickly shifted its resources to prevent the problem from happening, but worried that it would be counted against the agency because it required diverting time from items measured in the PART process, even though it was clearly the correct action to take.

Another frequently cited problem was the scoring penalty imposed on agencies for matters beyond their control. For example, agencies get scored “no” on PART question 1.4 (about program design being free of major flaws that would limit the program’s effectiveness or efficiency) even when the flaws resided in legislative language and the agency has already proposed legislative change to Congress.

“When OMB does not like what Congress has done, it rates the program low. OMB examiners sometimes say that a program is not needed or is not set up the right way. When Congress says, ‘I want these funds to go to these regions,’ and OMB says, ‘We think it should be competitive,’ the program manager just says, ‘Huh?’”

### ***What is the Appropriate Score?***

Almost all agency staff interviewed for this report expressed unhappiness with the subjectivity of OMB scoring, although some saw it as unavoidable. Some, although not most, agency staff felt that politics distorted some reviews.

“Let’s be frank. There is some subjectivity and you cannot eliminate that.”

“Yes or no is inevitably a subjective call.”

“I have also seen political views influence PART scores.... There are particular programs that are not in favor with this administration where political bias was clearly exercised. We had cases where the program managers answered one way, the department changed the answer, and OMB sided with the program manager.... More often we see a program put forth good evidence that meet thresholds that have been met in the past, and then other reasons were used

to decide that the program was not meeting the criteria. In some cases, the program said ‘yes’ in answering the PART, but the examiner said ‘no’ to support legislative changes to the program.”

### **Finding Eight: Agency staff identified reviewer inconsistency as a serious problem.**

Scoring subjectivity led to what some agencies perceived as high levels of inconsistency and unfairness resulting in similar programs being rated differently.

“The problems with any tool like this that is not completely objective, even where you are working with examiners who are doing the best they can, is that it is very difficult to have uniform views about when a program meets the criteria and when it does not. I have seen similar answers scored differently by different examiners.”

“I happen to know that OMB does not treat all agencies the same. In [our agency], we have had the problem that fairly young, inexperienced analysts do not have a good appreciation of what a program needs to do to accomplish its goals.”

“We have a good collegial relationship with OMB, but some of our folks think OMB has held us to a higher standard than other agencies. Unfortunately, this is hard to prove.”

“Throughout the life of the PART, there have been lots of issues about consistency. We try to be consistent within the department, but it varies widely from agency to agency. This inconsistency is the biggest source of hurt. We have [under 10] programs rated effective, [under 10] moderate, [twice as many] adequate, and [double that] with results not demonstrated, although our average scores are getting better and better. What frustrates us is that [another agency with a much smaller number of programs in a similar line of business] has had one hundred percent of its programs rated fully effective. They score well and we don’t and it is not fair. It is a mystery to me why the scores vary so much, even though OMB

does a consistency check. This continues to stick in our craw.”

“I am not that upset that other agencies are using lower standards, because we opted to be hard on ourselves to make use of what we thought was a good tool. But it makes our programs look bad.”

“We need to accept the fact that life is unfair. It is sort of like high school—if you went to a school with easy graders it was easier to get A’s than if you went to a school with high standards. Some of us got easy OMB graders, and some of us didn’t. No matter. The PART scores really have no relationship to what Congress gives programs for funding, so what we should do is use the PART for our own purposes, to try to identify ways to improve programs. How an individual program rates compared to others is less important than whether the PART assessment helped to identify solvable problems.”

“OMB has taken steps to deal with inconsistency, but it is taking a long time to get there.”

**Finding Nine: Some agency staff felt that while PART increased attention to data collection and analysis, it undervalued both analysis and data presentation.**

Some agencies expressed an interest in having OMB play a stronger role helping agencies improve.

“Too much emphasis was placed on data collection and too little on its analysis.”

“Agencies are not really investing resources to figure out how to do it better. We see a lot of auditors and a lot of data requests, but do not see a lot of information. It is not like a President could say, ‘I would like to see less data collection and more analysis.’ But to the extent that auditors are constantly asking for data and not giving us time to analyze and decide how to use it, that has to change.”

“PART asks good questions but it really did not get you to the answers. It would give you a sense that there was something wrong, but

it did not tell you why. It sometimes got us to diagnose the symptoms, but not to do the analysis to create a treatment plan.”

“What I don’t like is that the tables have a consistent format that sometimes makes the information hard to understand.”

“OMB is ... not good at the advising when you ask them, ‘How do I do this?’ I would like to see them provide more guiding, rather than telling, us how to do it.”

“The concept of doing program assessments is good, but it has been implemented horribly. Our PART reviewers have not been very helpful.”

“The PART questions are not the problem. The implementation and the mindset are. Ninety percent of the energy goes into debating with the OMB examiners.”

## Findings from Interviews with External Groups

**Finding 10: Representatives of citizen groups interviewed for this report and public comments posted on the Internet credit GPRA and PART with improving public access to agency information.**

Citizen groups interviewed and citizen comments on the Internet about GPRA and PART praised OMB’s decisions to create a website to facilitate access to agency and program performance information.

“I admire the effort and the principles I think are behind it.”

“What I like about PART is the website itself—that OMB is putting up information.”

OMB’s decision to facilitate access to and increase the transparency of agency performance information, including agency reviews and status reports, and the congressional mandate that every agency set and publicly report long- and short-term goals and annual progress toward them were seen as commendable. Only a few governments have similarly opted to share their performance goals, mea-

surement, and central office reviews with the public. A commenter at one public website wrote about the PART information on the web:

“I found this website to be helpful because it provides three main resources for each government agency. In my case, I chose the site for the Appalachian Regional Commission [ARC]. The three resources that it provides are the goal that the agency is trying to accomplish, the agency’s performance rating, and an improvement plan. I like this site because it provides a way to numerically measure the success that is achieved in Appalachia. I still think that [the rating] should be at least one level higher because [ARC] has helped so much.”

The American Public Health Association (APHA) asked three people, two in state government and one at a university, to review and comment on PART reviews and [www.expectmore.gov](http://www.expectmore.gov), the OMB’s federal performance website. The three APHA reviewers commended aspects of the PART reviews and the website.

“It is very easy to find the programs.”

“It is very easy to locate information, though results should be sorted by department.”

“It is a very clean and thoughtfully designed website. It is relatively easy to find information about programs reviewed, and not reviewed.”

**Finding 11: External groups found the PART rating and scoring processes too closed to public input, which limited valuable feedback from multiple perspectives which could inform goal-setting, measurement, strategy development, evaluation, PART scoring, and, most important, program improvement.**

Non-federal reviewers did not always agree with the PART rating or scoring processes. While citizen groups found the PART process laudable in its attempt to share performance information, they criticized its lack of public input. In contrast to GPRA, which required public outreach, the PART process was run more like highly confidential OMB-agency

budget deliberations. This approach prevented agencies and OMB from getting useful feedback from those affected by and delivering the programs being reviewed.

“I was surprised to see a program of interest to me, the Housing Opportunities for People with AIDS [HOPWA] under HUD, listed as “not performing” because results have not been demonstrated. The impact of HOPWA has been clearly felt here in North Carolina, yet it is deemed as “not performing” only because HUD has not been collecting sufficient performance data from grantees.”\*

“The overall scores were higher than what the reviewer had expected. In 2005, I organized a Lead Detection activity in Chicago; parents of children who tested positive for lead had nightmarish stories about vendors who were sent to rehabilitate their properties. After making various complaints it was clear that the national administrators were unaware of how lead removal procedures were locally implemented.”

Some public commentators worried that OMB focused too much on how cost-effective, rather than how effective, programs were.

“The Office of Child Support Enforcement received an effective rating because they aim to increase the cost-effectiveness ratio (dollars collected per dollar spent) from \$4.38 in FY 2004 to \$4.63 in FY 2008. In short, they can sustain themselves. None of the other program goals were measurable or achievable. If the only purpose of the program is to collect child support, then it is effective. How can this be tied to results that relate to positive outcomes for children? The effectiveness rating, in my perception, is tied only to cost-effectiveness.”

\* In this instance, the public reviewer clearly did not understand the intended meaning of “results not demonstrated.” That, in itself, is a problem of the PART process.

# Recommendations

The findings reported here about current federal performance management practices together with research and the experience of other governments in performance management suggest 22 specific actions the Obama administration should take to make goals and measurement the powerful performance-improving, accountability-enhancing tools that they have the potential to be.

## Recommendations for the President

### **Recommendation One: Clearly Identify Presidential Priority Targets.**

*The President should identify a limited number of priority targets, assign responsibility for pursuing the targets, and meet at least quarterly with each Cabinet secretary responsible for the Presidential priority targets to keep agencies focused on these targets. Targets should be adjusted if unexpected situations warrant. In addition, the President should instruct cabinet members to identify a broader set of agency priority targets in their areas of responsibility.*

The list of domestic and international crises demanding the immediate attention of the new President is long. To advance presidential priorities and prevent new problems from arising even in the midst of crises, the President should use targets and measurement to infuse presidential priorities across government, sustain attention to those priorities, gain an accurate sense of progress and problems advancing the priorities, and communicate openly and accountably to the public about what federal agencies are trying to accomplish and how well they are doing it. The President should expect his cabinet to do the same.

The President should identify a small set of priority targets and meet regularly (e.g., every other month initially and quarterly thereafter) with each cabinet member responsible for meeting the priority targets to discuss progress and problems. This work should be guided by a new performance unit in the Executive Office of the President (EOP) that focuses on driving progress on a limited number of presidential priorities. (See Recommendation Two).

In addition, the President should instruct each cabinet member to identify a broader set of agency priority targets in his or her area of responsibility. These targets should be clearly articulated in agency strategic and annual plans required by the Government Performance and Results Act and reported annually in the GPRA-required annual reports so that people delivering programs and the public can easily find priorities, as well as information about progress and problems. Further, a revised PART process, with PART program targets fully aligned with GPRA goals, should be continued to drive goal-setting, measurement, and reporting across programs in the federal government. (See Recommendations 21 and 22.)

The President should also instruct the White House Policy Councils to identify other areas where problems exist that need cross-agency attention but are not addressed by the President's priority targets and work with the responsible agencies to set targets in those areas, create the needed measurement capacity, and meet regularly to advance progress in those areas.

Presidential, agency, cross-agency, and PART program goals and targets should be fully aligned.

## Recommendations

### Recommendations for the President

1. Clearly Identify Presidential Priority Targets.
2. Appoint a Chief Performance Officer and Create a White House Performance Unit.
3. Run Goal-Focused, Data-Driven Meetings.
4. Increase Analysis.
5. Engage Performance Management Expertise for Cabinet.
6. Identify and Manage Cross-Agency Targets and Measures.
7. Adjust Accountability Expectations.

### Recommendations for the Office of Management and Budget

8. Communicate Targets and Trends.
9. Redesign Federal Performance Portal.
10. Engage External Performance Management Expertise for Agencies and Programs.
11. Facilitate Cross-Agency Learning.
12. Increase Training.
13. Revise, but Continue PART.
14. Continue President's Management Council with Increased Attention to Performance.
15. Expand OMB Performance Management Team.

### Recommendations for Cabinet Secretaries and Agency Heads

16. Immediately Review Agency Performance Trends and Update Priority Targets.
17. Run Goal-Focused, Data-Driven Meetings.
18. Identify Information Needs of Key Audiences.
19. Improve Federal Information Presentation and Dissemination Capacity.
20. Create Agency Web-Based Performance Portals.

### Recommendations for the Performance Improvement Council

21. Lead a Review of PART.
22. Consider Specific Revisions to PART.

### Recommendation Two: Appoint a Chief Performance Officer and Create a White House Performance Unit.

*The President should appoint a chief performance officer (CPO) to work closely with the President and head of OMB and should charge the CPO with assembling a dedicated White House performance unit to advance progress on Presidential priorities. The CPO and White House performance unit should work closely with and be supported by OMB and other parts of the White House, especially, but not exclusively, the OMB performance team.*

Many senior elected executives that have pursued performance management seriously (including those in the United Kingdom, the City of Baltimore, and the states of Washington and Maryland) have opted to create separate performance units reporting directly to the elected official to steer progress toward priority targets. Creating a performance unit headed by a senior appointed executive reporting directly to the elected executive signaled the elected official's expectation that agencies would sustain their focus on the elected official's priority targets even while other issues captured the headlines.

The United Kingdom created the Prime Minister's Delivery Unit, Baltimore created a CitiStat management team, and Washington Governor Christine Gregoire placed her Government Management Accountability and Performance (GMAP) program in the governor's office. The mayor of New York City has taken a slightly different management approach to assure progress toward his priority targets. (See *Example of Goal-Focused, Data-Driven Meetings* on page 40.)

The White House performance unit should drive progress toward the President's priority targets and set the framework, policies, and pace for government-wide performance management. It should work closely with and be supported by an expanded OMB performance team that continues to encourage agencies and individual programs to adopt increasingly useful performance management and reporting practices. The White House Policy Councils should provide performance management leadership on issues needing attention from multiple agencies, with the President's Management Council acting as the umbrella organization integrating, coordinating, and providing coherence across performance and other management efforts within government.



## Examples of Goal-Focused, Data-Driven Meetings

### The Prime Minister's Delivery Unit (United Kingdom)

The Prime Minister's Delivery Unit (PMDU) was established by British Prime Minister Tony Blair and continued by his successor, Gordon Brown. Blair set priority targets, and the PMDU built a leadership and feedback system that kept the government (and the Prime Minister) focused on the priority targets. The PMDU integrated the Prime Minister's priority targets with the Public Service Agreement targets agencies had already established with the Treasury.

To supplement meetings with the Prime Minister, the PMDU also brought in highly successful public and private sector performance managers. When the delivery unit first started holding goal-focused, data-driven meetings, this group provided specific feedback and advice to each cabinet-level official on their performance management practices. The White House should assemble a similar sort of advisory resource group to provide feedback to senior agency officials responsible for advancing the President's priority targets.

The head of the PMDU identified four key ingredients for successful goal-focused, data-driven meetings:

- Focusing on performance
- Focusing on the same handful of priorities
- Regular attendance by the Prime Minister and the relevant secretary of state (in the United Kingdom, the secretary of state is equivalent to an American cabinet secretary or administrator)
- Ensuring that the data presented to the meeting was shared and accepted by everyone present

### New York City Mayor's Office

Michael Bloomberg, mayor of New York City, has taken a slightly different management approach. Bloomberg does not convene regularly scheduled goal-focused, data-driven meetings, but instead constantly converses with his leadership team about goals and their relevant measurements. He expects his managers to bring evidence to discussions of problems and consideration of the options for addressing them. Special goal-focused teams operate out of the mayor's office to drive progress on priority problems requiring attention from multiple units.

Even before Bloomberg took office, many agencies in New York City had begun to shift toward a goal-focused, data-driven management style based on CompStat meetings. CompStat meetings were first developed by former New York City Police Department Commissioner William Bratton to drive down the crime rate. Bratton used CompStat—short for Computerized Statistics—meetings to focus precinct captains on reducing crime in their precincts. Bratton's crime-reducing efforts were so successful that leaders in other New York City departments adopted the CompStat model. Former mayor Rudolph Giuliani encouraged all agencies to adopt this approach.

Upon taking office, Bloomberg did not just encourage this approach; he expected every department head to talk about specific goals and support the discussion with data. CompStat-style meetings have since been replicated in at least one federal agency, several states, and numerous cities—not just for policing but for all aspects of governance.

### United States Army After Action Reviews

Other goal-focused, data-rich management meetings include the Army's After Action Reviews. These meetings follow up on incidents, usually unwanted ones, to understand causes of problems, review relevant data, and decide on changes to handle the situation better the next time it occurs. They have proven highly effective for reducing problems.

### **Recommendation Three: Run Goal-Focused, Data-Driven Meetings.**

*The President should use the new White House performance unit to run goal-focused, data-driven meetings pertaining to his priority targets. The new White House performance unit (Recommendation Two) should work with OMB, the White House Policy Councils, and the President's Management Council to prepare for and follow up on these meetings.*

To be useful, measurement cannot just be collected. It must be used. The President, OMB officials, and cabinet members must talk about goals, discuss insights gleaned from measurement, and brainstorm how to deal with problems revealed by the evidence. Recommendation One calls for the President to meet at least quarterly with each cabinet secretary responsible for his priority targets. Recommendation Two calls for these meetings to be steered by a new performance unit in the White House with support and follow-up from OMB, the White House Policy Councils, and the President's Management Council. This recommendation calls for the meetings to be goal-focused and data-rich, and for the President to participate in the meetings pertaining to his targets, especially early on in his Administration.

The meetings should discuss and decide intervention options for making progress toward each priority target. They should be informed by pre-meeting analysis pertaining to performance and other relevant data to understand the size and characteristics of societal problems to be addressed, the causes of those problems, and the people and institutions to be served or influenced.

Goal-focused, data-driven meetings have proven remarkably effective in a variety of settings for a variety of reasons. They tap into the motivating power of senior level attention, especially if they engage attendees in data-rich discussion of whether or not and how specific government interventions worked.

Attendees at these meetings should be expected to arrive ready to discuss how and why performance changed and their plans for strategy and tactical adjustments. They must be prepared to discuss their organization's performance and answer questions from other attendees. The managers who attend

these meetings, in turn, need their organizations to prepare them for the meeting. This management approach tends to engage the whole organization in the search for increasingly effective and cost-effective interventions. Many organizations that run goal-focused, data-driven senior management meetings soon see the meetings replicated across the organization in individual departments and field offices.

Goal-focused, data-driven meetings not only keep large organizations focused on the opportunities and problems they have established as priorities. They also provide a venue to raise issues that need attention, quickly get approvals if needed, hear advice from others who may have dealt with similar situations, and solicit assistance.

The meetings should not be designed to embarrass. They should, instead, be structured to stimulate open, honest examination of the evidence (whether good or bad), discussion of options and contingencies, and decisions about next steps and longer-term plans. Unprepared managers who do not know their own organization's performance trends, have not formulated an informed theory about the reason for performance problems, and do not have a plan to deal with them may be embarrassed at these meetings.

### **Recommendation Four: Increase Analysis.**

*The President should direct the CPO and the White House performance unit to encourage increased analysis of performance and other relevant data pertaining to presidential, cross-agency, agency, and program targets.*

The White House performance unit should make clear that agencies are expected to analyze their data on a regular basis to illuminate paths to improvement. Agencies should be expected to conduct analyses:

- To know the direction of performance trends for key indicators
- To understand the causes for performance change or have a plan to discover the causes
- To search for performance-improving opportunities to promote and performance-dampening conditions to prevent

- To understand characteristics of problems, markets, and market segments more completely and accurately

This understanding will inform program design, suggesting ways to tailor interventions so they are likely to work better and in more cost-effective ways. It will also inform resource allocation decisions by helping agencies understand competing priorities to make allocation decisions among them and by helping them identify promising practices to roll out for broader implementation.

Agencies should respond to the following key questions to advance presidential, cross-agency, agency, and program priorities:

- In what areas did performance increase and in what areas did it decline?
- Are there unexpected gains or losses or other anomalous situations?
- What were their likely causes?
- Can any of the causal factors associated with performance improvement be promoted for adoption and how?
- Can any of the causal factors associated with losses be prevented and how?
- What should the program do next to understand the contributory causes of performance variations better?
- What should a program do over the longer term to identify and understand underlying causal factors affecting performance, especially those that may be subject to government influence?
- What does the available evidence suggest about the effect of changes in strategy and tactics?
- When an effective intervention has been identified, what are effective ways to promote its adoption?
- When an effective intervention has been identified, is there a way to get the same impact at a lower cost?

To answer these types of questions, agencies need to compare performance and performance trends for different subsets of the universe of problems, people, and conditions being measured.

### **Recommendation Five: Engage Performance Management Expertise for Cabinet.**

*The President should appoint experienced performance managers to key government management positions, especially to the Deputy or Undersecretary positions in each Cabinet-level agency, and the CPO should enlist senior-level performance management experts to provide counsel to Cabinet leaders.*

Historically, many cabinet officials arrive in their jobs highly knowledgeable about policy and politics pertaining to the agencies they lead, but with limited experience running very large organizations. They have to learn organizational leadership and management methods on the job. Cabinet appointees who lack experience successfully managing large organizations using outcome-focused goals and measurement should work with the White House to choose deputies that have the needed performance-management knowledge and experience.

The White House can learn from an example employed in the United Kingdom. To assist government leaders in the United Kingdom, the Prime Minister's Delivery Unit (PMDU) assembled a group of highly regarded public and private sector managers, which it referred to as Delivery Unit Associates. These Delivery Unit Associates met with senior government leaders to provide counsel to the leader and the management team about the analysis, strategies, and practices each government organization was using to meet the Prime Minister's priority targets. The Associates listened to plans for meeting the priority targets, asked questions, and provided feedback and advice.

The White House performance unit, with support from OMB, should identify, assemble, and facilitate meetings between cabinet members responsible for the President's priority targets and highly regarded individuals with proven expertise leading (or helping) large organizations achieve significant performance gains. These individuals should provide specific feedback to cabinet members and their leadership teams about implementation plans for meeting the President's priorities.

### **Recommendation Six: Identify and Manage Cross-Agency Targets and Measures.**

*The President should direct the White House Policy Councils to work with the CPO to identify measures, and possibly a limited number of targets, for problems and opportunities not elevated to the level of Presidential priority but where performance improvement nonetheless needs cross-agency attention and cooperation.*

The White House Policy Councils, with support from OMB, should run goal-focused, data-driven meetings to pursue problems and opportunities that require attention from multiple agencies to improve. The meetings should discuss and decide targets as appropriate, including targets for improving data collection to fill knowledge gaps. The meetings should also discuss intervention options for making progress relative to each measure and agree on responsibilities for follow-up.

These discussions should be informed by pre-meeting analysis of performance and other relevant data to understand the size and characteristics of societal problems to be addressed, causes of those problems, the people and institutions that need to be served or influenced, the impact of past interventions in the United States and elsewhere, and risks.

The White House and OMB performance units should provide guidance, advice, and training to the White House Policy Councils to assure that the needed cross-agency targets get set, measurement collected, and data-driven meetings convened to advance performance and productivity on cross-agency issues.

### **Recommendation Seven: Adjust Accountability Expectations.**

*The President should instruct the CPO and the White House performance unit to lead a government-wide effort to adjust accountability expectations—holding agencies accountable for the persistent application of evidence, intelligence, and effort to achieve continual performance gains.*

To improve performance and strengthen democratic accountability, federal agencies should be held accountable for:

- Using outcome-focused targets, a few of which are ambitious, and setting them when necessary

- Knowing performance trends and program costs
- Understanding factors influencing the trends
- Implementing cogent strategies to improve performance and productivity based on the best available evidence
- Playing a strong knowledge management role for field offices and delivery partners upon whom federal agencies depend to accomplish agency objectives
- Communicating targets, trends, and strategies to Congress and other key audiences in formats those audiences find useful

When programs lack the capacity to know their performance trends or understand factors influencing them, the White House and OMB should hold them accountable for building the capacity to gain that knowledge.

In short, agencies should be held accountable for persistent application of evidence, intelligence, and effort to achieve clearly stated outcome-focused goals and targets. This accountability expectation needs to be articulated clearly and repeatedly to avoid the danger that more threatening or less constructive accountability assumptions fill the void.

The evidence/intelligence/effort expectation borrows from the accountability expectation established by William Bratton, currently Chief of the Los Angeles Police Department. While serving as New York City Police Commissioner in the 1990's, Bratton developed the CompStat approach to crime reduction and established the following accountability expectation for his precinct captains, "No one ever got in trouble if the crime rate went up. They got in trouble if they did not know why it had gone up and did not have a plan to deal with it."

No federal agency or program should be penalized if it fails to meet its targets or even if performance is steady or declines. It should be penalized, however, if its leaders do not know why performance failed to improve and if they lack a cogent, evidence-based strategy to deal with it. All federal managers should be held accountable for the persistent application of evidence, intelligence, and effort to achieve continual performance and productivity gains.

## Recommendations for the Office of Management and Budget

### Recommendation Eight: Communicate Targets and Trends.

*OMB should direct agencies and programs to communicate agency targets and the direction of performance trends for key indicators—showing areas where performance is improving and areas where it is declining. In addition, OMB should direct agencies to provide context to explain why targets have been chosen and to show how targets align across programs.*

OMB should direct federal agencies to make it easy for the public to find agency and program targets, trends, and the reasons for target selection. Information about the characteristics of problems, historic trends, peer performance, experience (what strategies have been tried, how well they worked, what they cost), provide an invaluable context for interpreting the ambitiousness of agency targets and planned strategies. Readers should not have to flip back and forth among multiple documents (e.g., a strategic plan, an annual plan, an annual performance report, PART reviews, other studies, and other data-filled reports) to find this information. Agency performance reports and the proposed OMB performance website (see Recommendation Nine) should make it easy to find and interpret long-term and annual targets, trends, and planned strategies, in the context of other relevant information.

Possible model formats for communicating agency targets and trends are the New York City Mayor's Management Report (different from the Citywide Performance Report, discussed in Recommendation Nine) and the Department of Transportation's combined FY 2001 performance report/FY 2002 performance plan. A model for communicating why targets were selected is the quarterly report of the Federal Aviation Administration. For a discussion of these models, see Appendix II.

### Recommendation Nine: Redesign Federal Performance Portal.

*OMB should maintain a web-based federal performance portal site that makes it easy to find performance targets, trends, and other related information.*

*The website should summarize agency targets and the direction of performance trends for key indicators, showing where performance is improving and where it is declining across government. OMB should identify key audiences for the federal performance website, determine the performance information needs of each key audience, and design audience-focused sections of the website.*

The federal performance website should accomplish several goals:

- The website should summarize federal performance across the government by making it easy to find the key indicators federal agencies and programs are tracking and see the direction of performance change for all indicators. The information should be organized by cross-cutting themes, by agency, and by program type. One model website, New York City's Citywide Performance Report Tool ([www.nyc.gov/html/ops/cpr/html/home/home.shtml](http://www.nyc.gov/html/ops/cpr/html/home/home.shtml)), shows the number of indicators with performance increasing, with a slight decline in performance, with a significant decline in performance, with no desired direction for change, new indicators, and indicators for which data are not yet available.
- The website should provide easy access to summary tables organized by theme, agency, and program type that show the total number of indicators improving or declining and then link to individual indicators, so users can find more information about what the indicators are, the magnitude of change for each individual indicator, and the lead responsible agency and program.
- The website should provide prominent links from agency pages to information about strategies and program costs.
- The website should provide audience-focused entryways to facilitate access to the specific types of performance information different audiences seek.

Key audiences include those who need the information to make better decisions and those whose actions contribute to performance improvement. These audiences include Congress, agency employees in headquarters and the field, delivery partners,

those whose actions need to be influenced to improve performance, those who need to make informed choices to improve performance, and the public. The federal performance website should not just inform decisions, but also support learning, for two key audiences: federal agencies and their delivery partners, including state and local governments and non-profit organizations.

Restructuring performance reporting formats and the federal performance website will enhance the focusing, communication, and motivational power of well-set targets, while conveying far more useful information to agencies, their delivery partners, the public, and Congress. It will also support coordination across agencies with shared objectives.

### **Recommendation 10: Engage External Performance Management Expertise for Agencies and Programs.**

*OMB should strongly encourage agencies to invite outside expertise and multiple perspectives to inform the selection of targets, performance measures, and strategies to improve performance. OMB should support this outreach by experimenting with ways to invite public comments via the web and to present that information coherently using web-based filtering tools that tap the knowledge, perspectives, and insights of Internet users.*

In addition to assembling a team of expert associates to provide feedback to cabinet members on their efforts to meet the President's priority targets, OMB should strongly encourage agencies to engage outside experts to inform the selection of targets, measures, and strategies, opening up performance planning discussions more than would be appropriate for federal budget formulation discussions. At a minimum, it should expect every program to engage at least two outside PART reviewers. (See Recommendation 22.) OMB should figure out ways to help agencies engage outside assistance quickly using federal procurement processes, intergovernmental processes, and interagency processes.

Also, OMB should experiment to find effective ways to invite and present public comments on the web so they are useful to agencies, Congress, and the public. Possible models include the public book reviews and ratings of Amazon.com, where site users not only review and rate books but comment

on and rate the reviews. Amazon.com posts these reviews featuring the highest-ranked positive and critical reviews most prominently. Hotels.com, which similarly relies on user reviews, supports searches based on different audience-related criteria, such as hotel cost and customer ratings. OMB might similarly support searches that make it easy to find, by program type, the agency performance reports and program PART reviews most highly rated by the public. These reviews could highlight useful models for other agencies.

### **Recommendation 11: Facilitate Cross-Agency Learning.**

*OMB should expand its role facilitating learning across organizations by building communities of practice and creating a reference desk to support federal agencies and their delivery partners. It should coordinate these efforts with the work of the Performance Improvement Council.*

OMB should expand its role facilitating learning across organizations about effective method for using goals, measurement, analysis, incentives, feedback, and experiments to improve and communicate performance. OMB should create and support communities of practice to help agencies and delivery partners, in coordination with the existing Performance Improvement Council, and establish a reference desk to answer federal performance management questions and find and share models.

**Build Communities of Practice.** The new administration should support communities of practice to help agencies. Communities of practice can help agencies:

- Learn how to use goals, measurement, incentives, analysis, feedback, and measured experiments to motivate the discovery and promotion of effective interventions
- Learn how to present and disseminate information inside the federal government and to delivery partners to support priority setting, stimulate discovery and innovation, and motivate performance improvement
- Exchange lessons from individual agency experiences
- Cooperate on experiments across agencies to gather new insights

## Key Information Elements to Include in Federal Performance Portal

The home page of the Federal Performance Portal should provide quick access to summary tables of presidential, cross-agency, agency and program indicators, targets, trends, and other key information. Each summary table should be downloadable as a date-stamped snapshot and the contents of the tables should be “hot linked” to guide site visitors to more detailed information about individual indicators and subsets of indicators. Suggested tables and charts include:

### All Indicators

- **All Indicators Overview.** A table would show the total number of key indicators tracked by federal agencies (and programs) and then break into categories showing the number of indicators with: performance improving, stable or slightly declining, declining more than 10%, with no desired direction, with data not available, and new indicators. (See Appendix II for discussion of the New York City Citywide Performance Reporting Tool as a model for the federal government.)
- **All Indicators Detail.** The numbers showing how many indicators fall in each category should be “hot linked” so site visitors can quickly find which indicators fall in each category. The list of individual indicators in each category should also be “hot linked” so site visitors can click on each indicator to see trends and other key details. (See “Theme” discussion for information that should be provided for each indicator.)

### By Theme

- **Theme Indicator Overview.** A table would display the number of Indicators by cross-cutting theme, showing the percentage of indicators within each theme with: performance improving, stable or slightly declining, declining more than 10%, with no desired direction, with data not available, and new indicators.
- **Theme Indicator Detail.** The numbers showing how many indicators fall in each category should be “hot linked” so site visitors can quickly find which indicators fall in each category. The list of individual indicators in each category should also be “hot linked” so site visitors can click on each indicator to see:
  - Indicator name
  - Agency and program lead
  - Direction of performance trends for last full year
  - Direction of performance trends for last ten years or for period collected if < 10 years

- Link to related performance information
  - Targets for current and next year and long-term targets if they have been set
  - Trends for last 10 years or for period available
  - Reasons for selecting targets
  - First year for which data were collected for the indicator

### By Agency

- **Alignment.** A chart would be posted showing how agency goals cascade down to program targets and contribute (roll up) to Presidential and cross-agency targets. Hot links would take site visitors to more detailed program information, described below.
- **Agency Indicator Overview.** A table would display the number of indicators by agency, showing the percentage of indicators within each theme with performance improving, stable or slightly declining, declining more than 10%, with no desired direction, with data not available, and new indicators.
- **Agency Indicator Detail.** The numbers showing how many indicators fall in each category should be “hot linked” so site visitors can quickly find which indicators fall in each category. The list of individual indicators in each category should also be “hot linked” so site visitors can click on each indicator to see:
  - Indicator name
  - Program lead
  - Direction of performance trends for last full year
  - Direction of performance trends for last ten years or for period collected if < 10 years
  - First year indicator data collected
  - Link to related performance and budget information
    - Targets for current, next year, and strategic targets that have been established
    - Trends for last 10 years or for period available
    - Reasons for selecting target
    - Link to Strategic and Annual Performance Plans
    - Link to other performance reports prepared by agency

- Link to agency budget and personnel information
- Link to relevant comparative data from other countries
- **Program Overview and Detail.** The site should also include a list of all programs with hot links to the following information:
  - Program overview similar to those provided in the NYC Mayor’s Manager Report. This report is different from but complementary to the NYC Citywide Performance Reporting Tool described in Appendix II. Program overviews should include:
    - Program targets for current and next year
    - Reasons for selecting targets
    - Direction of performance trends for last full year
    - Direction of performance trends for last ten years or for period collected if < 10 years
    - Description of strategies tried
    - Description of strategies planned
    - Program spending trends and proposed budget
    - Program personnel levels (historic, current and proposed)
  - Links to
    - Related trends information, including causal and relevant comparative trends
    - Relevant data bases
    - Evaluations or evaluation summaries and citations
  - Links to PART (as revised) reviews
    - Score for each question from three parties: OMB reviewer and 2 outside expert reviewers
    - Comments on questions by 3 reviewers
    - Link, by program, to a different section of site allowing public comments and suggestions by PART question and overall by program
      - Amazon.com and Hotels.com-like rating on usefulness of reviewer comments
        - Rank ordering of positive and negative comments, based on level of usefulness, as Amazon does for book reviews.

### **By Program Type (e.g., regulation, block grants, research)**

- **Program Type Indicator Overview.** A table would display the number of Indicators by program type, showing the percentage of indicators within each program type with performance improving, stable or slightly declining, declining more than 10%, with no desired direction, with data not available, and new indicators.
- **Program Type Indicator Detail.** The numbers showing how many indicators fall in each category should be “hot linked” so site visitors can quickly find which indicators fall in each category. The list of individual indicators in each category should also be “hot linked” so site visitors can click on each indicator to see:
  - Indicator Name
  - Agency and program lead
  - Direction of performance trends for last full year
  - Direction of performance trends for last ten years or for period collected if < 10 years
  - Link to related performance information
    - Targets for current and next year
    - Trends for last 10 years or for period available
    - Reasons for selecting target
    - First year for which data collected for indicator

### **Audience-Focused Filtering Tools**

The site should be designed to make it easy for specific audiences to filter the site-based performance data to find the information they are seeking. This includes allowing site visitors to look at and compare performance data for different geographic locations, whenever feasible.



- Understand how to use positive and negative incentives effectively in-house, with delivery partners, with regulated parties, and with others whom the federal government seeks to influence

Given the importance of certain functions for effective performance management, communities of practice or study groups should also be established to advance understanding of effective and ineffective practices in the following areas:

- Performance contracting
- Building and maintaining useful data systems
- Developing practical ways to conduct measured experiments not just as “gold standard” randomized assignment trials with control groups but more similar to business “test marketing”
- Survey and other measurement methodologies
- Demographics
- Epidemiology
- Market research and market segmentation methods
- Mapping to support results-focused decision-making
- Data mining
- Data presentation and communication

In addition, OMB should create communities of practice to support learning across programs of similar types—regulatory, research and development, capital asset management, intergovernmental arrangements, grant management, credit programs—already identified by PART questions.

The Performance Improvement Council has already begun to function as both a knowledge-sharing and problem-solving group. Its work should be continued and supported by OMB.

**Reference Desk.** OMB should establish a repository of experts, whether in-house or contractors, to help agencies and program managers find useful methods and models quickly. This would be similar to the help desks some consulting firms maintain for their consultants in the field. The reference desk could also provide technical tools and models through list servers and a website.

### **Recommendation 12: Increase Training.**

*OMB should increase training for its own staff and for agency staff in order to increase understanding of effective performance management practices and analytic methods. In addition, OMB should direct agencies to increase performance management and analytic training for their staff and delivery partners.*

The Obama administration should promote increased training for OMB examiners, agencies, and delivery partners to help them understand how to choose goals and measures wisely, how to collect the needed data, how to analyze and present the information to make it useful, and how to manage with them. A large number of analytic fields can provide useful insights for government performance management, including operations research, risk management, social marketing, data mining, other management sciences, geography, and epidemiology.

### **Recommendation 13: Revise, but Continue PART.**

*OMB should continue to conduct program performance reviews, using a revised and renamed PART process (as discussed in Recommendations 21 and 22).*

In addition to its work supporting the new White House performance unit’s focus on the President’s priority targets and its expanded role supporting communication, learning, and training, the OMB performance team and examiners in each OMB Resource Management Office should continue reviewing individual agency programs using the Program Assessment Review Tool.

### **Recommendation 14: Continue President’s Management Council with Increased Attention to Performance.**

*OMB should continue to convene the President’s Management Council as a forum for bringing senior agency deputies together on a regular basis to discuss progress toward performance and management priorities and to reduce management risks.*

Since its inception, the President’s Management Council (PMC) has served as the forum for focusing agency attention on administrative and other management matters critical to effective government operations. The PMC can continue to play a valuable role as the forum which ensures that management

challenges affecting all agencies are discussed on a timely basis. These challenges include performance, productivity, personnel, fiscal, and information technology management.

The PMC is also where cross-agency learning among top managers occurs. With OMB serving as its secretariat, the PMC can provide the structure for integrating, coordinating, and providing coherence across federal performance and other management efforts, and, through scheduling items on its agenda, provide a discipline to ensure attention to cross-agency performance targets and problems.

In line with the recommendations of this report, the PMC should focus on performance trends, not just management check lists. As part of that shift in attention, the PMC should work with agencies and delivery partners to create a suite of useful management risk indicators. This might include trends or comparative information, such as time between appropriation and grantee receipt of funds, funding draw down rates, delays in hiring for critical positions, or imminent retirements by position. It might also include key milestones such as missed deliverables on major contracts. OMB should produce regular reports on those risks for discussion at PMC meetings.

### **Recommendation 15: Expand OMB Performance Management Team.**

*OMB should increase the size of its performance management team in order to accomplish its expanded responsibilities to support performance improvement across the federal government.*

The small group in OMB currently dedicated to performance, even supplemented by the budget examiners that conduct the PART reviews and employees on temporary detail from other agencies, cannot handle the work that needs to be done to drive improvements in program effectiveness and cost-effectiveness across the federal government. OMB needs additional staff to support the White House performance unit, the PIC, communities of practice, special studies, the government-wide performance website, performance training in OMB and across the federal government, interactions with each OMB Resource Management Office, and interactions with Congress To have sufficient capacity to accomplish these new responsibilities, the OMB performance management unit should be tripled in size, at a minimum.

## **Recommendations for Cabinet Secretaries and Agency Heads**

### **Recommendation 16: Immediately Review Agency Performance Trends and Update Priority Targets.**

*Each cabinet secretary and agency head should review and refine their organization's strategic and annual targets to reflect and communicate the new Administration's priorities, informed by a review of past performance trends.*

Every new secretary and agency head assumes leadership of an organization that already has a strategic and annual plan, as well as a performance report, produced by the outgoing administration. The plans need to be updated as soon as feasible. Even more important, new organizational leaders need to signal to the larger organization the trends and targets they intend to follow as primary performance indicators.

Every new cabinet secretary or agency head should immediately ask his organization to produce a summary report of all outcome-focused trends relevant to the organization's objectives (not just those presented in the annual Performance and Accountability Reports or PART reviews), showing trends for as many years as the data are available. Where specific GPRA goals and PART targets have been set, they should be shown with the trends. To the extent that one trend (such as a program target or an activity, staffing, or spending trend) supports another (such as an agency target), the trends should be presented in proximity to each other. (See Appendix II for best practices in reporting performance information.) Assembling this trend information will provide new administration leaders with a sense of organizational priorities and progress to complement the discussion of imminent issues that historically have filled transition briefing binders. It will also provide the leaders a sense of areas where critical data are needed but inadequate.

As soon as feasibly possible after reviewing the trends, new leaders should indicate which trends they plan to follow most closely and which adjustments they want articulated in the strategic and annual plans and PART reviews. This will help their organizations understand and implement the new administration's priorities.

At the same time, every new cabinet secretary and agency head should set a timetable for updating the full strategic and annual plan, in consultation with the whole agency, delivery partners, stakeholders, and the public. The best managers know that any plan is dated as soon as it is printed, but also recognize that a well-designed planning process has great value for assuring the review and analysis of relevant information, consideration of options, and ultimately decision-making.

Once priorities trends and targets have been identified, organizational leaders should announce and reinforce their relative importance by including them frequently in speeches, internal management meetings, other internal agency communications, communications to delivery partners, and communications to the public.

### **Recommendation 17: Run Goal-Focused, Data-Driven Meetings.**

*Each cabinet secretary and agency head should run their own goal-focused, data-driven meetings to keep the organization focused and continually searching for opportunities for improvement.*

Plans and reports are just pieces of paper unless the targets and measurements they contain are discussed and then used to inform daily and strategic decisions. Just as the President and the White House performance unit can use goal-focused, data-driven meetings to drive progress toward the President's priority targets, cabinet secretaries or their deputies and other agency heads should hold regular meetings focused on their priority targets.

These meetings should discuss and decide intervention options based on pre-meeting analysis of performance and other relevant data to understand the size and characteristics of societal problems to be addressed, causes of those problems, the people and institutions that need to be served or influenced, the impact of past intervention efforts in the United States and elsewhere, and the seriousness of risks that could interfere with progress. These meetings also provide quick ways to update strategies as new information is gathered and new insights gained.

### **Recommendation 18: Identify Information Needs of Key Audiences.**

*Cabinet secretaries and agency heads must assure that their organizations identify key audiences for federal performance information, determine their needs, and establish priorities among the audiences to be served.*

Agencies and programs need to think more specifically and strategically about the people and organizations they need to inform in order to support smart implementation decisions and to support healthy debate about priorities. They also need to think about whom they need to influence to improve the outcomes they seek to affect. Market research and market segmentation methods may be useful here.

Agencies and programs then need to determine the kinds of performance information those key audiences need to make better decisions, as well as the kinds of information likely to influence their actions. This includes information that helps them understand the nature of problems that need attention, including how problems differ by location, population, conditions, and causes. It also includes information about prior actions taken to address the problems, apparent effects of those actions, and reasons some actions are better candidates for replication than others.

It may not be possible to serve all audiences at once, given time and budget constraints. Once key target audiences and their information needs are identified, agencies need to make choices about which key audiences to serve first. Key audiences include:

- **Congressional committees—especially appropriations committees, but also authorizing and government oversight committees.** Congressional committees are a priority audience for federal performance information. These committees have different information needs. Given their importance related to financial resources and legal authority, OMB and agencies need to understand congressional needs for performance information more accurately. Agencies should talk to their key committees to understand their performance information needs.

- **Agency managers and other government employees, especially those in the field.** Agency officials need data and analysis to help them understand problems in their areas of responsibility and possible solutions. They benefit when they can see sudden and unexpected changes in direction, size, and speed; when anomalies are easy to detect; and when provided information about peer performance. Agencies that have collected and compared data from regional offices remarked on the tremendous value of inter-regional comparison for generating new performance-improving insights.
- **Delivery partners, including state and local governments and not-for-profit organizations.** Delivery partners are essential to the success of many federal programs. They are both users and suppliers of performance data, so agencies need to determine what performance information they need to succeed. Delivery partners benefit when federal agencies coherently articulate their goals and explain why the goals were chosen based on collected performance measurement, as done in the decennial federal Healthy People goals set by the U.S. Department of Health and Human Services. Delivery partners also benefit from access to evidence about the effectiveness of interventions to reduce the problems, such as the information pertaining to safety belt use in cars and helmet use for motorcyclists provided by the National Highway Traffic Safety Administration.
- **Those whom agencies seek to influence.** To improve performance, many agencies need to influence other parties. In some cases, agencies have regulatory power to help them influence. In others, agencies try to persuade people and organizations to change voluntarily. Well-presented performance data can make a compelling case for change.
- **Those who need to make decisions using federal performance information.** Federal performance information sometimes influences consumer choices, allowing them to choose the option that best suits their needs. Federal agencies are beginning to experiment with better ways to format, place, and time the delivery of performance information to inform individual choices, so that, ultimately, they improve the quality of people's lives.

### **Recommendation 19: Improve Federal Information Presentation and Dissemination Capacity.**

*Each cabinet secretary and agency head should pay increased attention to the presentation, dissemination, and use of performance information in order to communicate more effectively with targeted audiences and inform their priority-setting and performance-improving decisions.*

Key decision makers, inside the federal government and beyond, need information in a format they will want to read and can accurately interpret. They also need ready access to the information when they are ready to make a decision.

The federal government needs to treat data presentation and dissemination strategically. Agencies and OMB should experiment with different presentation and dissemination formats and confirm that target audiences find the information they need and consider it useful. Social marketing methods may be useful to this effort. Agencies should continually revise and update presentation formats, as needed, to reach their target audiences.

To improve the quality and impact of information presentation and dissemination, the Obama administration should:

- Work with Congress to figure out the most useful formats for the hard-copy and on-line versions of strategic plans, annual plans, annual performance reports, and the budget justifications delivered to Congress
- Work with other key audiences to determine the most useful performance presentation formats and delivery points
- Create a community of practice to share experience, engage in cooperative experiments, and study effective information presentation and dissemination practices
- Provide agencies expertise about information presentation and dissemination through the proposed Reference Desk
- Add revised PART questions to ensure agencies assess the effectiveness of their information dissemination efforts

### **Recommendation 20: Create Agency Web-Based Performance Portals.**

*Each cabinet secretary and agency head should direct their organizations to add a performance portal on their home pages that makes it easy to find performance targets, trends, and other related information.*

OMB should work with the Performance Improvement Council to establish a standard protocol so that web-based placement of performance information is similar for every federal agency:

- Agencies should include a summary chart showing agency goals and trends, and how agency goals relate to program targets and trends. Sites showing program targets should make it easy to see how the targets relate to agency goals.
- Every major program should produce its own performance report, a summary chart of targets, a summary chart of agency and program performance trends, and program descriptions. The New York City Mayor's Management Reports, which are distinct from but a complement to the previously discussed Citywide Performance Reporting Tool, are a good model (See Appendix II). Web-based program reports should also link to PART reviews, synopses and citations or links to relevant evaluations, relevant databases, and explanations of why targets and strategies were selected.
- Agencies and programs should demonstrate how national indicators "cascade down" to sub-national (regional, state, local) goals and performance trends, to the extent regional, state, and local data are available and can appropriately be made public.
- Cabinet-level agency performance information should link to sub-cabinet agency/program level performance websites.

OMB should continue to solicit agencies willing to pilot new plans and reporting methods, including pilots combining performance plans and reports, to discover more comprehensible ways to communicate targets, trends, and strategies.

## **Recommendations for the Performance Improvement Council**

### **Recommendation 21: Lead a Review of PART.**

*The Performance Improvement Council should be directed to lead a process to propose changes to PART for subsequent action by OMB. This should include revising and renaming the process to shift the emphasis from program rating to performance improvement, fixing some the questions, and adding a few new questions.*

PART questions introduced a useful program management discipline appreciated by many federal officials because, before PART, programs too seldom addressed fundamental questions, including what their programs were accomplishing. Programs knew they should be asking and answering most of the PART questions as part of good program management. The PART process introduced a program management discipline valued by skilled public managers that kept them from getting overly distracted by daily crises.

The administration should continue using a program review process and should shift its emphasis to performance improvement by changing the name of PART. It should remove the centrality of "rating" and "assessment" and shift attention to performance improvement and communication. Possible names should include concepts such as improvement, learning and transparency.

Far more significant changes are needed to PART, however. The White House should charge the Performance Improvement Council (PIC) with proposing changes to PART questions and the PART process. The PIC should conduct an immediate review of the PART review process, PART questions, budget instructions, public reporting formats, OMB circulars (especially A-11 and A-136), and Office of Personnel Management (OPM) policies to suggest changes that shift the emphasis to performance improvement, not target attainment for its own sake, and to eliminate barriers that complicate audience-focused delivery of performance reports and information. The PIC should submit the results of its review to the OMB, which should consider and act on these recommendations within six months.

## Recommendation 22: Consider Specific Revisions to PART.

*The Performance Improvement Council should consider the following recommendations concerning revisions to the PART process:*

- *Align program targets with GPRA goals and allow agencies to define what constitutes a program*
- *Revise the PART scoring system and eliminate the ratings*
- *Increase reviewer perspectives*
- *Reorder and revise PART questions*

Recommended revisions to the PART process are described below:

- **Align program targets with GPRA goals and allow agencies to define what constitutes a program.** All programs should continue to set targets under a revised process and these targets should clearly be aligned with presidential priorities, with cross-cutting priority targets set by the White House Councils for issues needing attention from multiple agencies, and with targets set by cabinet and agency heads and articulated in their GPRA plans and reports. Agencies should be allowed to change what is currently considered a program for purposes of the revised PART review if they feel the current configuration interferes with conceptual coherence and performance improvement.
- **Revise the PART scoring system and eliminate the ratings.** PART reviews should be continued, but used to provide constructive feedback, not to rate programs. PART ratings (effective, moderately effective, etc.) should be eliminated, but PART scoring on individual questions, revised as suggested below, should be kept. Eliminating PART ratings while continuing to score individual questions will provide useful feedback to programs and continue to place a healthy pressure on them to improve, but will lessen the intensity of debates about individual PART scores when a lower score on one question prevents a program from earning a higher rating.

Public reporting of the direction of trends and their likely causes will create a healthy pressure on programs to improve, while removing the

less functional pressure to earn a higher rating based on a process widely considered highly subjective.

- **Increase reviewer perspectives.** Agencies should engage at least two outside experts for each revised PART review to gain additional perspectives on a program's performance management practices. These outside reviews (scores and comments), along with OMB's, should be made public and available on the government performance portal.

Numerous options are available for securing additional expert reviews, some or all of which could be used:

- **Experts from other agencies.** OMB could recruit reviewers from other agencies, noting program types each person is willing to review. This will, of course, require time on the part of other agency reviewers, but could also provide a valuable learning experience and teaching opportunity for the reviewing agency.
- **Experts from other governments.** OMB, possibly with support from the General Services Administration (GSA) and the White House Office of Intergovernmental Affairs, could recruit reviewers from other governments, including state and local governments and performance management experts in other countries. This could be especially valuable for the large number of federal programs that depend on state and local governments to accomplish their objectives. Numerous networks already exist that could be used to reach out to state and local performance management experts.
- **Pre-qualified individuals, including retirees from other agencies.** Working with GSA, the federal government could solicit and maintain a list of qualified performance management experts available to conduct program performance reviews for a fixed fee per program review. Care should be taken in the contractual arrangements so that those who pay for the review are not able to insist on revisions or delay publication if unhappy with reviewer comments.

- **Government Accountability Office (GAO).** As a key audience for performance reports, GAO might be willing to participate in some reviews. OMB should explore this possibility.
- **Congress.** Congressional staff might also be willing to participate in occasional reviews.

Increasing the number of outside PART reviewers for each program should help with disagreements about scores. When both external reviewers disagree with OMB reviewers, it will suggest that a “no” score was caused by OMB inexperience, cognitive bias, or a tough grader. If outside reviewers agree with OMB assessments, it will suggest an underlying program problem needing attention.

Securing several reviews from different perspectives would provide useful feedback to the program, senior agency managers, OMB, and Congress. Posting all reviews for public viewing could have a constructive effect, especially if historic and current reviews are posted to show where progress has been made and where it has not. OMB, Congress, and senior managers might want to encourage a program to use the same reviewer for multiple-year reviews when that reviewer has identified issues with which they agree in order to increase chances for follow-up on those issues.

In addition, OMB should create a section of the government-wide performance portal pertaining to PART reviews that invites posting of public comments and suggestions regarding PART, in addition to posting the two scores and comments of the two outside expert reviewers. The American Public Health Association took the initiative to post on its own website ([www.apha.org](http://www.apha.org)) very thoughtful comments about several PART reviews conducted by people familiar with the reviewed programs. OMB should use the federal performance website to invite the public to submit comments, suggestions, models, and information about relevant data sets, evaluations, and experience. It should also work with agencies and the public to figure out appropriate ways to filter out inappropriate comments.

**Reorder and revise PART questions.** PART questions should be re-ordered and revised to increase the emphasis on performance improvement, and reduce the emphasis on the process of performance management.

- Questions should be reordered to place primary emphasis on the direction of performance change. Section IV should become Section I.
- Questions should not just ask about target attainment, but also about performance improvement. In addition, when targets are not met or performance has declined, questions should ask if the program knows why there were problems and if it has a plan to deal with them.
- Questions that ask about cost-effective approaches should be kept, an explicit question should be added about opportunities for significant productivity gains, and data-driven discussions should explicitly explore cost-effectiveness and opportunities for significant productivity gains. The requirement for efficiency measures should be reassessed, however, and probably eliminated to avoid the dysfunctional distortions caused by requiring every program to adopt efficiency measures.
- Questions should be added in the following areas:
  - Why were selected targets chosen?
  - How were key audiences and their needs identified?
  - How adequate is performance information presentation and dissemination?
  - How adequate is descriptive and diagnostic analysis?

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# Appendix I: Program Assessment and Rating Tool Questions (2008)

## Section I. Program Purpose and Design

- 1.1. Is the program purpose clear?
- 1.2. Does the program address a specific and existing problem, interest, or need?
- 1.3. Is the program designed so that it is not redundant or duplicative of any other federal, state, local, or private effort?
- 1.4. Is the program design free of major flaws that would limit the program's effectiveness or efficiency?
- 1.5. Is the program design effectively targeted so that resources will address the program's purpose directly and will reach intended beneficiaries?

## Section II. Strategic Planning

- 2.1. Does the program have a limited number of specific long-term performance measures that focus on outcomes and meaningfully reflect the purpose of the program?
- 2.2. Does the program have ambitious targets and timeframes for its long-term measures?
- 2.3. Does the program have a limited number of specific annual performance measures that can demonstrate progress toward achieving the program's long-term goals?
- 2.4. Does the program have baselines and ambitious targets for its annual measures?

### Types of Programs

- RG = Regulatory
- CA = Capital Assets and Service Acquisition
- RD = Research and Development
- CO = Competitive Grants
- BF = Block or Formula Grant
- CR = Credit

- 2.5. Do all partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) commit to and work toward the annual and/or long-term goals of the program?
- 2.6. Are independent evaluations of sufficient scope and quality conducted on a regular basis or as needed to support program improvements and evaluate effectiveness and relevance to the problem, interest, or need?
- 2.7. Are budget requests explicitly tied to accomplishment of the annual and long-term performance goals, and are the resource needs presented in a complete and transparent manner in the program's budget?
- 2.8. Has the program taken meaningful steps to correct its strategic planning deficiencies?

*Specific Strategic Planning Questions by Program Type*

2.RG1. Are all regulations issued by the agency or program necessary to meet the stated goals of the program, and do all regulations clearly indicate how the rules contribute to achievement of the goals? (Regulatory)

2.CA1. Has the agency or program conducted a recent, meaningful, credible analysis of alternatives that includes trade-offs between cost, schedule, risk, and performance goals, and used the results to guide the resulting activity? (Capital Assets and Service Acquisition)

2.RD1. If applicable, does the program assess and compare the potential benefits of efforts within the program and (if relevant) to other efforts in other programs that have similar goals? (Research and Development)

2.RD2. Does the program use a prioritization process to guide budget requests and funding decisions? (Research and Development)

**Section III. Program Management**

3.1. Does the agency regularly collect timely and credible performance information, including information from key program partners, and use it to manage the program and improve performance?

3.2. Are federal managers and program partners (including grantees, sub-grantees, contractors, cost-sharing partners, and other government partners) held accountable for cost, schedule and performance results?

3.3. Are both federal and partner funds obligated in a timely manner, spent for the intended purpose, and accurately reported?

3.4. Does the program have procedures (e.g., competitive sourcing/cost comparisons, information technology improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?

3.5. Does the program collaborate and coordinate effectively with related programs?

3.6. Does the program use strong financial management practices?

3.7. Has the program taken meaningful steps to address its management deficiencies?

*Specific Program Management Questions by Program Type*

3.CO1. Are grants awarded based on a clear competitive process that includes a qualified assessment of merit? (Competitive Grants)

3.CO2. Does the program have oversight practices that provide sufficient knowledge of grantee activities? (Competitive Grants)

3.CO3. Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? (Competitive Grants)

3.BF1. Does the program have oversight practices that provide sufficient knowledge of grantee activities? (Block or Formula Grant)

3.BF2. Does the program collect grantee performance data on an annual basis and make it available to the public in a transparent and meaningful manner? (Block or Formula Grant)

3.RG1. Did the program seek and take into account the views of all affected parties (e.g., consumers; large and small businesses; state, local, and tribal governments; beneficiaries; and the general public) when developing significant regulations? (Regulatory)

3.RG2. Did the program prepare adequate regulatory impact analyses if required by Executive Order 12866, regulatory flexibility analyses if required by the Regulatory Flexibility Act and SBREFA, and cost-benefit analyses if required under the Unfunded Mandates Reform Act. Did those analyses comply with OMB guidelines? (Regulatory)

3.RG3. Does the program systematically review its current regulations to ensure consistency among all regulations in accomplishing program goals? (Regulatory)

3.RG4. Are the regulations designed to achieve program goals, to the extent practicable, by maximizing the net benefits of its regulatory activity? (Regulatory)

3.CA1. Is the program managed by maintaining clearly defined deliverables, capability/performance characteristics, and appropriate, credible cost and schedule goals? (Capital Assets and Service Acquisition)

3.CR1. Is the program managed on an ongoing basis to assure credit quality remains sound, collections and disbursements are timely, and reporting requirements are fulfilled? (Credit)

3.CR2. Do the program's credit models adequately provide reliable, consistent, accurate, and transparent estimates of costs and the risk to the government? (Credit)

3.RD1. For research and development programs other than competitive grants programs, does the program allocate funds and use management processes that maintain program quality? (Research and Development)

4.5. Do independent evaluations of sufficient scope and quality indicate that the program is effective and achieving results?

#### *Specific Results Questions by Program Type*

4.RG1. Were programmatic goals (and benefits) achieved at the least incremental societal cost and did the program maximize net benefits? (Regulatory)

4.CA1. Were program goals achieved within budgeted costs and established schedules? (Capital Assets and Service Acquisition)

## **Section IV. Program Results and Accountability**

4.1. Has the program demonstrated adequate progress in achieving its long-term performance goals?

4.2. Does the program (including program partners) achieve its annual performance goals?

4.3. Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?

4.4. Does the performance of this program compare favorably to other programs (including government and private programs) with similar purpose and goals?

# Appendix II: Best Practices in Reporting Performance Information

## New York City Citywide Performance Reporting Tool (CPR)

The New York City Citywide Performance Reporting Tool website ([www.nyc.gov/html/ops/cpr/html/home/home.shtml](http://www.nyc.gov/html/ops/cpr/html/home/home.shtml)), launched in February 2008, reports performance for over five hundred outcome, output, and process indicators. It succinctly summarizes government-wide performance by counting the number and percentage of indicators with increasing performance, stable or with slight declines, with serious declines, with no desired direction, with no available data, and new indicators.

To make the summary charts quickly comprehensible, the CPR website color-codes indicator status: green for improving or stable, yellow for slight decline, red for serious decline, gray for no data, and white for no desired direction. To emphasize that the targets, per se, are not the objective but changes in performance are, the New York City summary performance charts display the key indicators for the whole city and the direction of performance trends, but not the specific targets for each indicator.

Figure II–1 summarizes government-wide performance by counting the number of indicators with increasing performance, slight declines, and serious declines.

The CPR website makes it easy to understand the indicators by sorting them in two ways: by eight cross-cutting themes (Figure II–2) and by agency. Organizing the presentation of indicators by cross-cutting theme also supports coordination across organizational boundaries to achieve a goal. Although no research was done on this coordination question, it is fair to assume that presenting the data this way required cross-organizational conversations across programs about the coherence of each others' targets. Even if it did not, it certainly makes it easier for an organization that is dependent on other organizations to accomplish its objective to see if the other organizations on which it is dependant have adopted the needed targets and are making the needed progress. Organizing indicators by agency makes clear to the public what each agency is expected to deliver, a useful motivating mechanism.

**Figure II–1: Summary Performance Chart Organized by Direction of Performance Change**

Status	Number of Indicators
Performance Improving or Stable	315
Performance Declining (10 percent or less)	85
Performance Declining More than 10 percent (or Zero Tolerance *)	53
New Indicator or Data Not Available	26
No Desired Direction (Neutral)	54

\* A zero tolerance measure is one for which even the slightest decline in performance will result in the measure being shaded red, whereas most measures are shaded red only if there is a decline of 10% or more. Approximately 3 percent of all CPR measures are zero tolerance indicators.

**Figure II–2: Summary Table Showing Direction of Performance Change by Theme**

Citywide Theme	Number of Indicators	Percentage Improving or Stable	Percentage Declining	Percentage New or Data Not Available
Citywide Administration	55	69.1%	23.6%	5.5%
Community Services	114	51.8%	31.6%	7.0%
Economic Development and Business Affairs	54	55.6%	25.9%	5.6%
Education	49	67.3%	14.3%	12.2%
Infrastructure	88	54.5%	35.2%	4.5%
Legal Affairs	28	64.3%	10.7%	0.0%
Public Safety	67	49.3%	26.9%	4.5%
Social Services	123	61.0%	27.6%	2.4%

**Figure II–3: Clicking on Indicator Number in Summary Chart (Figure II-2) Provides More Detail about Each Indicator**

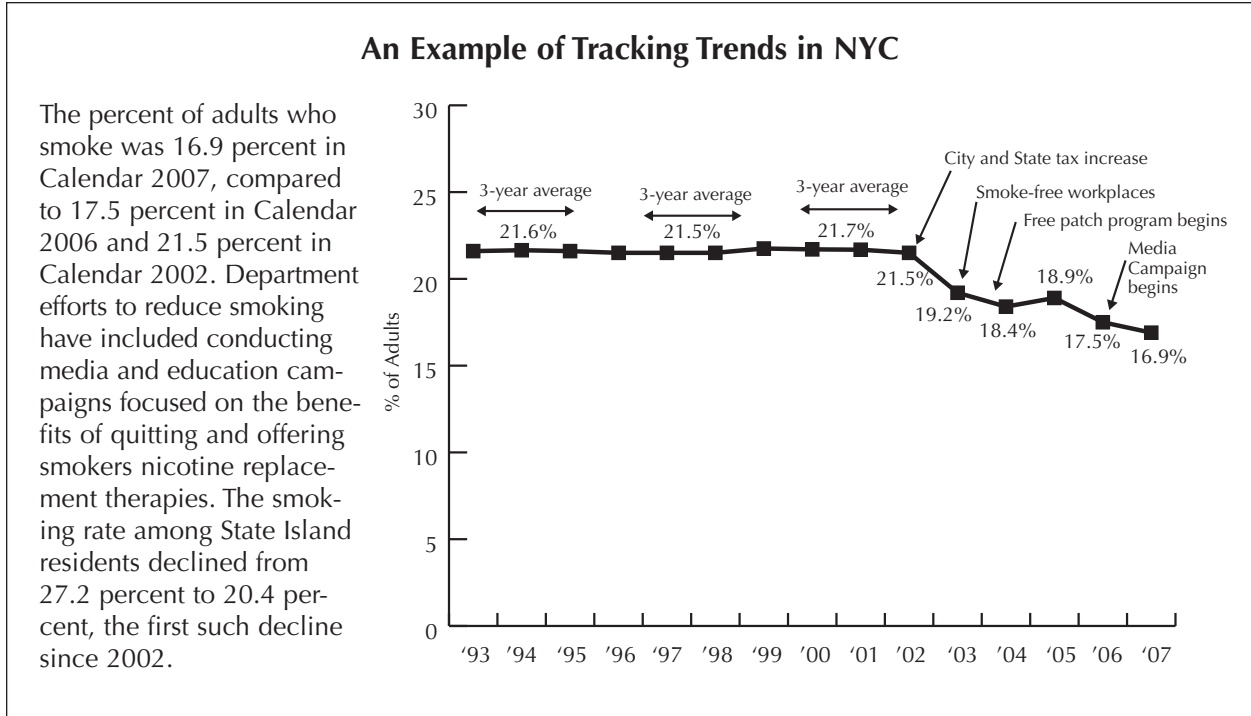
Agency	Indicator Name	Fiscal Year To Date (FYTD)	Previous FYTD	FYTD Variance	Most Recent Month	Same Month Last Year	Month Variance	Data Through
DCAS	Non-court space that receives acceptable ratings for cleanliness and maintenance (%)	100%	100%	0.0%	100%	N/A		June 2008

Figure II–2 summarizes government-wide performance by cross-cutting theme, showing the number and percentage of indicators with increasing performance, slight declines, and serious declines. Each number of indicators is linked to additional information about the individual indicators within a theme.

By clicking on the number of indicators in the summary tables, site users can quickly “drill down” to find individual indicators for each theme, the organizational owner having primary responsibility for improving the indicators, the direction of performance change, prior year performance, and current year performance. Figure II–3 shows the level of detail provided for just one of those indicators.

## New York City Mayor’s Management Report

In addition to summarizing performance trends citywide by theme and by agency with the Citywide Performance Reporting Tool, the New York City Mayor’s Management Report ([www.nyc.gov/html/ops/html/mmr/mmr\\_sub.shtml](http://www.nyc.gov/html/ops/html/mmr/mmr_sub.shtml)) offers an excellent model for presenting program performance information. This report uses a combination of graphs, narratives, and trends. In this performance report, targets and target attainment are important and public, but treated as a management tool rather than a performance indicator. Targets are made public, by department, in the Mayor’s Management Report (CMMR), but they are not used in the citywide performance report to summarize and report performance. In addition, MMRs often contain a few graphs that convey performance trends over time more quickly than data in tables can. The accompanying excerpt from one New York City department’s report in the Mayor’s Management Report shows the value of reporting the date when new government interventions are initiated on trend graphs.



## United States Department of Transportation

Another useful model, especially for summary agency reports, is the combined performance plan and report of the Department of Transportation ([http://www.dot.gov/perfacc2002/Entire report.htm](http://www.dot.gov/perfacc2002/Entire%20report.htm)). This report concisely conveys, in a single table, performance trends and target attainment for multiple targets contributing to an agency-wide single goal. Figure II-4 is excerpted from the DOT report for FY 2002 showing the priority targets that advance safety, the DOT's top priority.

**Figure II-4: Excerpt of Summary of Departmental Targets and Trends Supporting a Single Goal, Across Programs**

### Performance Summary

	1996	1997	1998	1999	2000	2001	2002*	2002 Target	Met	Not Met
Highway fatalities/100 million vehicle-miles traveled (VMT)	1.69	1.64	1.58	1.55	1.53	1.51	1.50	1.4		✓
Fatalities involving large trucks	5,142	5,398	5,395	5,380	5,282(r)	5,082(r)	4,984	4,710		✓
Fatalities involving large trucks per 100 million commercial VMT	2.8	2.8	2.7	2.7	2.6(r)	2.45	2.4	2.2		✓
U.S. commercial fatal aviation accidents/100,000 departures (average over previous three years)	0.051	0.057(r)	0.046	0.051	0.037	0.037	0.026	0.038	✓	

\* Preliminary Date  
(r) = revised

## Federal Aviation Administration Quarterly Report

A good model for communicating why targets were selected is the quarterly report of the Federal Aviation Administration ([www.faa.gov/about/plans\\_reports/Performance/quarter\\_scorecard](http://www.faa.gov/about/plans_reports/Performance/quarter_scorecard)). Clicking on the word “Detail” in the table posted at the FAA website, shown in Figure II–5, below provides an explanation of each target and why it was chosen.

**Figure II–5: Clearly Communicating Targets and Reasons for Their Selection**

Performance Targets	More detail on target	Actual Data	Target	
			Data	Index Range
INCREASED SAFETY				
Commercial Air Carrier Fatality Rate	Detail	0.4	8.7	Green
General Aviation Fatal Accidents	Detail	299	325	Green
Alaska Accidents	Detail	108	104	Red
Runway Incursions	Detail	0.428	0.509	Green
Commercial Space Launch Accidents	Detail	0	0	Green
Operational Errors	Detail	2.31	2.15	Red
Safety Management System	Detail	6	6	Green
GREATER CAPACITY				
Average Daily Airport Capacity (35 OEP Airports)	Detail	103,218	101,868	Green
Average Daily Airport Capacity (7 Metro Areas)	Detail	35,988	33,676	Green
Annual Service Volume	Detail	1%	1%	Green
Adjusted Operational Availability	Detail	99.8%	99.7%	Green
NAS On-Time Arrivals	Detail	87.29%	88.00%	Red
Noise Exposure	Detail	-38%	-4%	Green

*The Federal Aviation Administration lists its priorities targets very clearly, shows which are faring well relative to their target (showing actual performance, not just whether a target was met). Clicking on the name of each performance target provides monthly data. Clicking on the word “Detail” provides some historic detail and discusses statistical issues.*

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Prior to joining UMass Boston, Metzenbaum was a Visiting Professor and Senior Research Fellow at the University of Maryland School of Public Policy. At the University of Maryland, she was faculty chair of an executive education program on the policy-making process in science-based federal agencies originally developed for the U.S. Food and Drug Administration. Prior to that, she served as adjunct faculty at the Brookings Institution, running the “Science and Technology Policy” and “Managing for Results” programs.

Concurrently, Metzenbaum was Executive Director of the Environmental Compliance Consortium, a collaborative effort of state environmental protection agencies to improve the measurement and management of their programs, and a performance management consultant. She headed the executive session on public sector performance management at Harvard University’s John F. Kennedy School of Government.

Her writing and consulting emphasize ways governments can make performance measurement more useful. Her first report for the IBM Center for The Business of Government, “Strategies for Using State Information: Measuring and Improving Program Performance,” was published in 2003. Her second, “Performance Accountability: The Five Building Blocks and Six Essential Practices,” was published in 2006.

Metzenbaum is a fellow of the National Academy of Public Administration and a principal of the Council for Excellence in Government. She serves on the board of Conservation Law Foundation-Ventures and the Massachusetts advisory board of the Conservation Law Foundation and holds a PhD in public policy from the Harvard Kennedy School of Government and a BA in humanities and Asian Studies from Stanford University.

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