

## 6. DELIVERING A HIGH-PERFORMANCE GOVERNMENT

Since taking office, the President has challenged Federal leaders and managers to deliver a Government that is leaner, smarter, and more effective, while delivering the best results for the American taxpayer. In designing the Administration's performance management approach we reviewed successful practices from public and private organizations. Based on that review, it was clear that the critical success factor of any performance management system is that it is used by senior leadership to drive results.

Beginning in 2009, OMB asked each agency head to identify a limited number of near-term, implementation-focused priority goals. To ensure leadership remained engaged through implementation, agency Deputy Secretaries, in their role as Chief Operating Officers (COOs), were tasked to conduct at least quarterly data-driven reviews of progress against these goals. Several agencies are now doing these reviews monthly. Furthermore, the Administration reinvigorated the role of the Performance Improvement Officer (PIO), who reports directly to the COO, and brought agencies together through the Performance Improvement Council (PIC) to build capacity and spread the adoption of effective practices in performance improvement across agencies.

These new operating practices shifted the emphasis away from the publication of performance plans and reports to a model that is focused on the use of performance information to inform decision-making and deliver greater impact. Since then, the Administration also established a limited number of Cross-Agency Priority Goals where coordination across agencies is critical to the end result. Importantly, in 2010 the Administration worked with the Congress to enact the GRPA Modernization Act, which incorporated lessons learned and ensured these reforms continue into future administrations.

Overall, the Administration's approach to delivering more effective and efficient Government rests on the following proven management practices:

- Engaging Leaders
- Focusing on Clear Goals and Data-Driven Reviews
- Expanding Impact through Strategic Plans and Strategic Reviews
- Strengthening Agency Capabilities, Collaboration, and Learning
- Communicating Performance Results Effectively

The remainder of this chapter reviews the progress to date for each of these practices and outlines priorities going forward in implementing the Administration's performance management approach.

### Engaging Leaders

As previously discussed, frequent and sustained leadership engagement is foundational to any successful performance management effort. The Administration has taken steps to clearly define the roles and responsibilities of key leaders.

To lead the performance management efforts at each agency, the Secretary or equivalent is required to name a COO, often the Deputy Secretary. OMB has outlined several roles and responsibilities for each COO including conducting data-driven performance reviews at least once per quarter. COOs are critical to bringing a broader set of actors together to solve problems across the organization. For example, senior leaders at the Department of Housing and Urban Development and Veterans Affairs come together regularly to review progress on the goal to end veterans homelessness.

Each COO also names a PIO who reports directly to the COO and is responsible for coordinating performance improvement efforts across the agency with program managers, management support, and other agencies. For each strategic objective and Agency Priority Goal, specific Goal Leaders are also held accountable for leading implementation efforts such as determining strategies, managing execution toward goals, and engaging others to make course corrections. These responsibilities often go beyond their traditional organizational scope to engage all components who are needed to deliver against the specified goals.

### Focusing on Clear Goals and Data-Driven Reviews

Where implementation-focused two-year priorities set out in Agency Priority Goals are likely to accelerate progress, agency heads have set ambitious targets that have potential to advance the well-being of the American people, to stimulate economic growth and job creation, and to cut the costs of delivery. For instance, agencies have set targets for improving access to capital to enhance job creation, reducing foodborne illness through targeted inspections, coordinating multiple agency services to reduce veteran's homelessness, and reducing hospital acquired infections. Through the GRPA Modernization Act framework, agencies establish Priority Goals every two years with responsible Goal Leaders, quarterly metrics, milestones, and clearly identified contributing programs with at least quarterly data-driven reviews led by agency COOs to remove barriers and accelerate progress. In many cases, significant results have been demonstrated.

Several recent Government Accountability Office (GAO) reports have reviewed the Administration's progress in implementation of the GRPA Modernization Act, and provided recommendations. GAO found in their sur-

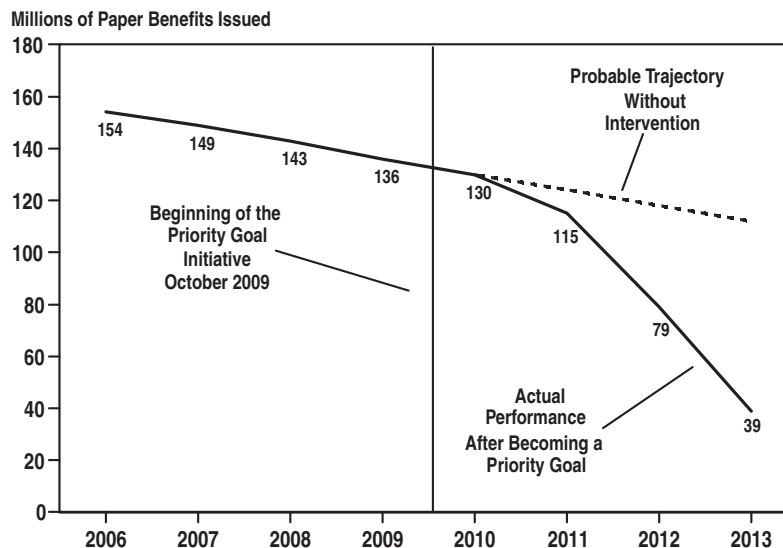
vey of PIOs that agency leadership actively participated in these quarterly data-driven reviews and that leaders are using the reviews to drive performance improvements. For example, GAO's report concluded that "agency officials said their reviews allowed different functional management groups and program areas within their agencies to collaborate and identify strategies which led to performance improvements."<sup>1</sup> GAO also recommended agencies build upon this success, and do more to coordinate with other agencies that have programs contributing to the outcome.

Some examples of the improvements we have seen from our Priority Goal approach include the following:

- The Department of the Treasury has worked across its bureaus through its "Treasury Stat" effort to advance its Priority Goal to increase electronic transactions with the public. The Department estimates that it has saved the American people hundreds of millions of dollars by creating an Agency Priority Goal around increasing electronic transactions with the public to improve service, prevent fraud, and reduce costs. Included in this goal was an effort to modernize the Federal Government's payment and

year and costs the United States \$96 billion in medical costs and \$97 billion in lost productivity each year. Despite progress in reducing tobacco use, the decline in adult smoking rates had stalled, coincident with reductions in state investments in tobacco control programs. In response, an Agency Priority Goal at HHS expanded from initially tracking the percentage of communities that adopted smoke-free policies to a goal to reduce nation-wide cigarette consumption per capita. Shifting the agency's focus from policy adoption to reducing cigarette use has helped to accelerate progress and included a broader set of contributing programs to execute the comprehensive tobacco control strategy. The strategy was designed to mobilize the agency's expertise and resources in support of proven, pragmatic, achievable actions that can be aggressively implemented at the Federal, State, and community levels. In 2012, annual per capita adult cigarette consumption decreased to 1,196 per capita from a level of 2,076, representing a 42 percent-decrease over 12 years. Setting and analyzing progress on the right goal makes a difference in the innovations and results the Government can achieve.

**Chart 6-1. Decrease in the Number of Paper Transactions with the Public**



collection systems, which resulted in paper benefit payments dropping from 131 million in 2010 to 39 million in 2013, allowing Treasury to get money to beneficiaries and back into the economy faster than ever. At the same time, electronic collections jumped from 85 percent of total collections in 2010 to 97 percent in 2013, reducing costs to the Federal Government.

- The Department of Health and Human Services (HHS) set a goal to reduce tobacco use which kills an estimated 443,000 people in the United States each

- After designating the improvement of business loan efficiency as an Agency Priority Goal, the Small Business Administration (SBA) has made considerable progress in making it more efficient for small businesses to get loans, while also reducing cost. The SBA increased the use of paperless processing in their 7(a) loan program (which provides financing for various business uses, such as working capital and real estate) from 72 percent in 2011 to 90 percent in 2013, and from 55 percent to 76 percent in their 504 loan program (which provides financing for real estate and major equipment). The adoption of electronic loan processing also contributed to a 5.6

<sup>1</sup> GAO-13-228, GAO Report: *Managing for Results: Data-Driven Performance Reviews Show Promise But Agencies Should Explore How to Involve Other Relevant Agencies*. February 2013

percent increase in loan volume from 2012 to 2013, growing the number of small businesses assisted.

- After establishing an Agency Priority Goal focused on preventing Americans at-risk of foreclosure from losing their homes, the Department of Housing and Urban Development (HUD) initiated a number of measures to improve agency operations and help borrowers at the very early stages of delinquency when interventions can prevent serious delinquency. HUD increased the number of households assisted with early intervention by 31 percent between 2010 and 2013. HUD also reduced six month re-default rates from 17 percent in 2011 to 8 percent in 2013 among those who were helped by the agency's mitigation programs.

To ensure the COO-led data-driven reviews continue improving and produce an even broader record of impact, the PIC Reviews Working Group has met monthly over the past two years to share promising practices related to engaging leaders in data-driven reviews and to identify promising implementation strategies. Today, based on a survey by the Performance Improvement Council, agencies report that securing adequate leadership sponsorship is not among their major challenges to conducting data-driven reviews. This completes a positive three-year trend in PIC survey results that consistently shows agency leaders are not just setting Agency Priority Goals but are consistently engaged in taking action to drive toward goal achievement.

The impact of these efforts extends beyond agency top leadership. In their 2013 Federal Managers Survey<sup>2</sup>, GAO surveyed more than 4,000 mid-level and upper-level civilian managers and supervisors working in the major 24 Federal agencies. GAO's survey found approximately 82 percent of Federal managers' knew about their agency's Priority Goals. Their analysis also suggests that COO-led reviews are positively related to managers' perceptions of their leadership's demonstrated commitment to using performance information. Of those who reported familiarity with the reviews, 76 percent agreed that their top leadership demonstrates a strong commitment to using performance information to guide decision making to a great or very great extent. In contrast, of those not familiar with the reviews, only 36 percent agreed to a great or very great extent with the same statement. The analysis demonstrates that the fundamental approaches the Administration has used to engage leadership are having an impact but need to be expanded.

In addition to the Agency Priority Goals, OMB and the PIC have also worked to support progress on Cross-Agency Priority Goals (CAP). Agencies have used these goals to help them break down organizational barriers and achieve better results than one agency can achieve on its own. We are seeing promising results on some of these cross-agency goals. For example:

- Since the President launched the National Export Initiative in 2010, an ambitious plan to sell more

American goods and services into foreign markets, U.S. exports hit record levels for four consecutive years, reaching \$2.3 trillion in 2013. As a result, American jobs supported by exports increased by 1.3 million.

- The President set a priority to expand broadband capabilities and ensure 4G wireless broadband coverage for 98 percent of Americans by 2016. Access to broadband capabilities continues to grow at a rapid rate despite tougher economic conditions. The most recently available data indicates that 90 percent of Americans now have access to advanced wireless broadband, up from 36 percent in mid-2010, assuming that users of advanced wireless service should be able to enjoy minimum "real-world" download speeds (as opposed to advertised or "up to" speeds) of at least 6 megabytes per second. When wired connections are included, the availability figure jumps to almost 96 percent. By any measure, the availability of high-speed access has grown steadily since the President announced the 98 percent goal in his 2011 State of the Union address.

With this Budget, the Administration has set new Cross-Agency and Agency Priority Goals to further stimulate innovation, efficiency, and progress on key outcomes. These goals will be available on *Performance.gov* with progress updated quarterly.

### **Expanding Impact through Strategic Plans and Strategic Reviews**

In addition to the focus on Priority Goals, with this Budget the Administration is releasing updates to Executive Branch agency strategic plans on *Performance.gov* and agency websites. These plans include strategic goals, objectives, and metrics that cover the breadth of the agency's mission.

To make sure agencies drive progress on all of the objectives outlined in the strategic plans, and expand effective practices beyond a limited set of priorities, the Administration is also taking the unprecedented step of establishing annual strategic reviews at each agency. The strategic reviews will ensure there is a comprehensive framework in place at each agency to make strategic and budget decisions across the entire agency. The annual assessment will incorporate a variety of analytical, research, and evaluation methods to support outcome-oriented assessments, the results of which will inform the decision-making processes at the agency, as well as with OMB and the Congress.

The assessment will also consider evaluation results, performance goals, and other indicators related to each strategic objective, as well as other challenges, risks, and external factors that may affect outcomes. The strategic reviews will build agency capacity to improve results over time by using the best evidence available to drive strategic decisions. They will also increase understanding of the external influences and complexities of achieving outcomes across many organizational units and delivery partners. The first progress updates at the strategic

<sup>2</sup> GAO-13-518, *Managing for Results: Executive Branch Should More Fully Implement the GPRA Modernization Act to Address Pressing Governance Challenges*. June 2013

objective level will be published in agency 2014 Annual Performance Reports.

As part of this comprehensive effort, the Administration also remains committed to leveraging these performance reviews to inform budget and other decisions including reducing duplication, overlap and fragmentation. For example, this year, as in the past, the President's Budget includes a significant number of proposals to cut, consolidate or save money on programs that are inefficient, duplicative, or simply no longer needed.

### **Strengthening Agency Capabilities, Collaboration, and Learning**

A critical next step is to build upon lessons learned from the performance reviews at agency headquarters, and expand the establishment of effective performance management practices at all levels of Federal agencies. In the 2013 Federal Managers Survey, GAO found that 82 percent of agency managers said there are performance measures defined for their programs, operations, or projects, yet only 64 percent of agency managers' report having sufficient analytical tools to collect, analyze, and use performance data. The Employee Viewpoint Survey also shows that 83 percent of all employees report knowing how their work relates to the agency goals and priorities; however, only 61 percent say managers review and evaluate organizations progress toward meeting their goals and objectives.

The PIC has taken a leadership role in facilitating the exchange of useful practices to strengthen agency performance management capabilities and is fostering inter-agency dialogue around solutions to key performance challenges. GAO recently surveyed agency PIOs, who reported that, in general, "they found the PIC helpful and that there was strong agency participation in the council and its working groups." The PIC's own survey of its PIO and staff community identified significant participation in sharing best practices, with 67 percent of PIOs reporting partnering with other offices (components, support functions, local agencies etc.).

For example, the PIC's Internal Agency Reviews Working Group facilitated sharing of best practices for quarterly data-driven reviews led by the COO since 2011, and is now shifting its focus to effective strategic reviews. The working group, which continues to meet on a monthly basis, has grown to nearly 100 members from over 30 agencies, both large and small.

Additionally, the PIC has also established the Performance Ambassador Program for employees to learn about specific performance topics and transfer that knowl-

edge back to their agency. The pilot program provides a part-time, four-month detail with a mentoring component that delivers both contextual and focused learning. The PIC also provides professional development opportunities using an intensive six-month cross-agency experience. Since 2011, the PIC has supported the President's Management Council (PMC) Interagency Rotation Fellows Program, where selected applicants are assigned to different agencies to carry out highly scoped projects. Now in its 5<sup>th</sup> cohort, PMC Fellows' projects range from supporting cross-agency goals supporting veterans' career readiness to developing tools that build the project management capabilities of Government employees.

### **Communicating Performance Results Effectively**

Finally, in support of the President's commitment to transparency, we continue to develop *Performance.gov* to inform stakeholders on our performance improvement efforts. Compared to reports posted to individual agency web sites, *Performance.gov* has helped to improve accountability and provide one place for the public to find information on agency programs, goals, and regular progress updates.

The full list of Agency Priority Goals, including progress on each, can be found at [www.Goals.Performance.gov](http://www.Goals.Performance.gov), where they are presented in the context of agency strategic goals and objectives to show how the priorities fit within the agencies' longer term efforts. In May 2013, OMB also worked with agencies to publish an initial Federal Program Inventory with summary information on nearly 1,600 programs. The central program list has the potential to facilitate coordination by making it easier to find programs that may contribute to a shared goal, as well as improve public understanding about what agencies do. We plan to learn from this initial effort and work with agencies to ensure it is useful to both managers and stakeholders.

### **Looking Ahead**

Moving forward, the Administration will continue to deliver more value for the taxpayer's dollar by building on its strong track record of increasing the usage and effectiveness of performance management practices across Government. While significant progress has been made since the President took office, the Administration will continue to enhance its efforts to engage leadership, present clear goals, measure and analyze progress, and conduct reviews to further improve our Government, help the American people in their daily lives, and deliver the greatest impact for every dollar spent.