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, OMB 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 and managers to drive results.

Beginning in 2009, the Administration shifted the emphasis from the publication of performance information to a focus on increasing its use to inform decision-making and deliver greater impact. Importantly, in 2010 the Administration worked with the Congress to enact the Government Performance and Results (GPRA) Modernization Act which incorporated lessons learned and ensured these reforms continue into future administrations. The 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 Planning and Strategic Reviews
- Strengthening Agency Capabilities, Collaboration, and Learning
- Communicating Performance Results Effectively

The remainder of this chapter provides an update on progress for these practices.

Engaging Leaders

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 Chief Operating Officer (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. Each COO also names a Performance Improvement Officer (PIO) who reports directly to the COO and is responsible for coordinating performance improvement efforts across the agency with program managers, 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 that are needed to deliver against the specified goals.

Focusing on Clear Goals and Data-Driven Reviews

To accelerate progress, OMB and agency heads have identified a limited set of implementation-focused priorities that have the potential to advance the well-being of the American people, to stimulate economic growth and job creation, and to cut the costs of delivery. In February 2014, OMB established 15 Cross-Agency Priority (CAP) Goals, and each major Federal agency published a small number of Agency Priority Goals, totaling 91 across the Federal Government. Detailed information on these goals is available on *Performance.gov*.

Cross-Agency Priority Goals

The Administration uses the CAP Goals to help break down organizational barriers and achieve better results than one agency can achieve on its own. For each of the CAP Goals, OMB identifies Goal Leaders, regularly tracks performance throughout the year, holds goal teams accountable for results, and publishes quarterly results on *Performance.gov*. OMB, the Performance Improvement Council (PIC), and agencies have worked to support progress on the CAP goals. Results have been promising.

For example, to achieve the *Job-Creating Investment* goal, agencies have committed to promoting investment tools, resources and interagency coordination to encourage foreign direct investment in the United States, spurring job growth. This work has leveraged more than 200 major events, such as industry trade shows, in 38 countries around the world to promote the United States to approximately 60,000 potential investors. To achieve the *Open Data* goal, agencies have provided publicly-accessible data intended to strengthen the Nation's democracy by empowering individuals and businesses to create jobs and new industries that improve Americans' quality of life. Since 2009, the Administration has released over 138,000 data sets to the public, while continuing to protect individual privacy, with over 67,000 of these data sets released in the last year alone. As a result of this goal, homeowners who are struggling to pay their mortgages now have access to prompt, clear responses because companies are competing based on open consumer financial product complaint data. Similarly, patients can now comparison-shop to see which hospitals have the best outcomes and best prices.

While results have been encouraging on CAP Goal priorities, delivery across agency boundaries remains a challenge. Often there is little capacity dedicated to identifying and solving interagency challenges, and in many

cases significant management improvements require investments that cut across agencies. To drive further progress, the Administration is taking two actions to institutionalize capacity to address cross-cutting challenges. First, the President's Budget proposes authority for agencies, with prior notification to the Congress from the Director of OMB, to transfer up to $15 million from agency budgets to support these cross-cutting management initiatives. This proposal institutionalizes a capability to fund cross-agency efforts, rather than handling the challenges on a case-by-case basis, and would provide a powerful tool to turn management ideas into real and lasting results for the American people.

Second, to provide support for driving progress on the Cross-Agency Priority goals, the President announced the creation of a White House Leadership Development Program on December 9th. Through this program, emerging leaders and Senior Executive Service (SES) candidates will participate in full-time rotational assignments for one year, with these leaders responsible for driving progress on the Cross-Agency Priority Goals. This program is part of a continued commitment to developing and strengthening the next generation of Federal career leaders. These emerging leaders will play a key role in addressing the Government's critical management challenges, and participants will gain valuable experience to bring back as they take on leadership roles in their agency.

Agency Priority Goals

Agencies establish Priority Goals with clearly-identified Goal Leaders every two years and use quarterly metrics and milestones to manage progress. COOs lead data-driven reviews at least quarterly to remove barriers and accelerate results. Progress on the goals is updated quarterly on *Performance.gov*. For example, agency leaders have set goals for improving access to capital to enhance job creation, reducing foodborne illness through targeted inspections, coordinating multiple agency services to reduce veteran homelessness, and reducing hospital acquired infections. Some illustrative results this year include:

- *Veteran Homelessness.* Since 2010, the Administration has reduced veteran homelessness by one-third or by nearly 25,000 people.

- *Protect Vulnerable People:* The Department of Justice is working with Federal, State, local, and tribal partners to protect vulnerable citizens. During the final quarter of 2014, 97 percent of children reported missing were recovered within 72 hours of an AMBER alert issuance.

- *Strategic Sourcing.* Although the General Services Administration fell short of its $111 million savings goal, GSA saved its customer agencies $97 million as part of its strategic sourcing priority goal.

- *Renewable Energy*. As part of efforts to expand the development of clean, domestic sources of energy, the Department of the Interior has greatly expanded permitting for renewable energy projects on Interi-

or-managed lands in recent years. Since 2009, the Department has approved over 14,100 megawatts of renewable energy capacity which if fully built, would help power approximately 4.8 million homes.

- *Climate Change*. The United States Agency for International Development and State Department have made progress on their climate change goal. 13 countries have planned, proposed, strengthened, or adopted strategies, plans, policies, processes, or activities to support Low Emission Development Strategies (LEDS). Moreover, 2,386 officials and practitioners have received relevant training or assistance.

In addition to the outcomes demonstrated, the focus on use of performance information to inform decision-making is beginning to have a broader, measurable impact. Using data from nationwide surveys[1] conducted over the last decade by GAO in the major 24 agencies, researchers have found evidence that mid- and upper-level Federal managers engaged in the implementation of the priority goals, and exposed to data-driven reviews, were significantly more likely to "use performance data to manage programs and employees, and identify and solve problems", suggesting "success…where prior [Federal] reforms have struggled".[2] Prior reforms tended to increase the passive collection and reporting of performance information but not its active use, which is more likely to lead to performance improvements. Turning this success into further improvements required expanding the scope of performance reviews beyond priority goals, as well as continual improvements in the quality of the performance reviews, as discussed in the following two sections.

Expanding Impact through Strategic Plans and Strategic Reviews

To expand proven performance management practices more broadly across Federal agencies, and ensure agency leaders have effective processes to review objectives outlined in the agency plans as required by the GPRA Modernization Act,[3] the Administration established annual "strategic reviews." The strategic reviews provide a comprehensive framework at each agency to make improved strategic and budget decisions based on evidence. The annual assessments incorporate evaluation results, performance goals, indicators, challenges, risks, and external factors to inform the decision-making processes at the agency, as well as with OMB and the Congress.

Agencies published new strategic plans on *Performance.gov* and agency websites with the President's 2015 Budget

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[1] Agencies' Trends in the Use of Performance Information to Make Decisions. GAO measured agency use of performance information by creating an index from manager survey data collected in 2007 and 2013. The index reflected the extent to which managers reported that their agencies used performance information for various management activities. September 2014. *http://www.gao.gov/products/GAO-14-747*

[2] Moynihan et al. Working Paper: Performance Management Routines that Work? An Early Assessment of the GPRA Modernization Act University of Wisconsin-Madison. May 2014 *https://www.lafollette.wisc.edu/images/publications/workingpapers/moynihan2014-005.pdf*

[3] GPRA Modernization Act 31 U.S.C. § 1116 (f)

in February 2014. These plans include strategic goals, objectives, and performance indicators that reflect the scope of the agency's mission—in total more than 350 strategic objectives from major agencies reflecting the breadth of Federal activities and outcomes.[4] Outcomes are advanced by strategic objectives, which are supported by specific performance goals and indicators. As an example, the Department of Commerce has a strategic objective shared by several bureaus that seeks to accelerate growth of innovation-intensive economic sectors by building public and private capacity to invent, improve, and commercialize new products and services.

Shortly after publication of strategic plans, Federal agencies finalized their approach to conducting the strategic reviews and began their initial baseline assessments. OMB conducted kickoff meetings with each agency prior to the first strategic review in 2014. The PIC also held working groups that engaged more than 100 participants from across the Government to share best practices. Agencies were provided flexibility to tailor their review approach to their unique agency missions and capabilities, and were encouraged to develop a multi-year maturity model, recognizing that effective reviews would take multiple years to establish. OMB has also encouraged agencies to use proven management principles for their implementation, such as leveraging existing business processes, engaging the right stakeholders, and balancing a focus on learning from the reviews with the traditional focus on accountability.

Agencies provided their initial results to OMB beginning in May 2014. Decisions based on input from the reviews were discussed during the summer and fall and were finalized with the President's Budget. A progress update is provided for each major agency's strategic objective on *Performance.gov*, and also in the 2014 Annual Performance Reports.

Initial Results of the First Annual Strategic Reviews

2014 was the first year agencies were required to conduct strategic reviews in accordance with OMB guidance and the GPRA Modernization Act. Of the 23 major Federal agencies required to conduct reviews in consultation with OMB, 17 completed their initial reviews of progress.[5] In most cases, the assessment considered performance goals and other indicators related to each strategic objective, as well as other challenges, risks, and external factors that

may affect outcomes. In some cases, program evaluation results were incorporated into the assessment, where available and relevant. Agencies reported a wide range of benefits from their initial reviews, including improved interagency collaboration, a chance to identify existing evidence gaps, and the opportunity to better inform resource allocation decisions using evidence.

For example:

- The Department of Homeland Security (DHS) conducted a strategic review involving over 250 individuals, over 500 pieces of evidence. The review assessed progress for the first time against the 16 cross-cutting strategic and management objectives in the agency strategic plan. The central DHS performance office created a common methodology, deliverable templates, and other tools, but let each team shape their approach to how they were going to review the evidence. This created an environment for teams to collaborate and also encouraged transparency within the agency's review process.

- At the Environmental Protection Agency (EPA), programmatic decision-making is primarily dispersed across six major program offices and 10 regional offices. Strategic objective leads were provided discretion to conduct reviews of the activities under their responsibility and engage in discussions across the Agency to identify areas making noteworthy progress or facing challenges. Senior managers appreciated the ability to consider a broader context than had occurred in previous performance discussions. The managers used the strategic reviews as an opportunity to increase the use of evidence and data in understanding progress. For example, comparing EPA's programs' with relevant data from other sources, such as comparing brownfields and census data, gave further insight to the direction of those programs. As for EPA's tribal program, consideration of agency-wide data during the review process enhanced understanding of the program's scope and long-term challenges. As a result, the program identified a number of follow up actions, such as pursuing flexibilities and developing comprehensive assessments of resource needs and environmental protection priorities in Indian Country.

To facilitate management decisions, agency assessments identified relative levels of performance across the agency's portfolio of strategic objectives. Agencies specifically identified a limited number of areas where the agency made noteworthy progress and a limited number as focus areas for improvement. Areas demonstrating noteworthy progress could be identified as a result of new innovations in strategy, program design, or operations that have led to notable improvements in outcomes or cost reductions. Focus areas for improvement could be the result of challenges during program execution, for example, or when a problem the strategic objective seeks to address is growing more quickly than current actions or resources can address it.

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[4] Strategic objectives for the Department of Defense have not yet been finalized in accordance with OMB guidance and will be added in the future. The 350 objectives reviewed do not include all government corporations and independent establishments, rather consist of the 24 CFO Act Agencies excluding the Nuclear Regulatory Commission.

[5] Six major agencies did not complete their initial strategic review of objectives prior to the President's Budget release. The Department of Transportation and Department of Energy both released their strategic plans later in 2014 than other agencies, requiring them to delay their initial strategic reviews until 2015. The Department of Defense completed its Quadrennial Defense Review in 2014, and is currently in the process of developing its framework for strategic and performance review in the coming year. The Department of Agriculture, Department of State and USAID are working to finalize results of their strategic review and plan to release them later in 2015.

Across the strategic objectives analyzed, agencies identified approximately 14 percent as making noteworthy progress, and 12 percent as focus areas for improvement.[6] Because these results are from the initial baseline assessment, some caution must be used in interpreting the findings. The validity and implications of these findings will continue to be reviewed annually for refinement. Nonetheless, some trends seemed visible in the first year. For instance, areas of noteworthy progress often resulted from identifiable improvements in program policies or management procedures. For example, OPM developed a common definition and model of employee engagement, as it specifically relates to the Federal workforce that provides a practical approach to measuring and improving it. This noteworthy progress has informed the Administration's concerted effort to monitor and improve employee engagement across the Federal sector. A growing body of evidence in the public and private sector has shown a strong relationship between high levels of employee engagement and improved organizational results. Conversely, the identification of a focus area for improvement was more likely to be the result of perceived challenges in funding, human capital or legislative barriers. More information is available in the progress updates provided for each major agency's strategic objectives on *Performance.gov*, and also in the 2014 Annual Performance Reports. Agencies summarize proposed next steps in the 2016 Annual Performance Plans.

Preparing for Future Strategic Reviews

Major Federal agencies will conduct a second round of strategic reviews in 2015, with expected improvements in quality and relevance for decision-makers as managers gain experience with the reviews, learn from other agencies, and have more data to analyze since the publication of the strategic plan. Agencies have come together to prepare for the upcoming reviews by analyzing lessons learned from the first round and sharing best practices. Collaboration across the Performance Improvement Council and OMB will continue to be a priority to promote learning and innovation in conducting strategic reviews in the coming years. As the strategic reviews mature, OMB anticipates that they will play an expanded role in informing budget development and operational decisions, and will facilitate a broader improvement in the use of evidence for decision-making by managers across the Federal Government.

Strengthening Agency Capabilities, Collaboration, and Learning

The Performance Improvement Council (PIC) has played an important role in sharpening and broadening the application of performance management tools throughout the Federal Government by providing opportunities for Federal program managers and performance professionals to share practices and build their own capabilities. It does this in the context of surveys high-lighting areas of strength and of need. In the 2014 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[7] 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 offers a number of ways for agencies to collaborate and build capabilities. A data-driven reviews monthly working group—active now since 2011—provides an opportunity for agencies to learn in-depth about effective practices, most recently focused on strategic review implementation. The PIC holds a speaker series on performance issues and larger-scale collaboration events for employees across government to work together to solve common challenges around the Government Performance and Results Modernization Act implementation. These collaboration opportunities have brought together hundreds of people across two dozen agencies and will continue.

The PIC has also established a training program around the core building blocks of performance management offered at no charge to Federal employees three-times per year, as well as a professional development program called the Performance Enthusiast and Ambassador Program. These programs permit employees to learn about performance topics and transfer that knowledge back to their agency. On to its fourth cohort, the Performance Enthusiast and Ambassadors Programs provide a part-time, three to six month learning and practice program with a mentoring component that delivers both contextual and applied capability building around performance management. 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 7th cohort, PMC Fellows explore opportunities to modernize government management to develop multi-agency project management skills.

Communicating Performance Results Effectively and Looking Ahead

In support of the President's commitment to transparency and implementation of the GPRA Modernization Act, the Administration continues to develop *Performance.gov* to inform stakeholders on 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

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[6] Results summarized in this chapter do not include the six major agencies that did not complete their initial strategic review for the 2016 President's Budget release. The latest results for each agency will continue to be available on *Performance.gov*.

[7] Office of Personnel Management's Federal Employee Viewpoint Survey (FEVS) is a tool that measures employees' perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies. 2014 *http://www.fedview.opm.gov/*

information on agency programs, goals, and regular progress updates.

Over the last year, the Performance Improvement Council also released two websites designed to share more information with interested stakeholders about the PIC's mission and work. *PIC.gov* provides news about the Federal performance management and improvement community. The Performance Learning Center, *https://LearnPerformance.gov/*, is a site for skills enhancement and career development related to the application of performance management and improvement techniques. The website provides users with a variety of learning activities, training course information from various sources, and is designed for multiple audiences, including performance and other analysts, program managers, and others contributing to Government performance management and improvement. In the coming years, the PIC will continue its work to strengthen the performance framework, spark targeted improvements, and expand agency capabilities.

Moving forward, the Administration will continue to deliver more value for the taxpayer's dollar by building on its 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 continues to enhance its efforts to engage leadership, present clear goals, measure and analyze progress, and conduct reviews to further improve Government, help the American people in their daily lives, and deliver the greatest impact for every dollar spent.