PERFORMANCE AND MANAGEMENT

7. DELIVERING HIGH-PERFORMANCE GOVERNMENT

For too long, Washington has not responsibly managed the tax dollars entrusted it by the American people. Decision-makers opened their doors and ears to those able to afford lobbyists while it became harder and harder for everyone else to learn what Government was doing, what it was accomplishing, and for whom. Programs and practices were allowed to persist out of inertia and not because they were delivering the results expected of them, while others that seemed to work were rarely assessed to confirm their impact and find ways to enhance their value. Over the last two decades, as the private sector was utilizing new management techniques and information technologies to boost productivity, cut costs, and deliver previously unheard of levels of customer service, the public sector lagged conspicuously behind.

The American people deserve better. They deserve a Federal Government that respects their tax dollars, and uses them effectively and efficiently. They deserve a Federal Government that is transparent, fair, and responsive. And they deserve a Government that is constantly looking to streamline what works and to eliminate what does not. The Administration is committed to revolutionizing how the Federal Government runs on behalf of the American people. The President appointed the Nation's first Chief Performance Officer, and the Administration has taken steps to bring more transparency to, for instance, how Federal information technology (IT) dollars are spent to improve customer service for those using citizenship services. At the same time, the Administration has combed the Budget to find programs that are duplicative, outdated, or just not working.

To improve the performance of the Federal Government in the coming fiscal year and in years to come, the Administration will pursue three mutually reinforcing performance management strategies:

1. **Use Performance Information to Lead, Learn, and Improve Outcomes**. Agency leaders set a few high-priority goals and use constructive data-based reviews to keep their organizations on track to deliver on these objectives.

2. **Communicate Performance Coherently and Concisely for Better Results and Transparency.** The Federal Government will candidly communicate to the public the priorities, problems, and progress of Government programs, explaining the reasons behind past trends, the impact of past actions, and future plans. In addition, agencies will strengthen their capacity to learn from experience and experiments.

3. **Strengthen Problem-Solving Networks.** The Federal Government will tap into and encourage practitioner communities, inside and outside Government, to work together to improve outcomes and performance management practices.

Use Performance Information to Lead, Learn, and Improve Outcomes

Government operates more effectively when it focuses on outcomes, when leaders set clear and measurable goals, and when agencies use measurement to reinforce priorities, motivate action, and illuminate a path to improvement. This outcome-focused performance management approach has proved a powerful way to achieve large performance gains in other countries, several States, an increasing number of local governments, and a growing number of Federal programs. For instance, the State of Washington pushed down the re-victimization rate of children harmed in their homes from 13.3 percent to 6.5 percent over the last seven years by monitoring how changes in agency action affected children previously harmed and by adjusting policies accordingly to make improvements for the children.

New York City and, subsequently, the City of Los Angeles saw crime rates plummet after each adopted CompStat meetings. These are frequently scheduled, goal-focused, data-driven meetings at which precinct captains are expected to discuss statistics about outcomes (e.g., crime), cost drivers (e.g., overtime), unwanted side effects (e.g., police abuse complaints), patterns of problems in the precinct, probable causes, apparent effects of prior actions, and future actions planned. Similarly, the U.S. Coast Guard's Marine and Marine Environmental Protection programs work to reduce maritime deaths and injuries, large oil spills, and chemical discharge incidents by regularly analyzing their data to identify contributory causes and by testing different prevention options to identify and then implement those that work best.

Outcome-focused performance management can transform the way government works, but its success is by no means assured. The ultimate test of an effective performance management system is whether it is used, not the number of goals and measures produced. Federal performance management efforts have not fared well on this test. The Government Performance and Results Act of 1993 (GPRA) and the Performance Assessment Rating Tool (PART) reviews increased the production of measurements in many agencies, resulting in the availability of better measures than previously existed; however, these initial successes have not lead to increased use. With a few exceptions, Congress does not use the performance goals and measures agencies produce to conduct

oversight, agencies do not use them to evaluate effectiveness or drive improvements, and they have not provided meaningful information for the public.

Studies of past Federal performance management efforts have identified several problematic practices. For example, senior leaders at Federal agencies have historically focused far more attention on new policy development than on managing to improve outcomes. Mechanisms used to motivate change created serious unwanted side effects or linked to the wrong objectives. Central office reviews mandated measurements inappropriate to the situation, and performance reports seldom answered the questions of key audiences. Moreover, the annual reporting requirement of GPRA and the five-year program PART review cycle did not provide agencies the fast feedback needed to assess if delivery efforts were on track or to diagnose why they were or were not. Neither GPRA nor PART precluded more frequent measurement to inform agency action, but only a few agencies opted to supplement their annual measurement cycle with the kinds of data and analysis that fueled the private sector performance revolution.

The Administration is initiating several new performance management actions and is tasking a new generation of performance leaders to implement successful performance management practices.

To encourage senior leaders to deliver results against the most important priorities, the Administration launched the High-Priority Performance Goal initiative in June 2009, asking agency heads to identify and commit to a limited number of priority goals, generally three to eight, with high value to the public. The goals must have ambitious, but realistic, targets to achieve within 18 to 24 months without need for new resources or legislation, and well-defined, outcomes-based measures of progress. These goals are included in this Budget. Some notable examples are:

- Assist 3 million homeowners who are at risk of losing their homes due to foreclosure (Secretaries Donovan and Geithner);

- Reduce the population of homeless veterans to 59,000 in June, 2012 (Secretaries Donovan and Shinseki); and

- Double renewable energy generating capacity (excluding conventional hydropower) by 2012 (Secretary Chu).

In the coming year, the Administration will ask agency leaders to carry out a similar priority-setting exercise with top managers of their bureaus to set bureau-level goals and align those goals, as appropriate, with agency-wide priority goals. These efforts are not distinct from the goal-setting and measurement expectations set forth in the GPRA, but rather reflect an intention to translate GPRA from a reporting exercise to a performance-improving practice across the Federal Government. By making agencies' top leaders responsible for specific goals that they themselves have named as most important, the

Administration is dramatically improving accountability and the chances that Government will deliver results on what matters most.

Agency leaders will put in place rigorous, constructive quarterly feedback and review sessions to help agencies reach their targets, building on lessons from successful public sector performance management models in other governments and in some Federal agencies. In addition, the Office of Management and Budget (OMB) will initiate quarterly performance updates to help senior Federal Government leaders stay focused on driving to results.

OMB will support the agencies with tools and assistance to help them succeed. In addition, OMB will help coordinate inter-agency efforts in select situations where collaboration is critical to success.

Communicate Performance Coherently and Concisely for Better Results and Transparency

Transparent, coherent performance information contributes to more effective, efficient, fair, and responsive government. Transparency not only promotes public understanding about the actions that government is working to accomplish, but also supports learning across government agencies, stimulates idea flow, enlists assistance, and motivates performance gain. In addition, transparency can strengthen public confidence in government, especially when government does more than simply herald its successes but also provides candid assessments of problems encountered, their likely causes, and actions being taken to address problems.

The Administration is initiating several new performance communication actions. First, the Administration will identify and eliminate performance measurements and documents that are not useful. Second, what remains will be used. Goals contained in plans and budgets will communicate concisely and coherently what government is trying to accomplish. Agency, cross-agency, and program measures, including those developed under GPRA and PART that proved useful to agencies, the public, and OMB, will candidly convey how well the Government is accomplishing the goals. Combined performance plans and reports will explain why goals were chosen, the size and characteristics of problems Government is tackling, factors affecting outcomes that Government hopes to influence, lessons learned from experience, and future actions planned.

Going forward, agencies will take greater ownership in communicating performance plans and results to key audiences to inform their decisions. Making performance data useful to all audiences—congressional, public, and agency leaders—improves both program performance and reporting accuracy.

To that end, the Administration will redesign public access to Federal performance information.

The Administration will create a Federal performance portal that provides a clear, concise picture of Federal goals and measures by theme, by agency, by program, and by program type. It will be designed to increase transparency and coherence for the public, motivate improve-

ment, support collaboration, and enhance the ability of the Federal Government and its service delivery partners to learn from others' experiences and from research experiments. The performance portal will also provide easy links to mission-support management dashboards, such as the IT dashboard (*http://it.usaspending.gov/*) launched in the summer of 2009, and similar dashboards planned for other common Government functions including procurement, improper payments, and hiring.

While performance information is critical to improving Government effectiveness and efficiency, it can answer only so many questions. More sophisticated evaluation methods are required to answer fundamental questions about the social, economic, or environmental impact of programs and practices, isolating the effect of Government action from other possible influencing factors. OMB recently launched an Evaluation Initiative to promote rigorous impact evaluations, build agency evaluation capacity, and improve transparency of evaluation findings. These evaluations are a powerful complement to agency performance improvement efforts and often benefit from the availability of performance data. OMB will make information about all Federal evaluations focused on the impacts of programs and program practices available online through the performance portal. The Evaluation Initiative is explained in more detail in Chapter 8, "Program Evaluation," in this volume.

Strengthen Problem-Solving Networks

The third strategy the Administration will pursue to improve performance management involves the extensive use of existing and new practitioner networks. Federal agencies do not work in isolation to improve outcomes. Every Federal agency and employee depends on and is supported by others—other Federal offices, other levels of government, for-profit and not-for-profit organizations, and individuals with expertise or a passion about specific problems. New information technologies are transforming our ability to tap vast reservoirs of capacity beyond the office. At the same time, low-technology networks such as professional associations and communities of practice are also able to solve problems, spur innovation, and diffuse knowledge. The Administration will create cross-agency teams to tackle shared problems and reach out to existing networks, both inside and outside Government, to find and develop smarter performance management methods and to assist others in their application. It will tap their intelligence, ingenuity, and commitment, as well as their dissemination and delivery capacity.

The Performance Improvement Council (PIC), made up of Performance Improvement Officers from every Federal agency, will function as the hub of the performance management network. OMB will work with the PIC to create and advance a new set of Federal performance management principles, refine a Government-wide performance management implementation plan, and identify and tackle specific problems as they arise. The PIC will also serve as a home for Federal communities of practice, some new and some old. Some communities of practice

will be organized by problems, some by program type such as regulatory programs, and some by methods such as quality management. These communities will develop tools and provide expert advice and assistance to their Federal colleagues. In addition, the PIC will address the governance challenge of advancing progress on high-priority problems that require action by multiple agencies. The Administration will also turn to existing external networks—including State and local government associations, schools of public policy and management, think tanks, and professional associations—to enlist their assistance on specific problems and in spreading effective performance management practices.

AGENCY HIGH PRIORITY PERFORMANCE GOALS

The following pages include challenging, near-term performance improvements agencies will strive to deliver for the American people using existing legislative authority and budgetary resources. The high priority performance goals listed here are therefore a subset of the fuller suite of goals reflected in agencies' performance plans, which also include long-term strategic goals, a fuller set of agency-wide and program goals, and goals dependent on new legislation and additional funding. In addition, agencies identified performance measures under the American Recovery and Reinvestment Act, including estimates of jobs created and retained. These are shown on the Recovery Act website (*http://www.recovery.gov*). Also, given the nature of their work, national security agencies were given greater discretion in choosing which outcome-focused goals to include among the high priority performance goals publicly listed.

Department of Agriculture

Mission: The Department of Agriculture (USDA) provides leadership on food, agriculture, natural resources, rural development and related issues based on sound public policy, the best available science, and efficient management.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Department has identified the following limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view a full set of performance information please visit *www.usda.gov*.

- USDA will assist rural communities to increase prosperity so they are self sustaining, re-populating and economically thriving.
  - By 2011, increase the prosperity of rural communities by concentrating and strategically investing in 8-10 regions, resulting in the creation of strong local and regional economies, with a partic-

ular emphasis on food systems, renewable energy, broadband-based economies, and rural recreation.

- USDA will ensure our national forests and private working lands enhance our water resources and are conserved, restored, and made more resilient to climate change.
    - By the end of 2011, accelerate the protection of clean, abundant water resources by implementing high impact targeted (HIT) practices on three million acres of national forest and private working lands in priority landscapes.
- USDA will help America promote agricultural production and biotechnology exports as America works to increase food security.
    - By the end of 2011, increase the number of provinces in Afghanistan in which women and children are food secure from 10 to 14, ensuring food security for 41 percent of the country in support of the President's Afghanistan and Pakistan strategy.
    - Maintain at zero the number of incidents in which regulated genetically engineered products are comingled with non-regulated products in commercial channels, thereby protecting global markets for organic and biotech products.
    - By the end of 2011, reduce non-tariff trade barriers for five major markets and increase agriculture exports by $2 billion.
- USDA will ensure that all of America's children have access to safe, nutritious and balanced meals.
    - By the end of 2011, reduce the number of households with children who experience very low food security by 100,000.
    - By 2011, propose national standards that will result in improved quality of food sold in schools throughout the school day.
    - By the end of 2011, increase the availability of healthy foods by strategically investing in six food deserts by providing incentives for food entrepreneurs to establish or expand markets and grocery stores, including farmers markets, that make healthy foods available to low-income Americans.
    - By 2011, USDA will reduce the number of *Salmonella* illnesses by 50,000 and reduce illness costs by about $900 million as a result of FSIS regulated establishments reducing the presence of *Salmonella*.

Department of Commerce

Mission: The Department of Commerce creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship.

High Priority Performance Goals

The Commerce Department develops a 5-year strategic plan, as well as an annual performance plan and annual report on our progress. As part of developing the 2011 Budget and performance plan, the Department has also identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit: *http://www.osec. doc.gov/bmi/budget/budgetsub_perf_strategicplans.htm.*

- 2010 Decennial Census: Effectively execute the 2010 Census, and provide the States with accurate and timely redistricting data.
    - Timely completion of milestones to conduct the Census and provide redistricting data as mandated by law.
    - Achieve an accuracy level of an overall net coverage error at the national level of less than one-half of one percent.
- Intellectual Property Protection: Reduce patent pendency for first action and for final actions from the end of 2009 levels of 25.8 and 34.6 months respectively by the end of 2011, as well as the patent backlog.
- Coastal and Ocean Resource Management: Ensure environmentally and economically resilient oceans, coasts, and Great Lakes communities, with healthy and productive ecosystems.
    - Ensure that all 46 Federal fishery management plans have required catch limits to end overfishing in place by the end of 2011.
    - Reduce the number of stocks subject to overfishing to zero by the end of 2011.
    - Improve the Fish Stock Sustainability Index (FSSI) to 586 by the end of 2011. The FSSI is a measure of stock assessments and overfishing. The target represents a four-percent increase above the FSSI score at the end of 2009. (Because the FSSI does not score a stock as "not subject to overfishing" until such status has been confirmed through subsequent survey and analysis, the improvements sought in overfishing will not be fully reflected in the 2011 FSSI level.)
- Broadband Access: Efficiently and effectively implement the Broadband Technology Opportunities Program, to expand service to communities in a cost-effective manner that maximizes impacts on economic growth, education, health care, and public safety.
- Export Opportunities: Increase the annual number of Small and Medium-size Enterprises (SMEs) the Commercial Service successfully assists in exporting to a 2nd or additional country by 40 percent from 2009 to 2011.

- Sustainable Manufacturing and Building Practices: Raise the number of firms adopting sustainable manufacturing processes through the Manufacturing Extension Partnership by 250 by the end of 2011. Raise the percentage of construction projects involving buildings or structures funded by Economic Development Assistance Programs that are certified by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) or a comparable third-party certification program to 12 percent.

Department of Defense

Mission: The mission of the Department of Defense (DOD) is to provide the military forces needed to deter war and to protect the security of the United States. Since the creation of America's first army in 1775, the Department and its predecessor organizations have evolved into a global presence of three million individuals, stationed in more than 140 countries and dedicated to defending the United States by deterring and defeating aggression and coercion in critical regions. The Department embraces the core values of leadership, professionalism, and technical knowledge. Its employees are dedicated to duty, integrity, ethics, honor, courage, and loyalty.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Department has identified a limited number of high priority goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit: *http://www.defenselink.mil/comptroller/*.

- Increase Energy Efficiencies.
  - By 2011, DOD will reduce average building energy consumption by 18 percent from the 2003 baseline of 116,134 BTUs per gross square foot.
  - By 2011, DOD will produce or procure renewable energy equal to 14.3 percent of its annual electric energy usage.
- Reform the DOD Personnel Security Clearance Process.
  - Beginning in 2010, DOD will adjudicate the fastest 90 percent of initial top secret and secret personnel security clearance cases within 20 days.
  - By 2011, 90 percent of all DOD national security investigations will be received via electronic delivery.
- Create the Next Generation of Electronic Record System—Virtual Lifetime Electronic Record (VLER) by 2012. This interagency initiative will create a more effective means for electronically sharing health and benefits data of servicemembers and veterans.

  - By 2011, DOD will implement Virtual Lifetime Electronic Record (VLER) production capability in at least three sites.
- Streamline the hiring process.
  - By 2011, DOD will improve its external civilian hiring end-to-end timeline to 112 days.
- Implement DOD-wide in-sourcing initiative.
  - By 2011, DOD will decrease reliance on contract services by increasing the in-house civilian or military workforce by 19,844 authorizations for personnel.
- Spend American Reinvestment and Recovery Act (ARRA) funds quickly and effectively.
  - By 2010, DOD will have obligated at least 95 percent of DOD Facilities, Sustainment, Restoration, and Modernization budget authority, funded by ARRA.
  - By 2010, DOD will have obligated at least 95 percent of DOD Research, Development, Test, and Evaluation budget authority, funded by ARRA.
  - By 2011, DOD will have obligated at least 95 percent of DOD Military Construction budget authority, funded by ARRA.
  - By 2011, DOD will have obligated at least 69 percent of DOD Homeowners Assistance Fund budget authority, funded by ARRA.
- Provide effective business operations and ensure logistics support to Overseas Contingency Operations.
  - Beginning in 2010, DOD will maintain a 98 percent fill rate for the Joint Contracting Command (JCC) supporting contingency operations.
  - By 2011, DOD will maintain an assignment rate of 85 percent of required Contracting Officer Representatives (CORs) supporting Iraqi contingency operations.
  - By 2011, DOD will maintain an assignment rate of 85 percent of required Contracting Officer Representatives (CORs) supporting Afghan contingency operations.
  - By 2011, DOD will reduce the percent of in-theater Army central disbursements, using cash, to two percent.
  - By 2011, DOD will increase the percent of contract actions, tied to entitlements and disbursements in the systems of record, to 95 percent.
- Increase the audit readiness of individual DOD components.
  - By 2011, 80 percent of DOD Statement of Budgetary Resources Appropriations Received (line 3A) will be reviewed, verified for accuracy, and "validated" or approved as audit-ready.
  - By 2011, 14 percent of DOD Statement of Budgetary Resources will be validated as audit-ready.
  - By 2011, 30 percent of DOD Funds Balance with the Treasury will be validated as audit-ready.

– By 2011, 45 percent of DOD mission-critical assets (Real Property, Military Equipment, General Equipment, Operating Materials and Supplies, and Inventory balances) will be validated as audit-ready for existence and completeness.

• Reform the DOD Acquisition Process.

– By 2011, DOD will reduce average cycle time for Major Defense Acquisition Programs (MDAPs) starting in 2002 and later to 72 months.

– Beginning in 2010, DOD will ensure the number of breaches—significant cost overruns—for Major Defense Acquisition Programs (MDAPs) is equal to or less than the previous fiscal year.

– Beginning in 2010, DOD will increase, by one percent annually, the amount of contract obligations that are competitively awarded.

– By 2011, DOD will decrease reliance on contract services in acquisition functions by increasing the in-house civilian and/or military workforce by 4,765 authorizations for personnel.

– By 2011, DOD will increase the total number of DOD civilian and military personnel performing acquisition functions by 10,025 total personnel (end-strength).

– For 2010 and 2011, DOD will increase the percent of positions filled with personnel meeting Level II certification requirements from the previous fiscal year.

– For 2010 and 2011, DOD will increase the percent of positions filled with personnel meeting Level III certification requirements from the previous fiscal year.

• Enhance the security cooperation workforce.

– By 2011, DOD will increase the percent of incumbents that have been trained in security assistance in positions that require security assistance training to 95 percent or greater.

Department of Education

Mission: The U.S. Department of Education seeks to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

President Obama's vision is that by 2020, America will again have the best-educated, most competitive workforce in the world with the highest proportion of college graduates of any country. To do this, the United States must also close the achievement gap, so that all youth—regardless of their backgrounds—graduate from high school ready to succeed in college and careers.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Department of Education has identified a limited number of high-priority performance goals that will be a particular focus over the next two years. These goals, which will help measure the success of the Department's cradle-to-career education strategy, reflect the importance of teaching and learning at all levels of the education system. These goals are consistent with the Department's 5-year strategic plan that is under development and will be used to regularly monitor and report progress. To view the full set of performance information, please visit *www.ed.gov*.

Educational Outcomes

• Early Learning: All States collecting school readiness data and improving their overall and disaggregated school readiness outcomes.

• K-12: All States improving overall and disaggregated high-school graduation rates.

• College: Nation improving overall and disaggregated college completion rate.

Key Initiatives

• Evidence Based Policy: Implementation of a comprehensive approach to using evidence to inform the Department's policies and major initiatives, including:

– Increase by 2/3 the number of Department discretionary programs that use evaluation, performance measures and other program data for continuous improvement.

– Implement rigorous evaluations for all of the Department's highest priority programs and initiatives.

– Ensure all newly authorized Department discretionary programs include a rigorous evaluation component.

• Struggling Schools Reform: Identify as nationwide models 500 of the persistently lowest achieving schools initiating high-quality intensive reform efforts (e.g., turnarounds, restarts, transformations, or closures).

• Effective Teaching: Improve the quality of teaching and learning by:

– increasing by 200,000 the number of teachers for low income and minority students who are being recruited or retained to teach in hard-to-staff subjects and schools in systems with rigorous processes for determining teacher effectiveness;

– ensuring that all States have in place comprehensive teacher evaluation systems, based on multiple measures of effectiveness including student achievement, that are used for professional development, retention, tenure, and compensation decisions.

• Data Driven Decisions: All States implementing comprehensive statewide longitudinal data systems that link student achievement and teacher data and

link K-12 with higher education data and, to the extent possible, with pre-K and workforce data.

- College and Career Ready Standards: All States collaborating to develop and adopt internationally benchmarked college- and career-ready standards.

- Simplified Student Aid: All participating higher education institutions and loan servicers operationally ready to originate and service Federal Direct Student Loans through an efficient and effective student aid delivery system with simplified applications and minimal disruption to students.

Department of Energy

Mission: Discovering the Solutions to Power and Secure America's Future.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, DOE has identified seven high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view performance information please visit: *www.energy.gov/about/budget.htm*.

- Double renewable energy generating capacity (excluding conventional hydropower) by 2012.

- Assist in the development and deployment of advanced battery manufacturing capacity to support 500,000 plug-in hybrid electric vehicles a year by 2015.

- DOE and HUD will work together to enable the cost-effective energy retrofits of a total of 1.1 million housing units through 2011. Of this number, DOE programs will contribute to retrofits of an estimated one million housing units.

- Commit (conditionally) to loan guarantees for two nuclear power facilities to add new low-carbon emission capacity of at least 3,800 megawatts during 2010.

- Make significant progress towards securing the most vulnerable nuclear materials worldwide within four years.
  - By the end of 2011, remove or dispose of a cumulative total of 3,297 kilograms of vulnerable nuclear material (highly enriched uranium and plutonium).
  - By the end of 2011, complete material protection, control and accounting upgrades on a cumulative total of 218 buildings.

- Maintain the U.S. nuclear weapons stockpile and dismantle excess nuclear weapons to meet national

nuclear security requirements as assigned by the President through the Nuclear Posture Review.
  - Annual percentage of warheads in the Stockpile that is safe, secure, reliable, and available to the President for deployment (long term assurance).
  - Cumulative percentage of progress in completing Nuclear Weapons Council (NWC)-approved Life Extension Program (LEP) activities.
  - Cumulative percent reduction in projected W76 warhead production costs per warhead from established validated baseline, as computed and reported annually by the W76 LEP Cost Control Board.

- Reduce Cold War legacy environmental footprint by 40 percent, from 900 square miles to 540 square miles, by 2011.

Department of Health and Human Services

Mission: The Department of Health and Human Services' (HHS's) mission is to enhance the health and well-being of Americans by providing for effective health and human services and by fostering sound, sustained advances in the sciences underlying medicine, public health, and social services.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Department has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.hhs.gov/asrt/ob/docbudget/index.html*.

- Access to Early Care and Education Programs for Low-Income Children: By the end of 2010, increase the number of low-income children receiving Federal support for access to high quality early care and education settings including an additional 64,000 children in Head Start and Early Head Start and an average of 10,000 additional children per month through the Child Care and Development Fund (CCDF) over the number of children who were enrolled in 2008.

- Quality in Early Care and Education Programs for Low-Income Children: Take actions in 2010 and 2011 to strengthen the quality of early childhood programs by advancing recompetition, implementing improved performance standards and improving training and technical assistance systems in Head Start; promoting community efforts to integrate early childhood services; and by expanding the number of States with Quality Ratings Improvement Systems that meet high quality benchmarks for Child Care and other early childhood programs developed by HHS in coordination with the Department of Education.

- Medicaid and Children's Health Insurance Program: Broaden availability and accessibility of health insurance coverage through implementation of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) legislation, by increasing CHIP enrollment by over 7 percent above the 2008 baseline by the end of 2011 (from 7,368,479 children to 7,884,273 children).

- Food Safety: By the end of 2011, decrease by 10 percent from the 2005-2007 average baseline, all of the following: the rate of sporadic *Salmonella Enteritidis* (SE) illnesses in the population; the number of SE outbreaks; and, the number of SE cases associated with outbreaks.[1]

- Tobacco - Supportive Policy and Environments: By the end of 2011, increase to 75 percent[2] the percentage of communities funded under the Communities Putting Prevention to Work (CPPW) program that have enacted new smoke-free policies and improved the comprehensiveness of existing policies.

- Primary Care: By the end of 2011, increase access to primary health care by increasing the Field Strength of the National Health Service Corps (NHSC) to 8,561[3] primary care providers. This is in contrast to the 2008 field strength of 3,601.

- Emergency Preparedness - Incident Command Structure: By 2011, increase the percentage of State public health agencies that can convene within 60 minutes of notification a team of trained staff that can make decisions about appropriate response and interaction with partners to 96 percent. (CDC, 2007 Baseline: 84 percent).

- Health Information Technology (HIT): By the end of 2011, establish the infrastructure necessary to encourage the adoption and meaningful use of Health Information Technology by:
  - Establishing a network of 70 Regional Extension Centers by the end of 2010.
  - Registering 30,000 providers to receive services from Regional Extension Centers by end of 2010.
  - Registering 100,000 providers to receive services from Regional Extension Centers by end of 2011.
  - Achieving 20 percent adoption of EHRs among providers working with Regional Extension Centers by end of 2011.

- Biomedical Research: By 2011, reduce the fully-loaded cost of sequencing a human genome to $25,000.

[1] Targets will be reevaluated after actual data is provided for 2009.

[2] This target may be adjusted once the actual CCPPW-funded communities have been selected in February 2010.

[3] The target of 8,561 assumes the 2010 Appropriation figure of $100.797 million for the National Health Service Corps Recruitment line and the 2011 President's Budget Request of $122.588 million. If the Congress were to provide less funding in 2011, the target would need to be adjusted accordingly.

Department of Homeland Security

Mission: The Department of Homeland Security (DHS) has identified six goals that are based on operational missions defined by the Secretary's Priorities. In addition, the Department has provided two additional goals focused on the Secretary's Priority of Maturing and Strengthening the Homeland Security Enterprise. When DHS speaks of the "Homeland Security Enterprise", we define it as the collective efforts of Federal, State, local, tribal, territorial non-governmental and private-sector partners—as well as individuals, families and communities—to maintain critical homeland security capabilities.

The five operational missions defined by the Secretary are:

1. Countering terrorism and enhance security
2. Securing and managing our borders
3. Administering and enforcing our immigration laws
4. Safeguarding and security cyberspace
5. Ensuring resilience from disasters

DHS currently has a 5-year strategic plan, a 5-year programming plan (Future Year Homeland Security Plan), as well as an annual performance plan and an annual performance report on Department progress. The Department will develop a new strategic plan based on these new priorities established by the Secretary.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, DHS identified this set of high priority performance goals that will be a particular focus over the next two years. These goals have been organized around the priority areas identified above. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit: *http://www.dhs.gov/xabout/budget/gc_1214235565991.shtm\.*

Countering terrorism and enhancing security

- Improve security screening of transportation passengers, baggage, and employees while expediting the movement of the traveling public (aviation security).
  - Passenger and Baggage Security Screening Results (classified measures).
  - Wait times for aviation passengers (Target: Less than 20 minutes by 2012).
- Improve security screening of transportation passengers, baggage, and employees while expediting the movement of the traveling public (surface transportation security).
  - Percent of mass transit and passenger rail agencies that have effectively implemented industry agreed upon Security and Emergency Manage-

ment Action items to improve security (Target: 75 percent by 2012).

Securing and managing our borders

- Prevent terrorist movement at land ports of entry through enhanced screening while expediting the flow of legitimate travel.
  - Achieve 97 percent compliance with Western Hemisphere Travel Initiative.
  - Complete deployment of WHTI facilitative technology to low volume land ports of entry.
  - Improve the land border Law Enforcement Query Rate to 95 percent.
  - Increase the RFID document utilization rate to 25 percent.

Administering and enforcing our immigration laws

- Improve the efficiency of the process to detain and remove illegal immigrants from the United States.
  - Increase the number of dangerous criminal aliens removed by four percent per year.
  - Decrease the number of days spent in custody by criminal aliens before they are removed from the United States from 43 to 41 days in 2010.
- Improve the delivery of immigration services
  - Percent of USCIS workload adjudicated electronically. (Target: 40 percent by Q4 2011).
  - Percent of Solution Architect deliverables delivered on time. (Target: 100 percent).
  - Project milestones completed within 10 percent of cost, schedule, and performance goals.

Ensuring resilience from disasters

- Strengthen disaster preparedness and response by improving FEMA's operational capabilities and strengthening State, local and private citizen preparedness.
  - Increase the capacity to provide temporary housing to disaster survivors by 200 percent.
  - Improve to 90 percent the percentage of shipments arriving with the requested materials at the requested location by the validated/agreed upon delivery date.
  - Improve to 95 percent the percentage of respondents reporting they are better prepared to deal with disasters and emergencies as a result of training.

Maturing and Strengthening the Homeland Security Enterprise

- Mature and unify the Homeland Security Enterprise through effective information sharing.
  - Increase the percentage of information sharing agreements that allow for the sharing of information across all components of DHS by 85 percent.

- Improve Acquisition Execution Across the DHS Acquisition Portfolio, by ensuring Key Acquisition Expertise resides in Major Program Office and Acquisition Oversight Staffs throughout the Department.
  - Increase from 45 percent to 60 percent the major acquisition projects that do not exceed 10 percent of cost / schedule / performance objectives.

Department of Housing and Urban Development

Mission: The mission of the Department of Housing and Urban Development (HUD) is to invest in quality, affordable homes and build strong, safe, healthy communities for all.

High Priority Performance Goals

HUD develops a 5-year strategic plan, as well as an annual performance plan and annual report on our progress. As part of developing the 2011 Budget and performance plan, HUD has also identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit: *http://www.hud.gov/offices/cfo/reports/cforept.cfm*.

- Foreclosure Prevention
  - Assist three million homeowners who are at risk of losing their homes due to foreclosure.
    - 200,000 homeowners will be assisted through FHA programs.
    - 400,000 homeowners will be assisted through third-party lender loss mitigation initiatives mandated by FHA but not receiving FHA subsidy.
    - 2.4 million homeowners will be assisted through joint HUD-Treasury programs.
  - For all FHA borrowers that become 30 days late, achieve a Consolidated Claim Workout (CCW) Ratio[4] of 75 percent, representing a 10 percentage point improvement over current levels, and for those receiving a CCW achieve a six month re-default rate[5] of 20 percent or less, representing a five percentage point reduction from current levels.
- Rental Assistance: By the end of 2011, HUD programs will meet more of the growing need for affordable rental homes by serving 5.46 million families, 207,000 more than in 2009.

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[4] CCWs combine FHA partial claims, loan modifications and new HAMP modifications that represent affordable solutions, but exclude less affordable forbearance programs.

[5] Since most re-defaults tend to occur in the first six months after the workout, the six month period was selected to allow measurement of goal performance within a given year.

- Veteran's Homelessness: HUD and the Department of Veterans Affairs (VA) will jointly reduce homelessness among veterans.

  – Together, the two agencies will reduce the number of homeless veterans to 59,000 in June, 2012. Without intervention, there would be an estimated 194,000 homeless veterans by June, 2012.

  – Toward this joint goal, HUD is committed to assisting 16,000 homeless veterans each fiscal year to move out of homelessness into permanent housing (6,000 through Continuum of Care programs, and 10,000 in partnership with VA through the HUD-VASH program).

- DOE and HUD will work together to enable the cost-effective energy retrofits of a total of 1.1 million housing units through 2011.

  – Of this number, HUD will complete cost-effective energy retrofits of an estimated 126,000 HUD-assisted and public housing units.

  – Apart from our joint energy retrofit goal with DOE, HUD will complete green and healthy retrofits of 33,000 housing units.

Department of the Interior

Mission: The U.S. Department of the Interior protects and manages the Nation's natural resources and cultural heritage; provides scientific and other information about those resources; and honors its trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated Island Communities.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Department has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.doi.gov/ppp/perfreport.html*.

- Renewable Energy Development: Increase approved capacity for production of renewable (solar, wind, and geothermal) energy resources on Department of the Interior managed lands, while ensuring full environmental review, by at least 9,000 megawatts through 2011.

- Water Conservation: Enable capability to increase available water supply for agricultural, municipal, industrial, and environmental uses in the western United States up to 375,000 acre-feet (estimated amount) by the end of 2011 through the bureau's conservation-related programs, such as water reuse and recycling (Title XVI) and Challenge Grants.

- Safe Indian Communities: Achieve significant reduction in criminal offenses of at least five percent within 24 months on targeted tribal reservations

by implementing a comprehensive strategy involving community policing, tactical deployment, and critical interagency and intergovernmental partnerships.

- Climate Change: By 2012, the Department will identify the areas and species' ranges in the U.S. that are most vulnerable to climate change, and begin implementing comprehensive climate change adaptation strategies in these areas.

- Youth Stewardship: By the end of 2011, increase by 50 percent (from 2009 levels) the employment of youth between the ages of 15-25 in the conservation mission of the Department.

Department of Justice

Mission: To enforce the law and defend the interests of the United States according to the law, to ensure public safety against threats foreign and domestic, to provide federal leadership in preventing and controlling crime, to seek just punishment for those guilty of unlawful behavior, and to ensure fair and impartial administration of justice for all Americans.

High Priority Performance Goals

The Department of Justice develops a 5-year strategic plan, as well as an annual performance and accountability report on our progress. As part of developing the 2011 Budget and performance plan, the Department of Justice has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit: *http://www.justice.gov/02organizations/bpp.htm*.

- National Security: Increase the percentage of total counterterrorism investigations targeting Top Priority threats by five percent by the end of 2011.

- White Collar Crime: Increase white collar caseload by five percent concerning mortgage fraud, health care fraud, and official corruption by 2012, with 90 percent of cases favorably resolved.

- *V*iolent Crime: Increase agents and prosecutors by three percent, in order to reduce incidents of violent crime in high crime areas by 2012.

- Immigration: Increase Immigration Judges by 19 percent by the end of 2011 in order to expeditiously remove/release detained aliens by completing 85 percent of immigration court detained cases within 60 days.

- Public Safety: Support 8,900 additional police officers by 2012 via COPS Hiring Programs to promote

community policing strategies that are evidence based.

- Civil Rights: Increase the number of persons favorably impacted by resolution of civil rights enforcement cases and matters.
  - By the end of 2011 increase the criminal civil rights caseload by 34 percent with 80 percent of cases favorably resolved.
  - By the end of 2011 increase the non-criminal civil rights caseload by 28 percent, with 80 percent of cases favorably resolved.
  - By the end of 2011 increase the number of complaints finalized by mediation by 10 percent, with 75 percent of mediation complaints successfully resolved.

Department of Labor

Mission: The Department of Labor fosters and promotes the welfare of the job seekers, wage earners, and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening free collective bargaining, and tracking changes in employment, prices, and other national economic measurements.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Department of Labor has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.dol.gov/dol/aboutdol/main.htm*.

- Workplace Fatalities: Reduce fatalities resulting from common causes by two percent in Occupational Safety and Health Administration-covered workplaces and by five percent in mining sites per year.

- Wage Law Enforcement: Increase the percent of prior violators who remain in compliance with the minimum wage and overtime provisions of the Fair Labor Standards Act (FLSA) to 75 percent in 2011 from 66 percent in 2009.

- International Labor Laws: By the end of 2011, improve worker rights and livelihoods for vulnerable populations in at least eight developing country trading partners.

- Workers' Compensation: Create a model return-to-work program to reduce lost production day rates by one percent per year and reduce injury and illness rates by at least four percent per year in 2010 and 2011.

- Worker Job Training:
  - By June 2012, increase by 10 percent (to 220,000) the number of WIA low-skilled adults, dislocated workers, disadvantaged youth; and National Emergency Grant (NEG), Trade Adjustment Assistance (TAA), and Community-Based Job Training (CBJT) program completers who receive training and attain a degree or certificate.
  - Train over 120,000 Americans for green jobs by June 2012.

Department of State and USAID

Mission: The shared mission of the U.S. Department of State and the U.S. Agency for International Development (USAID) is to advance freedom for the benefit of the American people and the international community by helping to build and sustain a more democratic, secure, and prosperous world composed of well-governed states that respond to the needs of their people, reduce widespread poverty, and act responsibly within the international system.

High Priority Performance Goals

As part of our 2011 Performance Budget and Annual Performance Plan, the Department and USAID identified a limited number of joint high priority performance goals that reflect both agencies' priorities and will be a particular focus for the two agencies from now through 2011. These goals are a subset of those used to regularly monitor and report performance against our joint strategic plan. To view the full set of performance information please visit *www.state.gov* and *www.usaid.gov*.

- Afghanistan and Pakistan: Strengthen the host country capacity to effectively provide services to citizens and enhance the long-term sustainability of development efforts by increasing the number of local implementers (government and private) that can achieve a clean audit to clear them to manage civilian assistance funds.

- Iraq: Helping the Iraqi people continue to build a sovereign, stable, and self-reliant country as the United States transitions from military to civilian responsibility in Iraq, measured by improvements in security, political, and economic metrics.

- Global Health: By 2011, countries receiving health assistance will better address priority health needs of women and children, with progress measured by USG and UNICEF-collected data and indicators. Longer term, by 2015, the Global Health Initiative aims to reduce mortality of mothers and children under five, saving millions of lives, avert millions of unintended pregnancies, prevent millions of new HIV infections, and eliminate some neglected tropical diseases.

- Climate Change: By the end of 2011, U.S. assistance will have supported the establishment of at least 20 work programs to develop Low-Carbon Development Strategies (LCDS) that contain measurable, reportable, and verifiable actions. This effort will lay the groundwork for at least 30 completed LCDS by the end of 2013 and meaningful reductions in national emissions trajectories through 2020.

- Food Security: By 2011, up to five countries will demonstrate the necessary political commitment and implementation capacities to effectively launch implementation of comprehensive food security plans that will track progress towards the country's Millennium Development Goal (MDG1) to halve poverty and hunger by 2015.

- Democracy and Good Governance: Facilitate transparent, participatory, and accountable governance in 23 priority emerging and consolidating democracies by providing training assistance to 120,000 rule of law professionals, civil society leaders, democratically elected officials, journalists, and election observers over the 24-month period of October 1, 2009 through September 30, 2011.

- Global Security–Nuclear Nonproliferation: Improve global controls to prevent the spread of nuclear weapons and enable the secure, peaceful use of nuclear energy.

- Management–Building Civilian Capacity: Strengthen the civilian capacity of the State Department and USAID to conduct diplomacy and development activities in support of the Nation's foreign policy goals by strategic management of personnel, effective skills training, and targeted hiring.

Department of Transportation

Mission: The national objectives of general welfare, economic growth and stability, and the security of the United States require the development of transportation policies and programs that contribute to providing fast, safe, efficient, and convenient transportation at the lowest cost consistent with those and other national objectives, including the efficient use and conservation of the resources of the United States.

High Priority Performance Goals

The Department of Transportation (DOT) develops a 5-year strategic plan, as well as annual performance plans in its budget submission to Congress and an annual performance report on our progress. As part of developing the 2011 Budget and performance plan, the Department of Transportation has also identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance.

To view the full set of performance information please visit: *http://www.dot.gov/about_dot.html#perfbudgplan*.

- Reduce the Highway Fatality Rate: Reduce the rate of highway fatalities to 1.13 − 1.16 per 100 million vehicle miles traveled by the end of 2011, through a variety of initiatives aimed at drivers, improved road design, and the use of technology to improve safety. DOT will revisit this target once it has had the opportunity to research the effects of the recession on vehicle miles traveled and more completely understand the effect of new technology, safety standards, and demographic trends on passenger survival in an accident.

- Limit the Rate of Aviation Risks on Runways: Reduce the risk of accidents during aircraft departures and landings by reducing the number of runway incursions five percent from the 2008 baseline by the end of 2011.

- Improve Rail Transit Industry Focus on Safety Vulnerabilities:
  - Improve State Safety Oversight programs' compliance with existing requirements by the end of the third quarter of 2010.
  - Form a compliance advisory committee, in accordance with the Federal Advisory Committee Act, to provide input on potential future regulation by the end of 2010.
  - Complete at least three workshops and training on transit asset management, including a focus on safety critical assets by the end of 2010.

- Establish High Speed Rail Capability: Increase the Nation's ability to develop high speed intercity passenger rail.
  - Obligate or issue a Letter of Intent to obligate 100 percent of funds to selected grantees by the end of 2011.

Department of the Treasury

Mission: Maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan the Department of the Treasury has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.treas.gov/offices/management/budget/planningdocs/*.

- Repair and reform the financial system
  - Complete up to four million trial mortgage loan modifications by December 31, 2012.
  - Implement strong, comprehensive regulatory reform to restore stability and accountability to the financial system.
  - Establish a new Financial Services Oversight Council of financial regulators to identify emerging systemic risks and improve interagency cooperation.
  - Indicator: Mortgage interest rates.
  - Indicator: Cost of credit to businesses.
  - Indicator: Consumer Asset-Backed Securities (ABS) issuance.
  - Indicator: Chicago Federal Reserve Bank's National Activity Index, 3-Month Moving Average (CFNAI-MA3).
- Increase voluntary tax compliance
  - Make progress against the Tax Gap through improved service and enhanced enforcement of the tax laws:
    - Achieve over four million document matching closures in a year in 2011 (where IRS information does not match taxpayer reported information).
    - Implement the new Customer Account Data Engine database and processing platform by December 2011, doubling the number of taxpayers receiving refunds on a five-day cycle.
  - Assist Americans in voluntarily meeting their tax obligations:
    - Increase individual income tax filers' American Customer Satisfaction Index to 69 percent.
    - Improve telephone level of service to at least 75 percent by the end of 2011.
- Significantly increase the number of paperless transactions with the public
  - Increase electronic payment, collections, and savings bonds transactions by 33 percent by the end of 2011.
  - Increase individual E-file rate to 81 percent.

Department of Veterans Affairs

Mission: The Department of Veterans Affairs (VA) is responsible for a timeless mission: "To care for him who shall have borne the battle, and for his widow, and his orphan"—by serving and honoring the men and women who are America's Veterans.

High Priority Performance Goals

VA identified five high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance as part of developing the 2011 Budget and performance plan. To view our most recent annual performance report, please visit *http://www4.va.gov/ budget/report/*.

- In conjunction with HUD, reduce the homeless veteran population to 59,000 by June 2012 on the way to eliminating veteran homelessness.

- Build and deploy an automated GI Bill benefits system to speed tuition and housing payments for all eligible veterans by December 2010.
  - By the end of 2011, reduce the average number of days to complete original Post-9/11 GI Bill education benefit claims to 18 days.

- Implement a 21st Century paperless claims processing system by 2012 to ultimately reduce the average disability claims processing time to 125 days.

- Create the next generation of electronic record system—Virtual Lifetime Electronic Record (VLER) by 2012. This interagency initiative will create a more effective means for electronically sharing health and benefits data of service members and veterans.
  - By the end of 2011, at least three sites will be capable of bi-directional information exchange between VA, the Department of Defense, and the private sector.
  - The prototyping and pilot phases will be completed by 2012.

- Improve the quality, access, and value of mental health care provided to veterans by December 2011.
  - By the end of 2011, 96 percent of mental health patients will receive a mental health evaluation within 15 days following their first mental health encounter.
  - By the end of 2011, 97 percent of eligible patients will be screened at required intervals for Post Traumatic Stress Disorder.
  - By the end of 2010, 97 percent of all eligible patients will be screened at required intervals for alcohol misuse, and 96 percent will be screened for depression.

- Deploy a Veterans Relationship Management (VRM) Program to improve access for all Veterans to the full range of VA services and benefits by June 2011.
  - By the end of 2010, implement call recording, national queue, transfer of calls and directed voice and self help.
  - By the end of 2010, enhance transfers of calls among all Veterans Benefits Administration lines of business with capability to simultaneously transfer callers' data.
  - By the end of 2010, pilot the Unified Desktop within Veterans Benefits Administration lines of businesses to improve call center efficiency.

Army Corps of Engineers—Civil Works

Mission: The civil works program develops, manages, and restores water resources, with a focus on its three main mission areas, which are: 1) commercial navigation; 2) flood and storm damage reduction; and 3) aquatic ecosystem restoration. The Corps, working with other Federal agencies, also helps communities respond to and recover from floods and other natural disasters.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Corps has identified four high priority performance goals to focus on over the next two years. These goals are a subset of those that it uses internally to monitor and report project and program performance. To view our performance-related information, please visit *http://www.usace.army.mil/CECW/Pages/fpi.aspx*.

- Aquatic Ecosystem Restoration and Regulatory Program: Provide sustainable development, restoration, and protection of the Nation's water resources by restoring degraded habitat on 10,300 acres in the Aquatic Ecosystem Restoration program by the end of 2011, which would result in an increase of 17 percent over the total acreage estimated to have been restored during 2005-2010, and achieving no net loss of wetland function through avoidance and mitigation in the Regulatory Program.

- Flood Risk Management: Reduce the Nation's risk of flooding that damages property and places individuals at risk of injury or loss of life. Metrics include:
  - Reduced risk of damage to property (Cumulative damages prevented)
    - 2006-2009: $122 million; 2010: $150 million; 2011: $174 million.
  - Reduced risk to life and safety (Cumulative increase in the number of people offered protection)
    - 2006-2009: 908 thousand people; 2010: 945 thousand people; 2011: 2.77 million people.

  This goal reflects the estimated cumulative flood damage reduction benefits (starting from 2006) resulting from completing construction of projects in 2010 or 2011. These first metric's targets are based on projected milestones of an additional $28 million of property with a reduced risk of damage in 2010 and another $24 million in 2011. The second metric's targets reflect project milestones of an additional 37 thousand people and another 1.823 million people offered protection in 2010 and 2011 respectively.

  In addition, for those completed projects, the Corps also will track overall project implementation performance by identifying variances in schedule and cost between the actual results and the initial estimates as adjusted for inflation, as

well as documenting the causes of such variances. This will enable the Corps to better develop future project cost estimates and implementation schedules with the goal of keeping cost and schedule variance to no more than 10 percent.

- Commercial Navigation—Help facilitate commercial navigation by providing safe, reliable, highly cost-effective, and environmentally sustainable waterborne transportation systems.

  Primary metric, inland navigation program: The number of instances where mechanically driven failure or shoaling results in the closure of a high or moderate commercial use segment anywhere in the Nation for a defined period of time. The Corps will measure overall program performance based on its ability over time to reduce both the number of preventable closures that last longer than 24 hours, as well as the number of preventable closures that last longer than one week. Using these measures, the Corps will aim to achieve a level of performance each year that is as good as the median level of annual performance over the past three years (from 2007—2009). The Corps will only count preventable closures (i.e., not closures due to low water levels from droughts, high water levels from floods, or accidents) caused by: (1) a failure on the main chamber of a lock, rather than an auxiliary chamber; or (2) shoaling due to inadequate dredging.

- Hydropower Program—Increase the Hydropower program's performance metric of average peak unit availability for 353 generating units from the 2009 level of 88 percent to 90 percent by 2011. This will move the Corps closer to the industry standard level, which is 98 percent.

Environmental Protection Agency

Mission: The mission of the Environmental Protection Agency (EPA) is to protect human health and to safeguard the natural environment—air, water and land—upon which life depends.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, EPA has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.epa.gov/ocfo/par/2009par/*.

- EPA will improve the country's ability to measure and control Green House Gas (GHG) emissions. Building a foundation for action is essential.
  - By June 15, 2011, EPA will make publically available 100 percent of facility-level GHG emissions

data submitted to EPA in compliance with the GHG Reporting Rule.

– In 2011, EPA working with DOT will begin implementation of regulations designed to reduce the GHG emissions from light duty vehicles sold in the U.S. starting with model year 2012.

• Clean water is essential for our quality of life and the health of our communities. EPA will take actions over the next two years to improve water quality.

– All Chesapeake Bay watershed States (including the District of Columbia) will develop and submit approvable Phase I watershed implementation plans by the end of CY 2010 and Phase II plans by the end of CY 2011 in support of EPA's final Chesapeake Bay Total Maximum Daily Load (TMDL).

– By the end of 2011, increase the percent of federal CWA discharge permit enforcement actions that reduce pollutant discharges into impaired waterways from 20 percent (2009 baseline) to 25 percent, and promote transparency and right-to-know by posting results and analysis on the web.

– EPA will initiate over the next two years, at least four drinking water standard reviews to strengthen public health protection.

• EPA will ensure that environmental health and protection is delivered to our communities.

– By 2012, EPA will have initiated 20 enhanced Brownfields community level projects that will include a new area-wide planning effort to benefit under-served and economically disadvantaged communities. This will allow those communities to assess and address multiple Brownfields sites within their boundaries, thereby advancing area-wide planning and cleanups and enabling redevelopment of Brownfields properties on a broader scale than on individual sites. EPA will provide technical assistance, coordinate its enforcement, water and air quality programs, and work with other Federal agencies, States, tribes and local governments to implement associated targeted environmental improvements identified in each community's area-wide plan.

National Aeronautics and Space Administration

Mission: The National Aeronautics and Space Administration (NASA) drives advances in science, technology, and exploration to enhance knowledge, education, innovation, economic vitality, and stewardship of the Earth.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, NASA has identified a limited number of high priority performance goals that will be a particular focus over the next two years. The Agency will be establishing one or more additional goals in the months ahead for its human space programs. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit: *www.nasa.gov/news/budget/index.html*.

• Aeronautics Research: Increase efficiency and throughput of aircraft operations during arrival phase of flight.

– By September 2012, NASA will deliver a Technology Transition Document to the FAA. The goal is to conduct demonstration field tests of a NASA-developed technology that can reduce airliner flight time, fuel consumption, noise and emissions. Delivering complete documentation of the demonstration supports a process for potential deployment of this technology by the FAA.

• Earth Science: NASA will make significant progress towards completion of the integration, test, launch, validation and initiation of early orbit operations of the Aquarius, Glory and NPOESS Preparatory Project (NPP) missions prior to the end of Fiscal Year 2011.

– Aquarius: By February 2011, conduct "In-Orbit Checkout" (60 days post launch).

– Glory: By January 2011, complete the Glory Transition Review.

– NPP: By April 2011, complete the NPP Operational Handover Review.

These milestones indicate when each mission is expected to become operational. The delays thus far for these missions represent an unplanned cost burden to NASA as well as lost opportunity in collecting essential data that supports major scientific assessments for climate change.

• Education and Future Workforce Preparation: Increase annually the percentage of NASA higher education program student participants employed by NASA, aerospace contractors, universities, and other educational institutions.

– In 2010 the target is to achieve a 60 percent conversion to the workforce of students who receive a degree and meet the threshold for funding/contact hour investments by NASA. The current actions and measures within this goal are intended to improve the means through which higher education program managers can increase the percentage of students hired into the NASA, aerospace, and Science, Technology, Engineering, and Mathematics (STEM) education workforce.

• Energy Management: Ensure a sustainable infrastructure by reducing Agency energy intensity use.

– For facility energy use, the target is 30 percent reduction in energy intensity Btu/gsf by the end of 2015 (from a 2003 baseline, reduce energy three percent per year for 2006-2015).

– For fleet vehicle energy use, the target is 30 percent reduction in fleet total consumption of petroleum products by the end of 2020 (two percent per year from a 2005 baseline).

– For potable water use, the target is 26 percent reduction in water intensity gal/gsf by the end of 2020 (two percent per year from a 2007 baseline).

National Science Foundation

Mission: The National Science Foundation (NSF) promotes the progress of science, engineering, and education for the common good. The National Science Foundation carries out its mission by investing in the best ideas generated by scientists, engineers and educators working at the frontiers of knowledge, and across all fields of research and education.

High Priority Performance Goals

As part of developing the 2011 budget and performance plan, NSF has identified a high priority performance goal focused on evidence-based approaches to our Science, Technology, Engineering, and Mathematics (STEM) workforce development programs that will be a particular focus over the next two years. In addition to this high priority performance goal, there are a number of other goals used to regularly monitor and report performance. To view the full set of performance information please visit *www.nsf. gov/about/performance/*.

- Improve the education and training of an innovative Science, Technology, Engineering, and Mathematics (STEM) workforce through evidence-based approaches that includes collection and analysis of performance data, program evaluation and other research.

  – By the end of 2011, at least six major NSF STEM workforce development programs at the graduate/postdoctoral level have evaluation and assessment systems providing findings leading to program re-design or consolidation for more strategic impact in developing STEM workforce problem solvers, entrepreneurs, or innovators.

Small Business Administration

Mission: The Small Business Administration (SBA) was established in 1953 to "aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns." The charter also stipulated that SBA would ensure small businesses a "fair proportion" of Government contracts and sales of surplus property. SBA's mission is to maintain and strengthen the Nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, SBA has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.sba. gov/aboutsba/budgetsplans/index.html*.

- Lending: Expand access to capital by increasing the number of active SBA lending partners for the 7(a) loan program to 3,000 by September 30, 2011, a 15 percent increase over the 2008 and 2009 average. The SBA will increase its outreach to lending partners so that small business owners will have increased access to capital. The foundation for the initiative is the Office of Capital Access which oversees the SBA lending programs. Additionally, the primary contacts for these lenders are the staff in the Office of Field Operations' 68 district offices around the country. Other SBA resources will play a role in promoting and achieving this goal.

- Contracting: Increase small business participation in Federal Government contracting to meet the statutory goals and reduce participation by ineligible firms. Congress has mandated that small businesses should receive 23 percent of Federal Government prime contracts and has set separate goals for other subsets of the small business community. The SBA's Office of Government Contracting and Business Development will play a lead coordinating role in helping each Federal agency reach the specific goals, and other SBA resources will play a role in promoting contracting opportunities to small business owners.

- Disaster Assistance: Process 85 percent of home loan applications within 14 days and 85 percent of business and EIDL loan applications within 18 days. The SBA's Office of Disaster Assistance will lead the Agency in overseeing the success of this goal. In addition, the Office of Field Operations, including its 68 offices around the country, will assist with "on the ground" efforts.

- Small Business Innovation Research Program: Improve the SBIR program by 1) deploying an improved data collection and reporting system, including implementing performance metrics, 2) implementing more systematic monitoring for fraud waste and abuse, and 3) improving commercialization from existing program awards.

Social Security Administration

Mission: The Social Security Administration's (SSA's) mission is to "deliver Social Security services that meet the changing needs of the public."

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, the Social Security Administration identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.socialsecurity.gov/asp.*

- Increase the Number of Online Applications: By 2012, achieve an online filing rate of 50 percent for retirement applications. In 2011, SSA's goal is to:

  - Achieve 44 percentage of total retirement claims filed online.
  - Additionally, achieve 27 percentage of total initial disability claims filed online.

- Issue More Decisions for People Who File for Disability: SSA will work towards achieving the Agency's long-term outcomes of lowering the disability backlogs and accurately processing claims. SSA will also ensure that clearly disabled individuals will receive an initial claims decision within 20 days. Finally, the Agency will reduce the time it takes an individual to receive a hearing decision to an average of 270 days by 2013. In order to efficiently issue decisions in 2011, SSA's goal is to:

  - Process 3.317 million out of a universe of 4.316 million initial disability claims.
  - Achieve 6.5 percent of initial disability cases identified as a Quick Disability Determination or a Compassionate Allowance.
  - Process 799,000 out of a universe of 1.456 million hearing requests.

- Improve SSA's Customers' Service Experience on the telephone, in field offices, and online: To alleviate field office workloads and to provide the variety of services the public expects, SSA will improve telephone service on the national 800-number and in the field offices. By 2011, SSA's goal is to:

  - Achieve an average speed of answer of 264 seconds by the national 800-number.
  - Lower the busy rate for national 800-number calls from eight percent to seven percent.
  - Raise the percent of individuals who do business with SSA rating the overall services as "excellent," "very good," or "good" from 81 percent in 2009 to 83.5 percent.

- Ensure Effective Stewardship of Social Security Programs by Increasing Program Integrity Efforts: SSA will improve program integrity efforts by minimizing improper payments and strengthening the Agency's efforts to protect program dollars from waste, fraud, and abuse. In 2011, SSA's goal is to:

  - Process 359,800 out of a total of approximately 2 million medical continuing disability reviews, an increase of 9.4 percent over 2010.

  - Process 2.422 million supplemental security income non-disability redeterminations in 2011.

General Services Administration

Mission: The General Services Administration (GSA) leverages the buying power of the Federal Government to assure value for taxpayers and our customers.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, GSA has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used to regularly monitor and report performance. To view the full set of performance information please visit *www.gsa.gov/annualreport.*

- Further green the GSA Fleet inventory and that of its largest customer, the U.S. Army, by collaborating to provide 1,000 Low Speed Electric Vehicles (LSEV) by September 30, 2011.

- Provide agile technologies and expertise for citizen-to-Government interaction that will achieve unprecedented transparency and build innovative solutions for a more effective, citizen-driven Government.

  - Create three readiness assessments and criteria-based tool selection guidance by April 15, 2010.
  - Provide assistance to other Federal agencies in conducting six dialogs by September 30, 2010.
  - Realize 136 million touchpoints (citizen engagements) through Internet, phone, print and social media channels by September 30, 2010.
  - Successfully complete three agency dialogs with the public to better advance successful use of public engagements by September 30, 2010.
  - Train 100 Government employees on citizen engagement in forums, classes and/or webinars that are rated highly successful by participants and linked to agency capability building and successful engagement outcomes by September 30, 2010.

- Identify at least three demonstration projects during 2010 to begin designing toward zero net energy footprint using the principles of Living Building Challenge.

Office of Personnel Management

Mission: The mission of the Office of Personnel Management (OPM) is to recruit, retain, and honor a world-class workforce to serve the American people.

High Priority Performance Goals

As part of developing the 2011 Budget and performance plan, OPM has identified a limited number of high priority performance goals that will be a particular focus over the next two years. These goals are a subset of those used

to regularly monitor and report performance. To view the full set of performance information please visit *www.opm. gov/about_opm/*.

- Hiring Reform: 80 percent of Departments and major agencies meet agreed upon targeted improvements to:
  - Improve hiring manager satisfaction with applicant quality.
  - Improve applicant satisfaction.
  - Reduce the time it takes to hire.

- Telework: Increase by 50 percent the number of eligible Federal employees who telework.
  - By 2011, increase by 50 percent the number of eligible Federal employees who telework over the 2009 baseline of 102,900.

- Security Clearance Reform: Maintain or exceed OPM-related goals of the Intelligence Reform and Terrorism Prevention Act of 2004 and provide OPM deliverables necessary to ensure that security clearance reforms are substantially operational across the Federal Government by the end of CY 2010.

- Retirement Claims Processing: Reduce the number of retirement records OPM receives that are incomplete and require development to less than 38 percent by the end of 2010, 35 percent by the end of 2011, and 30 percent by the end of 2012.

- Wellness: By the end of 2011, every agency has established and begun to implement a plan for a comprehensive health and wellness program which will achieve a 75 percent participation rate.

Cross-Cutting Goals in Support of Executive Order 13514, Federal Leadership in Environmental Energy and Economic Performance

Mission: Because of the size and scale of Federal operations, agency actions to lead by example in shifting to a clean energy economy align with our Nation's energy security priorities. Executive Order 13514 promotes the Administration's policy to increase energy efficiency; measure, report and reduce Federal agencies' greenhouse gas emissions from both direct and indirect activities; conserve and protect water resources; eliminate waste; leverage Federal acquisition to foster markets for sustainable technologies, products and services; design, construct, maintain and operate high performance sustainable buildings in sustainable locations and strengthen the vitality and livability of the communities in which Federal facilities are located.

High Priority Performance Goals

The following high priority performance goals are identified as essential to meeting the Executive Order objectives. Achievement of all of these goals will help enable the Federal Government to meet its Greenhouse Gas Emission reduction target of 28 percent by 2020. Individual agencies will be held accountable for achieving these goals annually through an OMB Scorecard on Energy and Sustainability.

- Energy Intensity Reduction (Btu/GSF): All Federal agencies will reduce their energy intensity (in goal-subject facilities) by 30 percent in 2015 as compared to 2003 or three percent annually. At the start of the Administration, the Federal Government had reduced its energy intensity by at least 9.3 percent since 2003 and plans to exceed 18 percent by the end of 2011.

- Renewable Energy Increase: All Federal agencies will increase their use of electricity from renewable sources from three percent in 2008 to 7.5 percent by 2013 and at least half of that will come from (new) sources placed in service after 1999.

- Water Intensity Reduction: All Federal agencies will reduce their use of potable water by at least 10 percent in 2012 or two percent annually from their 2007 use.

- Petroleum Reduction: Federal agencies will reduce their petroleum use in covered fleet vehicles by at least 20 percent by 2015 or two percent annually from 2005 use. Emergency vehicles are excluded from this requirement.

- Green Buildings: By 2015, all Federal agencies will have converted at least 15 percent of their buildings inventories to be green as defined by the Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings. These buildings will employ integrated design principles, optimize energy efficiency, use renewable energy, protect and conserve water, have improved indoor environmental quality, and reduce the environmental impacts of materials.

- GHG Emission Reduction: Agencies will submit their first complete GHG inventory and demonstrate that they are on track to achieve their individual 2020 GHG emission reduction targets.

8. PROGRAM EVALUATION

Empirical evidence is an essential ingredient for assessing whether Government programs are achieving their intended outcomes. Agencies use performance measurement to track progress toward intended program outcomes and to suggest which programs and practices hold the most promise for improving performance and which do not. Performance measurement is a critical tool managers use to improve performance, but often cannot conclusively answer questions about how outcomes would differ in the absence of a program or if a program had been administered in a different way. That is where program evaluations play a critical role.

Good program evaluations help answer questions such as whether workers are safer in facilities that are inspected more frequently, whether one option for turning around a low-performing school is more effective than another, and whether outcomes for families are substantially improved in neighborhoods that receive intensive services. A central pillar of good government is a culture where answering such questions is a fundamental part of program design and where agencies have the capacity to use evidence to invest more in what works and less in what does not. The Administration has committed to building such an evaluation infrastructure, complementing and integrated with its efforts to strengthen performance measurement and management.

On October 7, 2009, the OMB Director issued Memo M-10-01 "Increased Emphasis on Program Evaluations", which called for three steps to improve the evaluation capacity of the Federal Government:

Table 8–1.   FUNDED PROGRAM EVALUATION INITIATIVE PROPOSALS

Agency	Description
Department of Defense	Effects of locus of control on ChalleNGe program outcomes
Department of Education	Effects of school improvement grants
Department of Education	Effects of Investing in Innovation Fund (i3)
Department of Education/National Science Foundation	Effects of mathematical professional development for teachers
Department of Energy	Capacity building
Department of Health and Human Services	Effects of early childhood programs
Department of Health and Human Services	Effects of teen pregnancy programs
Department of Housing and Urban Development	Effects of rent reform options
Department of Housing and Urban Development	Effects of Family Self-Sufficiency (FSS) options
Department of Housing and Urban Development	Effects of Choice Neighborhoods
Department of Interior	Capacity building
Department of Justice	Effects of inmate re-entry programs
Department of Justice	Capacity building
Department of Labor	Effects of new WIA performance measures
Department of Labor	Effects of employment services
Department of Labor	Evaluation of workforce programs using administrative data
Department of Labor	Effects of training/wage incentives on dislocated workers
Department of Labor	Recidivism and deterrent effects of OSHA inspections
Department of Labor	Capacity building
Millennium Challenge Corporation	Various efforts to improve evaluation efforts
Department of Transportation	Capacity building
Department of the Treasury	Testing alternative mortgage modification strategies
Department of the Treasury	Evaluating financial innovations by CDFIs
Department of the Treasury	Evaluating different approaches to no-fee debit cards
Department of the Treasury	Evaluating VITA prepaid cards
Department of the Treasury	Linking mortgage/administrative data to assess mortgage risk
Environmental Protection Agency	Capacity building
National Aeronautics and Space Administration	Effects of Applied Sciences data sharing
National Science Foundation	Capacity building
National Science Foundation	Effects of Federal investments in science
National Science Foundation/Department of Education	Effects of various STEM education initiatives
Office of Personnel Management	Effects of Federal employee health and wellness initiative
Small Business Administration	Effects of SBA programs
Social Security Administration	Disability Insurance evaluations
Corporation for National and Community Service	Effects of AmeriCorps on training, service, and communities

Providing on-line information about existing evaluations—OMB is working with agencies to make information readily available on-line about all Federal evaluations focused on program impacts that are planned or already underway. This effort, analogous to that of the HHS clinical trial registry and results data bank (*ClinicalTrials.gov*), will promote increased transparency and allow experts inside and outside the Government to engage early in the development of program evaluations.

Establishing an inter-agency working group—Working with the Domestic Policy Council, National Economic Council, the Council of Economic Advisers, and OMB, this inter-agency working group will promote stronger evaluation across the Federal Government by (a) helping build agency evaluation capacity and creating effective evaluation networks that draw on the best expertise inside and outside the Federal Government, (b) sharing best practices from agencies with strong, independent evaluation offices and making research expertise available to agencies that need assistance in selecting appropriate research designs in different contexts, (c) devising new and creative strategies for using data and evaluation to drive continuous improvement in program policy and practice, and (d) developing Government-wide guidance on program evaluation practices with sufficient flexibility for agencies to adopt practices suited to their specific needs.

Launch a new evaluation initiative—The Budget allocates approximately $100 million to 17 agencies that submitted proposals requesting funding either to conduct new evaluations with strong study designs that address important, actionable questions or to strengthen agency capacity to support such strong evaluations. Agencies that submitted proposals also needed to demonstrate that their 2011 funding priorities are based upon credible empirical evidence—or a plan to collect that evidence—and to identify impediments to rigorous program evaluation in their statutes or regulations so that these might be addressed going forward.

The evaluation initiative included an extensive review process, with proposals reviewed by program examiners at OMB and evaluation experts at OMB and the Council of Economic Advisers. Agencies then had a series of meetings with OMB and the Council of Economic Advisers to sharpen their proposals. Going forward, OMB and the Council of Economic Advisers plan to continue to work with these agencies on implementing strong research designs that answer important questions.

The accompanying table presents the evaluation activities proposed for funding as part of the 2011 evaluation initiative. Evaluations are also being undertaken separate from this initiative and part of the purpose of making information on all evaluations available on-line is to develop a comprehensive accounting of all such activity being conducted by the Federal Government.

The President has made it very clear that policy decisions should be driven by evidence—evidence about what works and what does not and evidence that identifies the greatest needs and challenges. As an example of this, the Administration has made investments in equality of opportunity an important part of its agenda. Yet there are many ways to make such investments, such as improving K-12 education, increasing aid for college, increasing training opportunities, and providing greater income support for low-income families. The Administration has chosen to invest in many of those areas, but has made a concerted effort to increase investments in early childhood education and home-visiting programs that are backed by strong evidence—because rigorous evidence suggests that investments in those areas have especially high returns.

One of the challenges to doing evidence-based policy making is that sometimes it is hard to say whether a program is working well or not. Historically, evaluations have been an afterthought when programs are designed—and once programs have been in place for a while it can be hard to build a constituency for a rigorous evaluation.

For that reason, for new initiatives, the Administration is using a three-tiered approach. First, more money is proposed for promoting the adoption of programs and practices that generate results backed up by strong evidence. Second, for an additional group of programs with some supportive evidence but not as much, additional resources are allocated on the condition that the programs will be rigorously evaluated going forward. Over time, the Administration anticipates that some of these programs will move to the top tier, but if not their funds will be directed to other, more promising efforts. Third, the approach encourages agencies to innovate and to test ideas with strong potential—ideas supported by preliminary research findings or reasonable hypotheses.

This three-tiered structure will provide objective criteria to inform decisions about programs and practices in which to invest. It will also create the right incentives for the future. Organizations will know that to be considered for significant funding, they must provide credible evaluation results that show promise, and, before that evidence is available, to be ready to subject their models to analysis. As more models move into the top tier, it will create pressure on all the top-tier models to improve their effectiveness to continue to receive support.

A good example of this approach—in which new or expanded programs have evaluation "baked into their DNA"—is the Department of Education's Invest in Innovation Fund (i3). The i3 fund invests in high-impact, potentially transformative education interventions—ranging from new ideas with huge potential to those that have proven their effectiveness and are ready to be scaled up. Whether applicants to i3 are eligible for funding to develop, validate, or scale up their program, and therefore how much funding they are eligible to receive, will depend on the strength of the existing research evidence of the program's effectiveness, the magnitude of the impact this evidence demonstrates the program is likely to have, and the program's readiness for scaling up.

By instilling a culture of learning into Federal programs, the Administration can build knowledge so that spending decisions are based not only on good intentions, but also on strong evidence, so that carefully targeted investments will produce results.

9.   BENEFIT–COST ANALYSIS

I. INTRODUCTION

Federal Government policies and programs make use of our Nation's limited resources to achieve important social goals, including education, security, environmental protection, and public health. Many Federal programs require governmental expenditures, such as those funding early childhood education or job training. Moreover, many policies entail social expenditures that are not reflected in budget numbers. For example, environmental and workplace safety regulations impose compliance costs on the private sector. In all cases, the American people expect the Federal Government to design programs and policies to manage and allocate scarce fiscal resources prudently, and to ensure that programs achieve the maximum benefit to society and do not impose unjustified or excessive costs.

A crucial tool used by the Federal Government to achieve these objectives is benefit-cost analysis, which provides a systematic accounting of the social benefits and costs of Government policies. As the President recently said in Executive Order 13514, "It is . . . the policy of the United States that . . . agencies shall prioritize actions based on a full accounting of both economic and social benefits and costs and shall drive continuous improvement by annually evaluating performance, extending or expanding projects that have net benefits, and reassessing or discontinuing under-performing projects." The benefits and costs of a government policy are meant to offer a concrete description of the anticipated consequences of the policy. Such an accounting enables policymakers to design programs to be efficient and effective and to avoid unnecessary or unjustified burdens. That accounting also allows the American people to see the expected consequences of programs and to hold policymakers accountable for their actions.

II. BENEFIT-COST ANALYSIS OF FEDERAL REGULATIONS

Overview of Benefit-Cost Analysis of Federal Regulation

For over three decades, benefit-cost analysis has played a critical role in the evaluation and design of significant Federal regulatory actions. While there are precursors in earlier administrations, the Reagan Administration was the first to establish a broad commitment to benefit-cost analysis in regulatory decision making through its Executive Order 12291. The Clinton Administration updated the principles and processes governing regulatory review in Executive Order 12866, which continues in effect today. Executive Order 12866 requires executive agencies to catalogue and assess the benefits and costs of planned significant regulatory actions. It also requires agencies to undertake regulatory action only on the basis of a "reasoned determination" that the benefits justify the costs, and to choose the regulatory approach that maximizes net social benefits, that is, benefits minus costs (unless the law governing the agency's action requires another approach).

A notable change instituted by Executive Order 12866 was a more expansive conception of benefits and costs to include consideration of qualitative benefits and costs that are difficult to monetize but essential to consider, such as the value of protecting endangered species. Executive Order 12866 also calls for explicit consideration of "distributive impacts," that is, of which social groups bear costs and enjoy benefits. Operating under the broad framework established by Executive Order 12866, OMB requires careful analysis of the costs and benefits of significant rules; identification of the approach that maximizes net benefits; detailed exploration of reasonable alternatives, alongside assessments of their costs and benefits; cost-effectiveness; and attention to unquantifiable benefits and costs as well as to distributive impacts.

Reviewing agencies' benefit-cost analyses and working with agencies to improve them, OMB provides a centralized repository of analytical expertise in its Office of Information and Regulatory Affairs (OIRA). OMB's guidance to agencies on how to do benefit-cost analysis for proposed regulations is contained in its Circular A-4. A-4 directs agencies to specify the goal of a planned regulatory intervention, to consider a range of regulatory approaches for achieving that goal, and to estimate the benefits and costs of each alternative considered. To the extent feasible, agencies are required to monetize benefits and costs, so that they are expressed in comparable units of value. This process enables the agency to identify the approach that maximizes the total net benefits to society generated by the rule.

For example, consider a regulation that sets standards for how quickly a truck's brakes must be able to bring it to a stop.[1] A shorter stopping distance generates great-

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[1] The National Highway Traffic Safety Administration recently issued a new safety standard for air brake systems to improve the stopping distance performance of trucks. *See* 49 CFR § 571.

er safety benefits, but will also impose larger compliance costs if more effective brakes are more expensive. The agency should attempt to quantify both the safety benefits of reduced stopping distance and the costs of regulatory requirements. It should consider a range of stopping distances to determine the optimal one that maximizes net benefits. At such an optimal standard, making the stopping distance even shorter would impose greater additional compliance costs than it would generate in additional safety benefits. At the same time, making the stopping distance longer than optimal results in a loss in safety benefits that is greater than the cost savings. Careful benefit-cost analysis enables the agency to determine the optimal standard. It helps to show that some approaches would be insufficient and that others would be excessive.

To be sure, quantification of the relevant variables, and monetization of those variables, can present serious challenges. OIRA and relevant agencies have developed a range of strategies for meeting those strategies; many of them are sketched in Circular A-4. Efforts continue to be made to improve current analyses and to disclose and test their underlying assumptions. In some cases, identification of costs and benefits will leave significant uncertainties. But in other cases, an understanding of costs and benefits will rule out some possible courses of action, and will show where, and why, reasonable people might differ.

The Benefits and Costs of Federal Regulation in FY 2008

Each year, OMB reports to Congress agencies' estimates of the benefits and costs of major regulations reviewed in the prior fiscal year. Table 9–1 presents the benefit and cost estimates for the 21 non-budgetary rules reviewed by OMB in FY 2008.[2] Agencies monetized both the benefits and costs for 13 of the 21 rules.

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[2] FY 2008 is the most recent period for which such a summary is available. These estimates were reported in OMB, 2009 Report to Congress on the Benefits and Costs of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities. A detailed description of the assumptions and calculations underlying these estimates is provided in that Report.

Table 9–1   ESTIMATES OF THE TOTAL ANNUAL BENEFITS AND COSTS OF MAJOR RULES REVIEWED BY OMB IN FISCAL YEAR 2008

(In millions of 2001 dollars)

Rule	Agency	Benefits	Costs
Right Whale Ship Strike Reduction	DOC / NOAA	Not estimated	105
Energy Efficiency Standards for Residential Furnaces and Boilers	DOE / EE	120-182	33-38
Fire Safety Requirements for Long-Term Care Facilities: Sprinkler Systems (CMS-3191-F)	HHS / CMS	53-56	45-56
Group Health Plans and Health Insurance Issuers Under the Newborns' and Mothers' Health Protection Act	HHS/ CMS, DOL/ EBSA and IRS	Not estimated	119-238
Substances Prohibited from Use in Animal Food or Feed to Prevent the Transmission of Bovine Spongiform Encephalopathy	HHS / FDA	Not estimated	58-72
Changes to the Visa Waiver Program to Implement the Electronic System for Travel Authorization (ESTA) Program	DHS / OS	20-29	13-99
Documents Required for Travelers Entering the United States at Sea and Land Ports-of-Entry from within the Western Hemisphere	DHS / USCBP	Not estimated	268-284
Minimum Standards for Driver's Licenses and Identification Cards Acceptable to Federal Agencies for Official Purposes	DHS / OS	Not estimated	477-1,331
Migratory Bird Hunting; 2008 to 2009 Migratory Game Bird Hunting Regulations	DOI / FWS	711-1002	Not estimated
Section 404 Regulation-Default Investment Alternatives under Participant Directed Individual Account Plans	DOL / EBSA	Not estimated	Not estimated
Employer Payment for Personal Protective Equipment	DOL / OSHA	40-336	40-229
Transport Airplane Fuel Tank Flammability Reduction	DOT / FAA	21-66	60-67
Hours of Service of Drivers	DOT/ FMCSA	0-1760	0-105
Regulatory Relief for Electronically Controlled Pneumatic Brake System Implementation	DOT / FRA	828-884	130-145
Implementation of a Revised Basel Capital Accord	TREAS/OCC and TREAS/ OTS	Not estimated	101-797
Control of Emissions from New Locomotives and New Marine Diesel Engines Less Than 30 Liters per Cylinder[1]	EPA / AR	4,145-14,550	295-392
Control of Emissions from Nonroad Spark-Ignition Engines and Equipment[1]	EPA / AR	899-4,762	196-200
Review of the National Ambient Air Quality Standards for Ozone[2]	EPA / AR	1,581-14,934	6,676-7,730
Petroleum Refineries--New Source Performance Standards (NSPS)[3]	EPA / AR	176-1,669	27
Lead-Based Paint; Amendments for Renovation, Repair and Painting	EPA/ OPPTS	657-1,611	383-417
Definition of Solid Wastes Revisions	EPA / SWER	16-285	14

[1] EPA reported estimated impacts in the years of 2020 and 2030. OMB linearly interpolated the impact for the transition period and annualized at 7 percent and 3 percent from 2007 to 2020, and 2020 to 2030.

[2] EPA reported estimate impacts in the year 2020.

[3] EPA reported estimate impacts in the year 2012.

Most of the benefits and costs reported in Table 9–1 are expressed as ranges, and sometimes as wide ranges, because of uncertainty about the likely consequences of rules. Quantification and monetization raise difficult conceptual and empirical questions. Prospective benefit-cost analysis requires predictions about the future—both about what will happen if the regulatory action is taken and what will happen if it is not—and what the future holds is typically not known for certain. A standard goal of the agency's analysis is to produce both a central "best estimate," which reflects the expected value of the benefits and costs of the rule, as well as a description of the ranges of plausible values for benefits, costs, and net benefits. These estimates inform the decision makers and the public of the degree of uncertainty associated with the regulatory decision. The process of public scrutiny can sometimes reduce that uncertainty.

To illustrate some of the underlying issues, consider the EPA's recent National Ambient Air Quality Standard (NAAQS) for Ozone. The benefits of the rule are estimated to be somewhere between $1,581–$14,934 million—an expansive range. Almost all of these estimated benefits are due to reduced mortality resulting from the reduction in particulate matter emissions caused by the rule. However, there is substantial uncertainty with respect to (a) the relationship between exposure to particulate matter and premature death and (b) the proper monetary valuation of avoiding a premature death. Hence, the agency reported a wide range of plausible values for the benefits of the NAAQS for Ozone. Similar uncertainties in both the science used to predict the consequences of rules and the monetary values of those consequences, contribute to the uncertainty represented in the ranges of benefits and costs for other rules in Table 9–1. Despite these uncertainties,

benefit-cost analysis often reduces the range of reasonable approaches – and simultaneously helps to inform the decision about which approach is most reasonable.

As noted, Executive Order 12866 requires agencies, to the extent permitted by law, to "propose or adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs." OIRA works actively with agencies to promote compliance with this requirement. It is noteworthy that for all but one entry in Table 9–1—Transport Airline Fuel Tank flammability reduction—the benefits exceeded the costs for much of the estimated range. The exception was an unusual rule designed to protect against low-probability disasters in the context of air travel. Acknowledging the uncertainties, the Federal Aviation Administration said that "When modeling discrete rare events such as fuel tank explosions, it is important to understand and evaluate the distribution around the mean value rather than to rely only on a single point estimated value. This variability analysis indicates there is a substantial (23 percent) probability that the quantified benefits will be greater than the costs." The FAA concluded "that the correct public policy choice is to eliminate the substantial probability of a high consequence fuel tank explosion accident by proceeding with the final rule."[3]

Cost-per-life-saved of Health and Safety Regulation in FY 2008

For regulations intended to reduce mortality risks, another analytic tool that can be used to assess regulations is cost-effectiveness analysis. Some agencies develop estimates of the "net cost per life saved" for regulations intended to improve public health and safety. To calculate this figure,

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[3] 73 Fed. Reg. 42489 (July 21, 2008).

Table 9–2.   ESTIMATES OF THE NET COSTS PER LIFE SAVED OF SELECTED HEALTH AND SAFETY RULES REVIEWED BY OMB IN FISCAL YEAR 2008

(in millions of 2001 dollars)

Rule	Agency	Benefits	Costs	Net Cost per Life Saved
Fire Safety Requirements for Long-Term Care Facilities: Sprinkler Systems (CMS-3191-F)	HHS / CMS	53-56	45-56	0.23
Transport Airplane Fuel Tank Flammability Reduction	DOT / FAA	21-66	60-67	8.5[1]
Control of Emissions from New Locomotives and New Marine Diesel Engines Less Than 30 Liters per Cylinder	EPA / AR	4,145-14,550	295-392	Negative[2]
Control of Emissions from Nonroad Spark-Ignition Engines and Equipment	EPA / AR	899-4,762	196-200	0.05 - 0.52[3]
Review of the National Ambient Air Quality Standards for Ozone	EPA / AR	1,581-14,934	6,676-7,730	2.7 - 28[4]

Notes:

1. FAA estimates that the net cost per life saved for retrofitting cargo planes (one provision in the rule) is $31 billion, but for this provision the majority of the benefits are not related to mortality risk.

2. EPA reports "the net costs (private compliance costs minus avoided cost of illness minus other benefits) are negative, indicating that the final standards result in cost savings. As such, traditional cost-effectiveness ratios are not informative."

3. p. 8-110 of EPA's RIA at http://www.epa.gov/otaq/regs/nonroad/marinesi-equipld/420r08014-chp08.pdf

4. These estimates exclude the costs and benefits of meeting the standard in the south coast of California and the San Joaquin Valley and assume "aggressive technological change" (RIA, p. ES-5). OMB derived it using the ratio of EPA's highest net cost estimate over EPA's lowest estimate of the reduction in mortality risk and EPA's lowest net cost estimate over EPA's highest estimate of the reduction in mortality risk.

the costs of the rule minus any monetized benefits other than mortality reduction are placed in the numerator, and the expected reduction in mortality in terms of total number of lives saved is placed in the denominator. This measure avoids any assignment of monetary values to reductions in mortality risk. It still reflects, however, a concern for economic efficiency, insofar as choosing a regulatory option that reduces a given amount of mortality risk at a lower net cost to society would conserve scarce resources compared to choosing another regulatory option that would reduce the same amount of risk at greater net costs.

Table 9–2 presents the net cost per life saved for the five health and safety rules from Table 1 for which calculation is possible.[4] The net cost per life saved is calculated using a 3% discount rate and using agencies' best estimates for costs and expected mortality reduction where those were provided by the agency. There is substantial varia-

tion in the net cost per life saved by these rules, ranging from *negative* (that is, the non-mortality-related benefits outweigh the costs), to potentially as high as $28 million.

This table is designed to be illustrative rather than definitive, and continuing work must be done to ensure that estimates of this kind are complete and not misleading. For example, some mortality-reducing rules have a range of other benefits, including reductions in morbidity, and it is important to include these benefits in cost-effectiveness analysis. Other rules have benefits that are exceedingly difficult to quantify but nonetheless essential to consider; consider rules that improve water quality or have aesthetic benefits. Nonetheless, it is clear that some rules are far more cost-effective than others, and it is valuable to take steps to catalogue variations and to increase the likelihood that scarce resources will be used as effectively as possible.

III. BENEFIT-COST ANALYSIS OF BUDGETARY PROGRAMS

Historically, benefit-cost analysis of Federal budgetary programs has been more limited than that of regulatory policy. Increasingly, though, the Federal Government explicitly employs benefit-cost analysis to ensure that projects and spending programs have benefits in excess of costs, maximize net benefits, and allocate federal dollars across potential projects.

In the 1936 Flood Control Act, for example, the Congress stated as a matter of policy that the Federal government should undertake or participate in flood control projects if the benefits exceeded the costs, where the lives and social security of people are at stake. By the late 1970s, the Army Corps of Engineers had begun to use benefit-cost analysis to improve the return on investment at a given project site. The Corps did this by designing projects based on increments of work whose benefits exceeded their costs. More recently, the Budget has used benefits and costs, along with other criteria, to develop an overall program for the Corps that yields the greatest bang for the buck.

Benefit-cost analysis can also be used to evaluate programs retrospectively to determine whether they should be either expanded or discontinued and how they can be improved. Chapter 8, "Program Evaluation", in this volume discusses current efforts to improve program evaluation including through the use of benefit-cost analysis. Evidence that an activity can yield substantial net benefits has motivated the creation and expansion of a substantial number of programs. For example, longitudinal studies have shown that each dollar spent on high quality pre-school programs serving disadvantaged children yields substantially more than a dollar (in present value) in higher wages, less crime, and less use of public services, motivating an expansion of funding for quality pre-K programs. Similar evidence has motivated the decision to expand funding for nurse family partnerships, finding that each dollar spent in the program leads to more than a dollar of benefits mostly in reduced government expenditures on health care, educational and social services, and criminal justice, and that the highest returns were present in serving the most disadvantaged families. GAO has concluded that the Women, Infants, and Children (WIC) program produces monetary benefits that exceed its costs by reducing the incidence of low birth weight and iron deficiency, which are linked to children's behavior and development.

IV. IMPROVING THE USE OF BENEFIT-COST ANALYSIS BY THE FEDERAL GOVERNMENT

OMB continually works with executive agencies to improve their benefit-cost analyses. In its 2009 annual report to Congress on the benefits and costs of Federal

regulations,[5] OMB made the following recommendations for improvement in agencies' use of benefit-cost analysis in regulatory decision making. Regulation should be data-driven and evidence-based, and benefit-cost analysis can help to ensure a careful focus on evidence and a thorough consideration of alternative approaches. Properly understood, such analysis should be seen as a pragmatic tool for helping agencies to assess the consequences of regulations and thus to identify approaches that best promote human welfare.[6] In accordance with Executive

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[4] Of the 21 regulations listed in Table 1, 15 are primarily intended to protect health and safety. These 15 include all of EPA's regulations, which affect health and safety primarily through improvements in environmental quality, as well as all FDA and OSHA regulations. Rules issued by the Department of Homeland Security are excluded because homeland security is a much broader goal than public health and safety *per se*. Of the 15 health and safety regulations, five are not suitable for meaningful calculations of the net costs per life saved because their primary goal is to reduce injuries as opposed to mortality risks. For five other rules the agencies did not calculate a net cost per life saved in the regulatory impact analysis and did not present sufficient information to permit OMB to derive an accurate estimate.

[5] OMB, 2009 Report to Congress on the Benefits and Costs of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities.

[6] See Adler and Posner (2004).

Order 12866, regulatory analysis should, where relevant, incorporate the interests of future generations, attend to distributional considerations, and consider issues of fairness.

Furthermore, OMB recommends that benefit-cost analysis should be seen and used as a central part of open government. By providing the public with information about proposed and final regulations, by revealing assumptions and subjecting them to public assessment, and by drawing attention to the consequences of alternative approaches, such analysis can promote public understanding, scrutiny, and improvement of rules. OMB continues to explore ways to ensure that benefit-cost analysis helps promote the commitment to open government.[7]

Improving Benefit-Cost Analysis

With recognition of the limits of quantification, efforts to promote a full accounting of both benefits and costs can greatly inform judgments about appropriate courses of action – and can help to increase benefits, decrease burdens, and inspire new approaches and creative solutions. In this section, OMB recommends several steps designed to promote these goals.

Benefit-cost analysis continues to present a range of analytical, empirical, and normative challenges, involving (for example) the appropriate valuation of mortality and morbidity risks, the proper discount rate for future benefits and harms, the treatment of variables that are hard to quantify or monetize, the appropriate treatment of uncertainty, and the role, if any, of "stated preference" studies. OMB Circular A-4 offers guidance on these and other issues. Because OMB's goals are to ensure that regulation is evidence-based and data-driven, to increase the likelihood that regulation will be effective in achieving its goals, and to reduce excessive or unjustified burdens on the private and public sectors, OMB continues to explore the underlying questions and the best way to approach them.

Several points are clear. To promote evidence-based regulation, those who produce the relevant numbers must respect scientific integrity. It is also vital to have a process of public scrutiny and review, allowing assumptions to be revealed and errors to be exposed and corrected. Imposition of serious burdens and costs must be justified, and any effort at justification should attempt to measure and quantify benefits; the process of analysis might reveal that a particular approach cannot be justified and that a less stringent or more stringent approach is better. Appropriate analysis should attempt to quantify relevant variables, to promote cost-effective choices, and to explore and evaluate different alternatives. Some variables are essential to identify and consider but difficult to monetize; examples include improvements in the water quality of rivers, protection of endangered species, and measures designed to decrease the risks of terrorist attacks. A sensible approach to benefit-cost analysis recognizes the limits of quantification and insists on presentation of qualitative as well as quantitative information. If, for example, a regulation would prevent a specified range of deaths and injuries from occupational accidents, a proper analysis would present that range as well as the monetary equivalents.

In some cases, the effort to monetize certain benefits (such as protection of streams and wildlife) may run into serious obstacles; quantification may be possible but not monetization. In other cases, regulators will know the direction of an effect, and perhaps be able to specify a range, but precise quantification will not be possible. For these reasons, OMB recommends that consistent with Executive Order 12866, the best practice is to accompany all significant regulations with (1) a tabular presentation, placed prominently and offering a clear statement of qualitative and quantitative benefits and costs of the proposed or planned action, together with (2) a presentation of uncertainties and (3) similar information for reasonable alternatives to the proposed or planned actions. As Table 1 above demonstrates, some rules are not accompanied by relevant information on either costs or benefits; OMB recommends that agencies should be more consistent and systematic in providing that information.

While essential, pre-promulgation analyses of costs and benefits of rules may turn out to be inaccurate. Prospective accounts may overestimate or underestimate either costs or benefits. In some cases, regulations may impose significant burdens that are not justified. In other cases, regulations may be working well, and more stringency might be desirable. For this reason, OMB recommends that serious consideration be given to finding ways to employ retrospective analysis more regularly, in order to ensure that rules are appropriate, and to expand, reduce, or repeal them in accordance with what has been learned.[8]

President Obama's January 30, 2009, memorandum on regulatory review specifically directed OMB to "offer suggestions on the role of cost benefit analysis" and to "address the role of distributional considerations, fairness, and concern for the interests of future generations." It is clear that a full accounting of the costs and benefits of rules must include, rather than neglect, the interests of future generations. Nor does sensible regulation ignore distributional considerations. If regulation would impose serious costs on the least well-off, or deliver significant benefits to them, regulators should take that point into account in deciding how to proceed.

To meet these challenges, OMB recommends a candid effort to go as far as existing knowledge allows, while also fairly presenting the limits of such knowledge and recognizing that an analysis of quantitative costs and benefits may not be determinative. In some cases, the most that can be done is to present a "break-even analysis," that is, an analysis that specifies the economic value of the benefits that would make the regulation justified on benefit-cost grounds. OMB continues to explore methods for handling the most difficult challenges posed by efforts to specify the likely effects of regulation.

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[7] See Transparency and Open Government, Memorandum for the Heads of Executive Departments and Agencies, President Obama, Jan. 21, 2009. For discussion of this point and its relationship to retrospective analysis of the effects of regulations, see Greenstone (2009).

[8] See Greenstone (2009).

Regulatory Analysis and Open Government

Rigorous benefit-cost analysis continues to be a central feature of regulatory review. Properly understood, a public accounting of the consequences of alternative regulatory approaches can increase transparency and openness, discourage ill-considered initiatives, and promote valuable innovations. President Obama has placed a great deal of emphasis on open government. He has quoted the words of Supreme Court Justice Louis Brandeis: "Sunlight is said to be the best of disinfectants."[9] He has explained that "accountability is in the interest of the Government and the citizenry alike." He has emphasized that "[k]nowledge is widely dispersed in society, and public officials benefit from having access to that dispersed knowledge."[10] Transparency can increase the availability of data to all, and with available data we can greatly improve our practices. OMB's Open Government Directive, issued in late 2009, is designed to promote the President's goals by requiring a series of steps to promote transparency, participation, and collaboration.

Indeed, careful regulatory analysis, if transparent in its assumptions and subject to public scrutiny, should be seen as part and parcel of open government. It helps to ensure that policies are not based on speculation and guesswork, but instead on a sense of the likely consequences of alternative courses of action. It helps to reduce the risk of insufficiently justified regulation, imposing serious burdens and costs for inadequate reason. It also helps to reduce the risk of insufficiently protective regulation, failing to go as far as proper analysis suggests. OMB believes that regulatory analysis should be developed and designed in a way that fits with the commitment to open government. Modern technologies should be enlisted to promote that goal. Existing websites—*regulations.gov* and *reginfo.gov*—have been improved to increase transparency, participation, and collaboration. OMB recommends continued assessment of those websites to promote these goals. OMB also recommends that agencies should publish, on those websites, existing data sets that can help promote regulatory goals. The Occupational Safety and Health Administration has posted fatality data on *www.osha.gov*. If sunlight can operate as "the best of disinfectants," steps of this kind might help to increase safety and thus promote the agency's core mission.

Indeed, OMB's Open Government Directive specifically calls for open government plans that include "high-value information," defined to include information "that can be used to increase agency accountability and responsiveness; improve public knowledge of the agency and its operations; further the core mission of the agency; create economic opportunity; or respond to need and demand as identified through public consultation."[11] For present purposes, OMB emphasizes that information can "further the core mission of the agency" and "create economic opportunity." In some cases, disclosure will further that mission, and promote such opportunity, for reasons previously sketched in this chapter.

With full appreciation of its limitations, benefit-cost analysis itself can promote transparency and accountability. By drawing attention to the consequences of proposed courses of action, benefit-cost analysis can help the public to evaluate regulatory initiatives. At the same time, it creates the possibility of self-correction. Benefit-cost analysis should itself be subject to public scrutiny and review and qualified or corrected if it is wrong. As noted, OMB continues to explore ways to promote retrospective analysis of rules, thus (in the words of Executive Order 13514) "extending or expanding projects that have net benefits, and reassessing or discontinuing under-performing projects." If members of the public have fresh evidence or ideas about improvement of existing regulations – including expansion, redirection, modification, or repeal – it is important to learn about that evidence and those ideas. A general goal is to connect the interest in sound analysis with the focus on open government, in part by promoting public engagement and understanding of regulatory alternatives.

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Greenstone, Michael. "Toward A Culture of Persistent Regulatory Experimentation and Evaluation," in David Moss & John Cisternino, eds., New Perspectives on Regulation. Cambridge: The Tobin Project, 2009, pp. 111-126.

[9] Speech by President Obama, Jan. 28, 2009.

[10] Transparency and Open Government, Memorandum for the Heads of Executive Departments and Agencies, President Obama, Jan. 21, 2009.

[11] Open Government, Memorandum for the Heads of Executive Departments and Agencies, OMB Director Peter Orszag, Dec. 8, 2009.

10. IMPROVING THE FEDERAL WORKFORCE

The United States has overcome great challenges throughout its history because Americans of every generation have stepped forward to aid their Nation through service, both in civilian Government and in the Armed Forces. Today's Civil Service carries forward that proud American tradition. Whether it is defending our homeland, restoring confidence in our financial system and administering a historic economic recovery effort, providing health care to our veterans, or searching for cures to the most vexing diseases—we are fortunate to be able to rely upon a skilled workforce committed to public service.

A high-performing Government depends on committed, engaged, and well-prepared employees. This chapter presents trends in Federal employment, compensation, and benefits; discusses challenges facing the Federal service; and presents the Administration's plans for achieving the most talented Federal workforce possible to serve the American people.

Trends in Federal Employment

Chart 10-1 shows total Federal civilian employment (excluding the U.S. Postal Service) as a share of the U.S. resident population from 1940 to 2008. Since the end of the Korean War in 1953, there has been a steady downward trend in the relative size of the Federal civilian workforce. In 1953, there was one Federal worker for every 78 residents. Notwithstanding occasional upticks, due to, for example, military conflicts and the enumeration of the Census, the ratio has steadily decreased over time. In 1988 there was one Federal employee for every 110 residents and by 2008 there was one Federal employee for every 155 residents.

Table 10-1 shows Federal civilian employment in the executive branch by agency from 2007 to 2011. The levels for 2007 through 2009 are actual levels. The levels for 2010 and 2011 are estimates. The full-time equivalents (FTEs) shown in the table are calculated by dividing total hours worked during the fiscal year by 2080 (for 40 hours a week times 52 weeks per year). Total executive branch civilian employment is expected to grow by 274,100 FTEs over this time period. A little more than half of the four-year increase happened between 2007 and 2009, while the remainder occurs between 2009 and 2011.

Most of the increase (79 percent) is at five agencies – the Department of Defense, the Department of Veterans Affairs, the Department of Homeland Security, the Department of Justice, and the Department of State – that are centrally involved in fighting the wars in Iraq and Afghanistan, providing care for our returning veterans, protecting our country from the threat of terrorism, and advancing our Nation's interests abroad.

Federal Workforce Pay

Federal and private sector pay raises have followed each other closely for the past two decades. As a default, Federal pay raises are pegged to changes in the

Chart 10-1. Federal Civilian Workforce as Share of U.S. Population
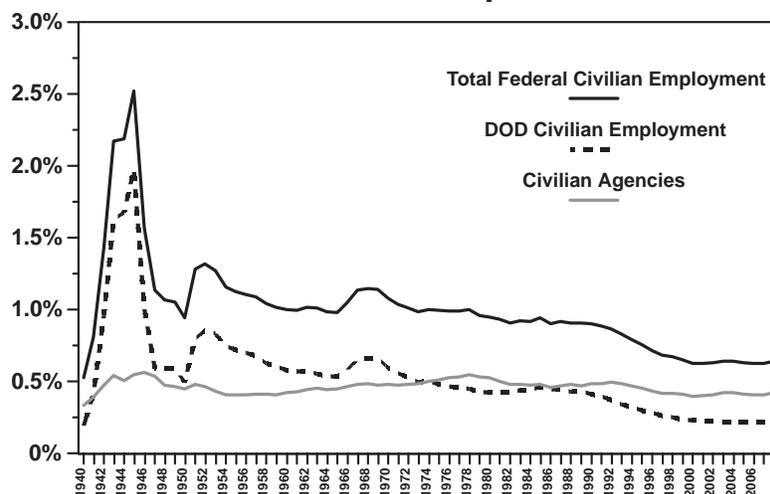
Sources: Workforce from OPM historical Federal civilian workforce tables. U.S. Population from Census Bureau.
Notes: Workforce excludes U.S. Postal Service. U.S. Population is resident population series.

Chart 10-2. Pay Raises for Federal vs. Private Workforce

Year-over-year percent change

Sources: Public Laws, Executive Orders, and the Bureau of Labor Statistics.
Notes: Federal pay is for civilians and includes base and locality pay. Employement Cost Index is the wages and salaries, private industry workers series.

15-month-lagged Employment Cost Index series of wage and salaries for private industry workers.[1] The index

[1] The Federal Employees Pay Comparability Act of 1990 (FEPCA) dictated that Federal civilian employee pay increases be 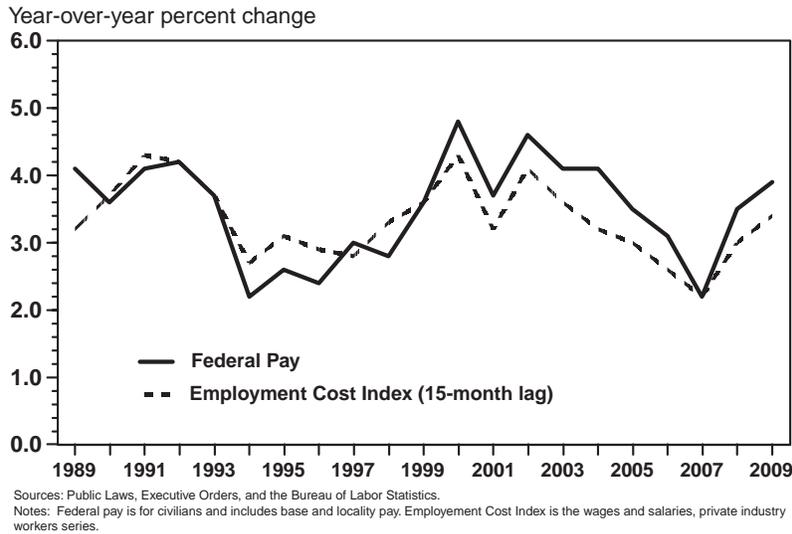composed of two parts: across-the board or base pay adjustments and locality adjustments. The annual statutory increase for base pay is the 15-month lagged ECI (wages and salaries, private industry workers) minus 0.5 percent. The annual statutory increase for locality pay is different by geographic area and is based upon Bureau of Labor Statistics-measured pay comparability differences between private and Federal pay rates for jobs by locality. Federal civilian pay increases generally have not followed statutory guidelines; instead, Presidents have proposed differing amounts based upon their authority to do so under FEPCA's alternative pay adjustment provisions, and Congress has enacted differing amounts in annual appropriations bills.

measures private sector pay holding constant industry and occupation composition.

Chart 10-2 shows Federal civilian pay raises and the private sector index since 1989. As the lines show, actual pay raises closely track the private sector index. In fact, since 1989 Federal and private sector pay raises have never diverged by more than one percentage point in a given year. And furthermore, since the adjustments have been in both directions, the adjustments have offset each other so that the average difference has been only one tenth of one percentage point over the time period.

The Federal Government hires lawyers to tackle corruption, security professionals to monitor our borders, doc-

Chart 10-3. Education Level Distribution in Federal vs. Private Workforce

Source: Current Population Survey, 2009
Notes: Full-time, year-round employees. Federal is civilian workforce excluding U.S. Postal Service. State and Local workers excluded from both groups.
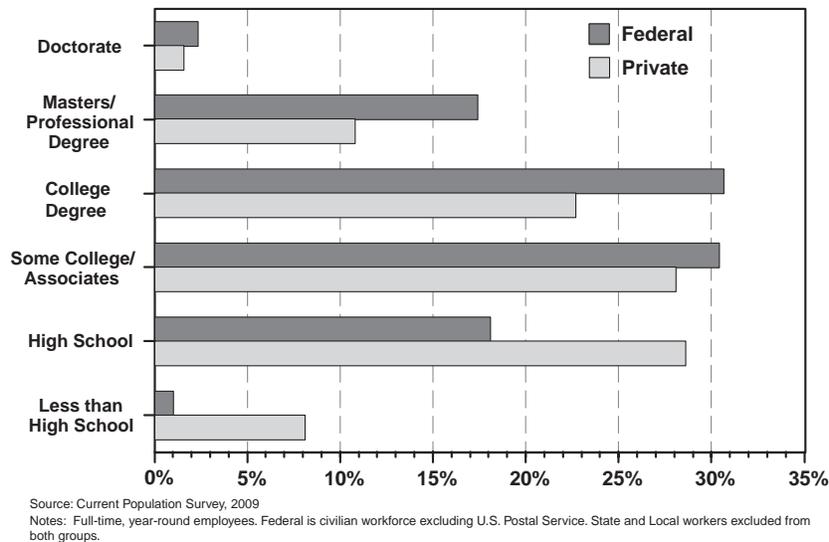
tors to care for our injured veterans, and world-class scientists to combat deadly diseases such as cancer. Because of these vital needs, the Federal Government hires a relatively highly educated workforce, resulting in higher average pay. In 2009, full-time, year-round Federal civilian employees earned on average 21 percent more than workers in the private sector, according to Current Population Survey data collected by the Census Bureau. However, a raw comparison of these numbers masks important differences in the education levels of Federal and private sector employees. [2]

Chart 10-3 examines this difference in more detail, showing the distribution of workers by education level in the Federal civilian and private workforce. About 20 percent of Federal workers have a master's degree, professional degree, or doctorate versus only 13 percent in the private sector. A full 51 percent of Federal employees have at least a college degree compared to 35 percent in the private sector.

Challenges

An older workforce combined with technological change could be a major personnel challenge for the Federal Government. If the Government loses top talent, experience, and institutional memory through retirements but does not recruit, retain, and train talent, government performance will suffer. If the Government does not adapt to technological change by updating the ways it hires, develops, deploys, and engages its personnel, the Government will have difficulty meeting 21st Century challenges. But at the same time, these two developments create an opportunity for Government to bring in new workers excited about Government service with strong technology

and problem-solving skills along with fresh perspectives on the problems that Government is expected to address.

Aging workforce

The Federal workforce of 2009 is older than Federal workforces of past decades and older than the private sector workforce of the present. Chart 10-4 shows the age distribution of Federal civilian employees in 1970 and 2009. The age distribution of the 2009 Federal workforce is shifted to the right of the 1970 distribution indicating an older workforce. In 1970, only 31 percent of Federal employees were 50 or older, whereas in 2009 a full 46 percent were at least 50 years old. At the same time, health has improved at older ages, allowing a greater proportion of workers to remain productive longer.

One factor driving this shift is the aging of the Baby Boomers, but the age structure of the Federal workforce is not solely a product of this demographic trend. Chart 10-5 compares the age distribution of Federal and private employees in 2009. The Federal workforce is substantially older than the private sector workforce. About 31 percent of the private workforce is at least 50, while 46 percent of the Federal workforce is 50 or older.

Chart 10-6 shows actual and projected retirements for the Federal civilian workforce from 1999 through 2016. Retirement levels increased from 2001 to 2007, and are projected to maintain their peak through 2011. While the recession that began in 2007 seems to have dampened retirement levels, it is unlikely to have a permanent effect. The gap between actual and predicted retirements in 2008 suggests that Federal workers, like workers in the private sector, are delaying retirement for economic reasons. As the economy recovers, retirements will rebound, likely pushing the retirement peak a few years into the future.

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[2] John Donahue, *The Warping of Government Work* (Harvard University Press, 2008)

Chart 10-4. Federal Age Distribution in 1970 and 2009
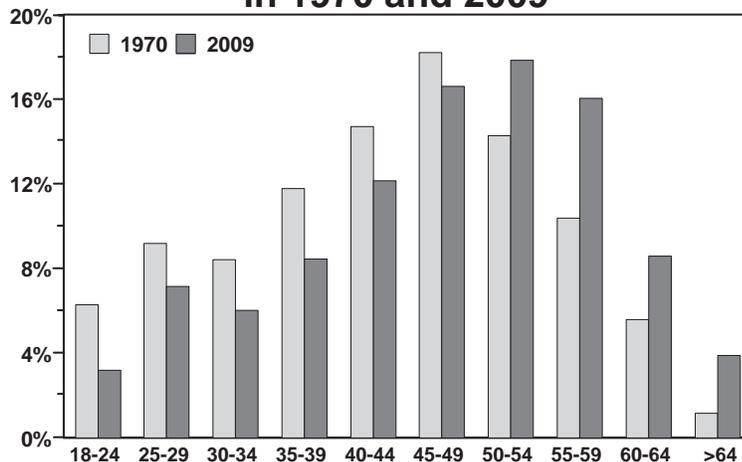
Source: Current Population Survey, 1970 and 2009.
Notes: Full-time, year-round employees. Federal is civilian workforce excluding U.S. Postal Service. State and Local workers excluded from both groups.

Chart 10-5. Federal vs. Private
Age Distribution in 2009
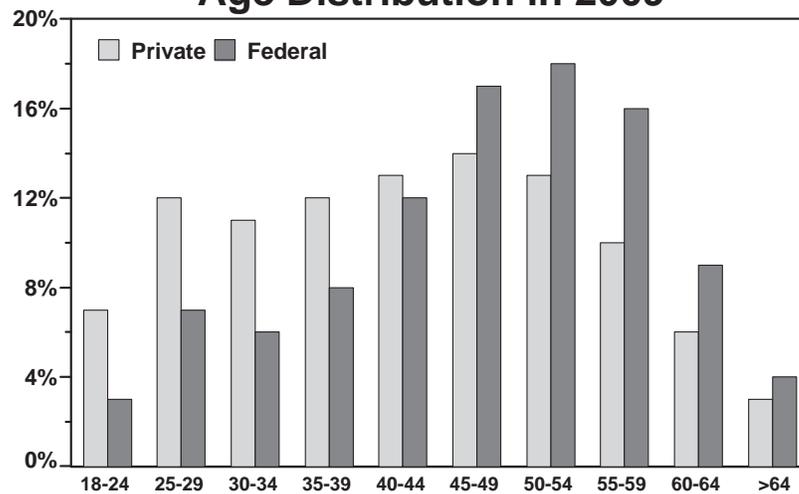
Source: Current Population Survey.
Notes: Full-time, year-round employees. Federal is civilian workforce excluding U.S. Postal Service. State and Local workers excluded from both groups.

Chart 10-6. Actual and Projected
Federal Employee Retirements
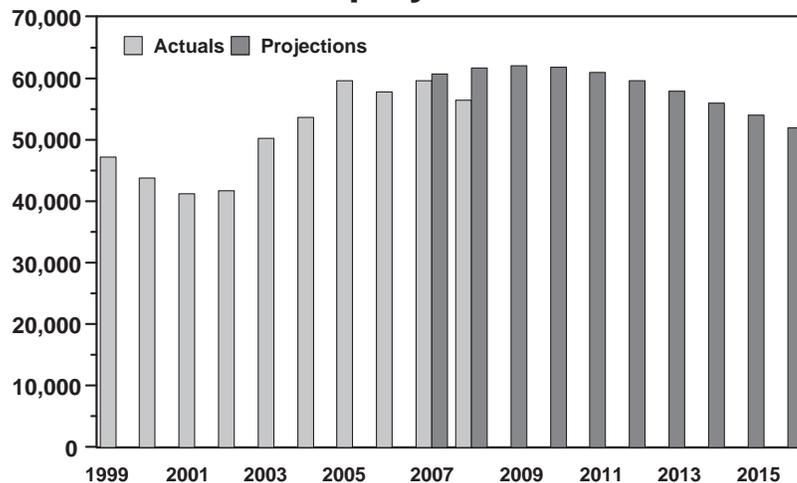
Source: Office of Personnel Management.
Notes: Retirements of non-seasonal, full-time, and permanent Federal civilian employees.

A Knowledge-Based Economy

Half a century ago, most white collar Federal employees performed clerical tasks, such as posting Census figures in ledgers and retrieving taxpayer records from file rooms. Today their jobs are vastly different. Federal workers need the advanced skills required for a knowledge-based economy. Professionals such as doctors, engineers, scientists, statisticians, and lawyers now make up a large portion of the Federal workforce. Additionally, a large number of Federal employees must manage highly sensitive situations that require great skill, experience, and judgment to balance the interests of multiple stakeholders to advance progress on complex, and often novel, problems, a point emphasized by Donald Kettl.[3] Federal employees increasingly need sophisticated management and negotiation skills to coordinate change not just

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[3] *The Next Government of the United States: Why our Institutions Fail and How to Fix Them* (W. W. Norton & Compnay, Inc, 2009)

Chart 10-7. Federal General Schedule Distribution in 1953 and 2009
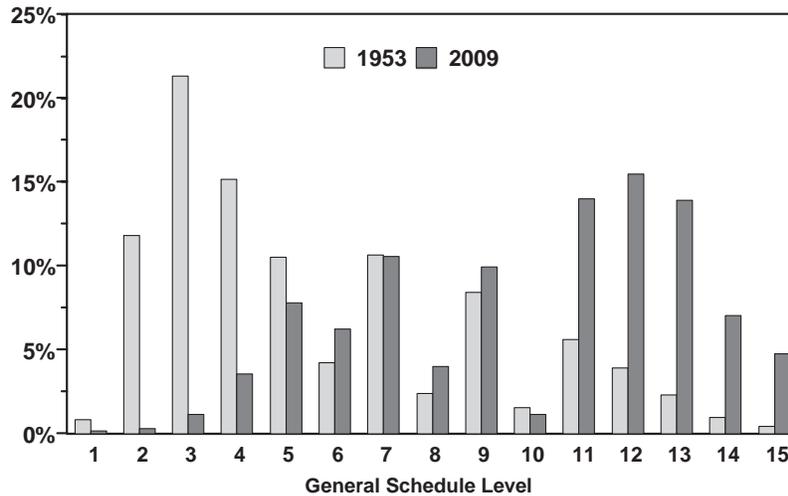
Source: Office of Personnel Management.

across Federal Government organizations, but also with other levels of government, not-for-profit providers, and for-profit contractors. Others need skills to manage large, highly complex information systems that exceed the scope of most private sector systems.

This shift is perhaps illustrated most starkly by Chart 10-7, which shows the General Schedule levels of Federal employees in 1953 and 2009. The General Schedule (GS) is a payment structure set in place in 1949 that classifies occupations according to the difficulty and responsibility of the work. In 1953, about 75 percent of Federal employees had a GS level of 7 or below. By 2009, in contrast, more than 70 percent of the workforce was GS 8 or higher.

Chart 10-8 shows employee turnover in the Federal civilian and private workforce, measured by the percent of employees that left work for voluntary or involuntary reasons within the last year. Hire and separation rates in the Federal Government are consistently about half those in the private sector. At a private firm, on average, about 50 percent of employees have been hired or will leave within the year. In the Federal Government, only about 25 percent of employees are hired or separate within a given year. Federal turnover fell dramatically in CY 2008, presumably due to the recession. Among other implications, the low turnover rate of Federal employees

Chart 10-8. Federal vs. Private Turnover Before and During Recession
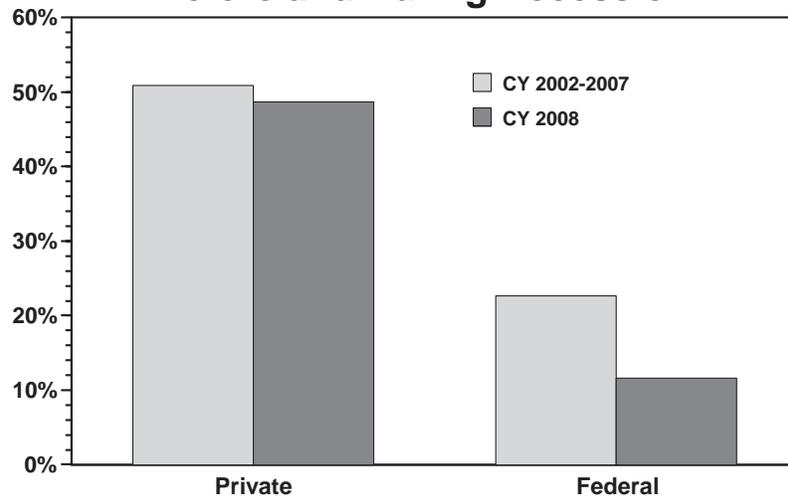
Source: Job Openings and Labor Turnover Survey (JOLTS), Bureau of Labor Statistics.
Notes: Turnover defined as separations as a share of workforce.

suggests Government can gain significantly from training its workers.

Personnel Performance Agenda

To serve the American people, the Federal Government needs to improve management of the Federal workforce. The Office of Personnel Management (OPM) has recently released its new Strategic Plan with goals aligned with the lifecycle of a Federal employee. The "Hire the Best" strategic goal concentrates on improving the Federal hiring process. The "Respect the Workforce" strategic goal focuses on employee retention through training and work-life initiatives. The "Expect the Best" strategic goal aims to provide the necessary tools and resources for employees to engage and perform at the highest levels while holding them accountable. Finally, the "Honor Service" strategic goal acknowledges the exemplary service of Federal employees through well-designed compensation and retirement benefits. Combined, these strategic goals will facilitate engagement and satisfaction as the individual moves from applicant to Federal employee to retiree. Having the best possible Federal workforce is critical to improving organizational performance across the Government. Specifically, the Government needs to improve "people" management in order to improve "program" management and ultimately the services on which the American people depend.

Improving the Federal Hiring Process

The Administration believes that fixing the Federal hiring process is urgent to enable the Federal Government to attract the talent it needs, especially in light of retirement projections. The Office of Personnel Management is spearheading a Government-wide hiring initiative and has devised a five-prong approach to 1) elevate public service; 2) create pathways for college recruiting; 3) improve the applicant's experience; 4) improve the quality of hires; and 5) simplify the hiring process. Additionally, the Administration aims to increase its outreach to veterans and persons with disabilities, and improve the diversity of the Federal workforce. Finally, the Administration is working to improve the timeliness and quality of critical personnel background investigations and employment suitability services.

Improving Federal Manager
and Employee Training

The Administration is committed to the strategic management of Federal personnel, and believes that assessing and reducing the skills gap is a critical component of this strategy. As Linda Bilmes and Scott Gould observe, agencies too rarely invest strategically in training.[4] Yet improving Federal manager and employee training is essential. Given the expected increase in the number of new hires and projected retirements, agencies must harness the institutional knowledge of experienced workers, cross-train new staff to provide seamless delivery of ser-

vices to the public, and groom their future leaders. The Federal workforce needs an optimal skills mix to meet demands in changing technology and process improvements in Government services.

In some areas of the Federal Government, such as the military branches, training has been studied and revised extensively to implement best talent management practices. One promising example of training in the intelligence community is joint duty, which allows personnel to rotate assignments in order to better understand the roles and responsibilities of their counterparts. As another example, the VA San Diego Health System offers its employees disaster preparedness training and nurse triage training via virtual world simulations of real world scenarios.

Improved Personnel Analytics

Over the next year, the Administration plans to strengthen Federal agencies' ability to use survey feedback from employees to help them improve personnel management. Federal agencies should strive to be model employers, and the engagement and satisfaction of our workforce directly affects Federal Government performance. The Administration will strengthen the capacity of agencies to use results from surveys of Federal workers and from job applicants to identify areas of personnel management strength and promote them in other parts of the Federal Government and to identify areas of weakness needing attention.

Since 2002, the Office of Personnel Management has administered a biannual survey of Federal employees. The Federal Employee Viewpoint survey (formerly the Federal Human Capital Survey) measures the views of full-time, permanent employees across Government. Table 10-4 shows rankings, along four dimensions, constructed with the survey data. (The table shows results only from large agencies, so the rankings skip some numbers.) The first four columns present indices constructed from the 2008 survey: the Leadership and Knowledge Management Index brings together data on the motivational and communication skills of leadership; the Results-Oriented Performance Culture Index combines responses to questions on the promotion of creative and innovating thinking and performance appraisal; the Talent Management Index summarizes data on the recruiting and training of workforce talent; and the Job Satisfaction Index brings together responses to questions on job satisfaction. The rankings across indices are highly correlated, suggesting that the elements of workforce management, engagement, and satisfaction are inherently intertwined and that agencies may be able to take a broad-based approach to improvement. The rankings should be taken in context, as different agency missions place different challenges on employees. Moreover, they do not show variations by type of work or by subunits within a larger organization, which may vary dramatically, and do not reflect changes in performance over the last year. Still, the survey results begin to shed light on the issues different agencies face in personnel man-

[4] *The People Factor: Strengthening America by Investing in Public Service* (Brookings Institution Press, 2009)

agement, and highlight areas where there is room for improvement.

Table 10-4 also shows the Employee Engagement Rankings constructed by the Merit System Protections Board (MSPB) and the Best Places to Work ranking constructed by the Partnership for Public Service (PPS). The Employee Engagement Rankings draws from the 2005 Merit Principles Survey and the Best Places to Work ranking uses responses from the same Federal Employee Viewpoint Survey described above. The similar rankings across these different surveys and methodologies may lend support to the validity of the findings.

These survey results can be viewed as a baseline to measure improvements in the workforce. To provide leadership with more current information, the Federal Employee Viewpoint Survey will be administered on an annual basis starting in 2010. Results will be reported so that they can be used by agency leadership to inform management decisions. Going forward, the survey will be administered to more employees so the findings can be sorted by and linked to more organizational units to make them more "actionable" by managers and supervisors. In addition, OMB and OPM will examine the survey to identify promising practices to promote more broadly for Government-wide improvement.

A few other major initiatives being launched in the coming year will improve analysis and management of workforce issues. The Federal Employee Health Benefits (FEHB) program provides health insurance for 8 million Federal employees, retirees, their spouses and dependents, and data from insurance carriers involved in FEHB is currently used to detect fraud. It is not, however, analyzed to improve the effectiveness or efficiency of the program or the health of FEHB members. The Budget proposes funding for new analytical capacity to focus on the FEHB program with the goal of analyzing the data for program improvement, not just for fraud detection. The President's Budget also includes funding for worksite wellness demonstration projects which are aimed at applying best practices from the private sector to the Federal workforce. These demonstration projects will be evaluated to determine their impact on lowering the growth in employee health care costs and improving employee health, productivity, and morale.

In addition, the Administration will construct a Human Resources Dashboard, with a specific focus on employee and manager satisfaction with the hiring process and other key metrics of personnel management. This dashboard will be used to inform management decisions and identify problem areas at an early stage. Similar to the IT Dashboard, the HR Dashboard will provide senior leaders and managers a mechanism to have better information on the current status of hiring and other key "people issues" in their agencies so they can focus on areas that need improvement. The dashboards will also help agencies benchmark with each other and learn from each other's best practices.

Restoring Balance Between Work Done by Federal Employees and Work Done by Contractors

Federal agencies use both Federal employees and private sector contractors to deliver important services to citizens. Agency management practices must recognize the proper role of each sector's labor force and draw on their respective skills to help Government operate at its best. Contractors provide vital expertise to the Government, and agencies must continue to strengthen their acquisition practices so that they can take advantage of the marketplace to meet taxpayer needs. At the same time, agencies must be alert to situations in which excessive reliance on contractors undermines the ability of the Federal Government to control its own operations and accomplish its missions for the American people.

In particular, overreliance on contractors can lead to the erosion of in-house capacity that is essential to effective Government performance, a fact emphasized by Paul Light.[5] Such overreliance was encouraged by the one-sided management priorities of the previous administration. Those priorities rewarded agencies for identifying functions that could be outsourced, while ignoring the costs associated with the loss of institutional knowledge and internal capability. Too often agencies have neglected the investments in human capital planning, recruitment, hiring, and training that are necessary for building strong internal capacity.

In July 2009, OMB issued guidance providing agencies with a framework of guiding principles for assessing their use of contractors in this context. That guidance directed agencies to take steps to make sure that they have sufficient internal capacity to maintain control of their missions and operations. Each agency was also directed to conduct a pilot human capital analysis of at least one program, project, or activity, where the agency had concerns about the extent of reliance on contractors, and to take appropriate steps to address any identified internal weaknesses. In some instances, the result of the pilots may be that agencies replace contractors with Federal employees, a step that often saves money at the same time that it improves control over mission and operations. Some of the FTE increases described earlier in the chapter result from agencies replacing contractors with Federal workers.

When contractors are used, it is essential that the Federal Government has the ability to protect taxpayer interests. Acquiring the best contractor support requires solid acquisition planning, appropriate competitive procedures, and appropriate management and oversight of firms during performance of contracts. Too often, whether due to inadequate planning or simply poor business decisions, the government has entered into high-risk arrangements, such as sole-source contracts, that cause costs to the taxpayers to rise without commensurate benefits, and, too frequently, contract management has been haphazard and inadequate.

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[5] *A Government Ill Executed: The Decline of the Federal Service and How to Reverse It* (Harvard University Press, 2008)

The Federal Government currently spends more than $500 billion a year on contracts, more than double the amount that was spent in 2001. Over that period, the size of the acquisition workforce planning, awarding, and managing these contracts has barely grown. The President's 2011 Budget provides $158 million for an initiative to improve the capacity and capabilities of the civilian agency acquisition workforce, building on a similar initiative at the Department of Defense. The initiative included in the 2011 Budget provides resources sufficient for most civilian agencies to increase their acquisition workforce by five percent and to invest in training and technology that will make the acquisition workforce more effective. The initiative also provides funds for Government-wide investments in the acquisition workforce, such as curriculum development, competency and certification management, and collection of data on acquisition workforce capacity and needs. This additional capacity will allow agencies to acquire the goods and services they need to accomplish their missions at reduced costs and with better performance.

Appendix: The U.S. Overseas Staffing Presence

There are approximately 70,300 American and locally hired staff overseas under the authority of Chiefs of Mission (e.g., Ambassadors or Charge d' Affairs at U.S. embassies worldwide). The average estimated cost to support an American position overseas in 2011 is projected to be $580,000, as reported by agencies with personnel overseas (see Table 10-5.). This total includes direct costs, such as salary, benefits, and overseas allowances, and also support costs, such as housing, travel, administrative support, Capital Security Cost Sharing charges, and other benefits.

The Administration continues to work to improve the safety, efficiency, and accountability in U.S. Government staffing overseas. To this end, the Administration is committed to developing transparent data on overseas staffing, including the cost of maintaining positions overseas, and incorporating this data in the budget process to better inform decision makers on overseas staffing levels.

Table 10–1.   FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH
(Civilian employment as measured by Full-Time Equivalents in thousands, excluding the Postal Service)

Agency	Actual			Estimate		Change: 2007 to 2011	
	2007	2008	2009	2010	2011	FTE	Percent
Cabinet agencies:							
Agriculture	94.8	93.9	94.2	101.0	97.1	2.3	2.4%
Commerce	36.3	37.5	56.0	141.5	43.6	7.3	20.1%
Defense	658.8	671.2	702.7	720.2	757.5	98.7	15.0%
Education	4.1	4.1	4.0	4.3	4.6	0.5	12.2%
Energy	14.6	14.7	15.5	16.6	16.9	2.3	15.8%
Health and Human Services	58.8	59.8	63.0	65.1	68.0	9.2	15.6%
Homeland Security	148.1	158.2	169.6	177.0	183.5	35.4	23.9%
Housing and Urban Development	9.5	9.4	9.5	9.7	9.7	0.2	2.1%
Interior	67.4	67.4	68.6	70.6	69.6	2.2	3.3%
Justice	105.0	106.0	109.1	119.3	125.0	20.0	19.0%
Labor	15.9	16.0	16.0	17.9	17.9	2.0	12.6%
State	30.1	30.4	30.4	35.0	35.7	5.6	18.6%
Transportation	53.4	54.7	56.4	57.9	58.6	5.2	9.7%
Treasury	107.7	106.7	108.7	113.5	113.7	6.0	5.6%
Veterans Affairs	230.4	249.5	272.0	284.3	287.7	57.3	24.9%
Other agencies—excluding Postal Service:							
Agency for International Development	2.4	2.4	2.6	2.8	3.3	0.9	37.5%
Broadcasting Board of Governors	2.0	2.0	1.9	2.1	2.1	0.1	5.0%
Corps of Engineers—Civil Works	21.2	21.1	22.2	22.6	22.6	1.4	6.6%
Environmental Protection Agency	17.0	16.8	17.0	17.4	17.6	0.6	3.5%
Equal Employment Opportunity Comm	2.2	2.2	2.2	2.5	2.6	0.4	18.2%
Federal Deposit Insurance Corporation	4.5	4.6	5.5	7.6	6.6	2.1	46.7%
General Services Administration	11.9	11.8	12.0	13.0	13.3	1.4	11.8%
National Aeronautics and Space Admin	18.2	18.4	18.3	18.6	18.6	0.4	2.2%
National Archives and Records Administration	2.8	2.8	3.0	3.2	3.3	0.5	17.9%
National Labor Relations Board	1.7	1.6	1.6	1.7	1.7	0.0	0.0%
National Science Foundation	1.3	1.3	1.4	1.4	1.5	0.2	15.4%
Nuclear Regulatory Commission	3.5	3.7	4.0	4.0	4.0	0.5	14.3%
Office of Personnel Management	4.6	4.7	4.7	4.9	5.0	0.4	8.7%
Peace Corps	1.1	1.0	1.0	1.3	1.4	0.3	27.3%
Railroad Retirement Board	1.0	1.0	0.9	1.0	0.9	–0.1	–10.0%
Securities and Exchange Commission	3.5	3.5	3.6	3.8	4.2	0.7	20.0%
Small Business Administration	4.4	3.6	3.9	3.5	3.5	–0.9	–20.5%
Smithsonian Institution	5.0	5.1	5.1	5.4	5.4	0.4	8.0%
Social Security Administration	61.7	61.3	64.1	67.6	68.4	6.7	10.9%
Tennessee Valley Authority	11.3	11.6	11.5	13.0	13.0	1.7	15.0%
All other small agencies	15.6	15.2	15.6	17.3	17.7	2.1	13.5%
Total, Executive Branch civilian employment *	**1,831.6**	**1,875.3**	**1,977.8**	**2,148.3**	**2,105.7**	**274.1**	**15.0%**
Subtotal, Defense	658.8	671.2	702.7	720.2	757.5	98.7	15.0%
Subtotal, Non-Defense	1,172.8	1,204.1	1,275.1	1,428.1	1,348.2	175.4	15.0%

* Totals may not add due to rounding.

Table 10–2.   TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

Description	2009 Actual	Estimate		Change: 2009 to 2011	
		2010	2011	FTE	Percent
Executive branch civilian personnel:					
All agencies except Postal Service and Defense	1,275,110	1,428,103	1,348,241	73,131	5.7%
Defense-Military functions (civilians)	702,664	720,201	757,461	54,797	7.8%
Subtotal, excluding Postal Service	1,977,774	2,148,304	2,105,702	127,928	6.5%
Postal Service [1]	674,844	675,256	663,503	−11,341	−1.7%
Subtotal, Executive Branch civilian personnel	2,652,618	2,823,560	2,769,205	116,587	4.4%
Executive branch uniformed personnel:					
Department of Defense [2]	1,541,235	1,547,501	1,541,182	−53	−0.0%
Department of Homeland Security (USCG)	42,939	44,276	43,810	871	2.0%
Commissioned Corps (DOC, EPA, HHS)	6,580	6,873	6,926	346	5.3%
Subtotal, uniformed military personnel	1,590,754	1,598,650	1,591,918	1,164	0.1%
Subtotal, Executive Branch	4,243,372	4,422,210	4,361,123	117,751	2.8%
Legislative Branch: Total FTE [3]	32,104	33,495	33,533	1,429	4.5%
Judicial branch: Total FTE	34,288	35,162	36,303	2,015	5.9%
Grand total	**4,309,764**	**4,490,867**	**4,430,959**	**121,195**	**2.8%**

[1] Includes Postal Rate Commission.

[2] Does not include Full-Time Support (Active Guard & Reserve (AGRs)) paid from Reserve Component Appropriations.

[3] FTE data not available for the Senate (positions filled were used).

Table 10–3. PERSONNEL COMPENSATION AND BENEFITS
(In millions of dollars)

Description	2009 Actual	2010 Estimate	2011 Request	Change: 2009 to 2011	
				Dollars	Percent
Civilian personnel costs:					
Executive Branch (excluding Postal Service):					
Direct compensation:					
DOD—military functions	49,194	52,949	56,914	7,720	15.7%
All other executive branch	104,921	116,353	117,177	12,256	11.7%
Subtotal, direct compensation	154,115	169,302	174,091	19,976	13.0%
Personnel benefits:					
DOD—military functions	13,965	15,565	16,642	2,677	19.2%
All other executive branch	42,604	44,661	45,546	2,942	6.9%
Subtotal, personnel benefits	56,569	60,226	62,188	5,619	9.9%
Subtotal, Executive Branch	210,684	229,528	236,279	25,595	12.1%
Postal Service:					
Direct compensation	36,387	37,914	37,818	1,431	3.9%
Personnel benefits	16,642	18,096	18,615	1,973	11.9%
Subtotal	53,029	56,010	56,433	3,404	6.4%
Legislative Branch:[1]					
Direct compensation	2,072	2,221	2,303	231	11.1%
Personnel benefits	604	665	691	87	14.4%
Subtotal	2,676	2,886	2,994	318	11.9%
Judicial Branch:					
Direct compensation	3,023	3,247	3,425	402	13.3%
Personnel benefits	942	1,015	1,076	134	14.2%
Subtotal	3,965	4,262	4,501	536	13.5%
Total, civilian personnel costs	270,354	292,686	300,207	29,853	11.0%
Military personnel costs:					
DOD—Military Functions:					
Direct compensation	95,613	99,788	100,925	5,312	5.6%
Personnel benefits	47,106	50,815	52,307	5,201	11.0%
Subtotal	142,719	150,603	153,232	10,513	7.4%
All other executive branch, uniformed personnel:					
Direct compensation	2,914	3,140	3,187	273	9.4%
Personnel benefits	792	833	841	49	6.2%
Subtotal	3,706	3,973	4,028	322	8.7%
Total, military personnel costs[2]	146,425	154,576	157,260	10,835	7.4%
Grand total, personnel costs	416,779	447,262	457,467	40,688	9.8%
ADDENDUM					
Former Civilian Personnel:					
Retired pay for former personnel					
Government payment for Annuitants:	69,307	71,683	73,961	4,654	6.7%
Employee health benefits	9,114	9,526	10,118	1,004	11.0%
Employee life insurance	44	47	48	4	9.1%
Former Military personnel:					
Retired pay for former personnel	50,304	50,998	51,933	1,629	3.2%
Military annuitants health benefits	8,291	8,634	9,356	1,065	12.8%

[1] Excludes members and officers of the Senate.

[2] Amounts in this table for military compensation reflect direct pay and benefits for all service members, including active duty, guard, and reserve members.

Table 10–4.   AGENCY RANKINGS FROM FEDERAL WORKFORCE SURVEYS[1]

Agency	Human Capital Index Score (OPM)				Employee Satisfaction Ranking (PPS Best Places to Work)	Employee Engagement Rankings (MSPB)
	Leadership and Knowledge Management	Results-Oriented Performance Culter	Talent Management	Job Satisfaction		
Nuclear Regulatory Commission	1	2	1	1	1	*
National Aeronautics and Space Administration	5	4	3	4	3	1
State	7	11	10	5	5	2
General Services Administration	8	14	9	12	8	9
Social Security Administration	10	24	24	7	9	14
Commerce	11	8	12	16	10	6
Office of Personnel Management	14	15	26	19	20	18
Defense	15	20	16	18	15	13
Energy	16	19	15	22	19	20
Securities and Exchange Commission	17	27	22	29	11	*
Justice	18	23	17	10	7	7
Environmental Protection Agency	19	13	13	11	6	5
Treasury	20	18	18	28	17	15
Labor	21	16	30	21	18	12
Small Business Administration	22	26	31	27	26	*
Veterans Affairs	23	32	14	14	12	8
Health and Human Services	24	17	20	20	21	11
Education	27	29	25	31	27	21
Agriculture	28	31	23	24	23	19
Housing and Urban Development	31	33	36	30	24	17
Interior	34	30	27	26	22	16
Homeland Security	35	35	34	33	28	24
Transportation	36	36	33	35	30	22

[1] Only large agencies shown. Rankings may skip numbers.

* Not surveyed

Table 10–5. OVERSEAS STAFFING UNDER CHIEF OF MISSION AUTHORITY*

Total Personnel Under COM Authority (including American and locally engaged staff) projected for FY 2011	Total American Personnel Under COM Authority projected for FY 2011	Average Cost of an American Position Overseas Estimated for FY 2011
70,300	17,640	$580,000

* As reported by agencies in their 2011 Overseas Staffing and Cost submissions