7. DELIVERING HIGH-PERFORMANCE GOVERNMENT

When Government does not work as it should, it has a real effect on people's lives—on small business owners who need loans, on young people who want to go to college, on the men and women in our Armed Forces who need the best resources when in uniform and deserve the benefits they have earned after they have served. Whether protecting individuals and communities, modernizing infrastructure, investing in our children, or taking care of the most vulnerable, the American people deserve a highly effective government.

Building a government that works smarter, better, and more efficiently to deliver results for the American people is a cornerstone of the President's Accountable Government Initiative and a key focus of this Administration.

The Nation's current fiscal situation makes it imperative that every aspect of government deliver programs demonstrated to work, and, when effective programs have not yet been identified, to experiment to find them. Once effective government programs and practices have been identified, government agencies must figure out how and where to promote their adoption, confirm they work as expected, and continually innovate to increase productivity.

To accomplish this, Federal agencies must adopt an evidence-based culture in which decisions are made using information collected in a timely and consistent manner about the effectiveness of specific policies, practices, and programs. Strategies for developing evidence exist along a continuum from the basic collection of program and outcomes information, to more sophisticated performance measurement and formative evaluation methods, to rigorous evaluation techniques that measure program and practice impacts against a comparison group. Some of these strategies are discussed in the next chapter on evaluation, including a discussion of how the Administration will use a tiered evidence approach to foster innovation, encourage promising practices, and scale proven models. This chapter focuses on complementary strategies critical to evidence-based implementation—strategic and daily management using outcome-focused performance goals and measures.

Government works better when organizational leaders identify a limited number of clear, measurable, and ambitious goals and regularly review progress toward them. When leaders ask about performance on specific goals, it reinforces the message that a goal is important. When they monitor if progress is on or off track and request analyses to understand why, it illuminates a path to improvement.

In the coming year, to improve the performance of the Federal Government and implement the recently enacted, bi-partisan Government Performance and Results Act Modernization Act of 2010 which the President signed into law in January 2011, the Administration will use three mutually reinforcing performance management strategies first introduced in the President's 2011 budget:

1. **Use Performance Information to Lead and Learn to Improve Outcomes.** Agency leaders are using constructive data-based reviews to keep their organizations on track to deliver on the near-term High Priority Performance Goals (Priority Goals) listed in the 2011 Budget and the government-wide management priorities in the Accountable Government Initiative. Given the near-term nature of the goals, OMB did not ask agencies to update or revise their Priority Goals as part of the 2012 budget process, but did encourage agencies to review and increase specificity in longer-term priorities where appropriate in their strategic plans and 2012 annual performance plans that accompany agency budget proposals. The next round of Priority Goal setting will commence in early 2011.

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 two-way communication capacity to identify and share lessons from experience and experiments.

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

In addition, the Administration has taken unprecedented steps to engage the Cabinet in reviewing the budget line-by-line to find low-priority, low-performing, or duplicative and outdated programs so that funding can be directed to higher priority, well-performing programs.

The remainder of this chapter elaborates on the way the three strategies are being used—why they are important, what was accomplished over the past year, and plans for the coming year.

Use Performance Information to Lead and Learn to Improve Outcomes

In 1961, when President John F. Kennedy called for the United States to put a man on the moon within a decade, he demonstrated the motivating power of an ambitious, outcome-focused goal. Kennedy motivated people in government to accomplish an incredible feat that still

inspires. He did this, in part, by clearly stating a goal that specified who and how many would accomplish what, where, and by when. Leaders in other countries, States, local governments, and a growing number of Federal programs have similarly demonstrated the power of using specific challenging and more earthly goals, combined with frequent measurement, diagnostic analysis, and unrelenting follow-up, to improve performance and cut costs.

Building on these lessons, President Obama appointed the Nation's first ever Chief Performance Officer and directed Federal agency leaders to set specific agency goals reflecting Administration priorities, combined with frequent measurement and analysis-informed reviews to drive progress. To kick-start agency efforts to operate this way, the Administration asked leaders of the 16 Cabinet departments and 8 other large Federal agencies to identify a small number of ambitious, outcome-focused, near-term High Priority Performance Goals (Priority Goals). Agencies were asked to choose goals that did not require additional resources or legislative action to achieve within an 18 to 24-month time frame, but rather hinged on strong execution. The Administration also identified specific government-wide management goals to cut waste and streamline and modernize the systems that power government operations—in information, finance, acquisition, and human resource management.

Each agency has designated a senior accountable official, a "Goal Leader," responsible for driving progress on each priority and government-wide management goal. Goal Leaders develop action plans using quarterly targets for key measures and milestones, as appropriate, to mark the path to the goal. They update progress on their goals on *Performance.gov*, a new online management tool developed by the Administration to track the government's progress each quarter to support cross-agency coordination and learning and to inform OMB review.

Agency Deputy Secretaries and their equivalents at the 24 agencies with Priority Goals are starting to hold goal-focused, data-driven reviews at least every quarter. At the Department of the Treasury, for example, the Deputy Secretary holds structured quarterly performance and budget reviews with each of his bureaus to steer the department in a unified strategic direction and improve implementation. Attendance at these meetings cuts across hierarchies and bureaucracies, and agendas are carefully vetted. These meetings forgo "daily fire drills" in favor of longer-term strategic issues, and create an unprecedented forum for every major bureau to discuss priorities, not just crises, with senior agency leadership. Critically, every meeting ends with a set of clear deliverables, follow-up actions, and deadlines. Treasury has used these reviews to sharpen the mission and goals of its bureaus, replace low-value performance measures with more meaningful indicators of performance, and foster collaboration and resource-sharing across organizational lines.

This data-driven management discipline is spreading across the Federal Government—at the Department of Veterans Affairs (VA), the Department of Housing and Urban Development (HUD), and in all other agencies with Priority Goals. It is also starting to happen more frequent-ly at the bureau level and in smaller agencies. The FBI and Customs and Border Patrol, for example, run regular data-driven reviews at all levels of the organization, and the U.S. Food and Drug Administration recently launched FDA-TRACK, an agency-wide performance management program that monitors all 114 FDA program offices' key performance measures and highlighted projects. The acronym FDA chose for this initiative succinctly captures key objectives of the Administration's performance management approach: Transparency, Results, Accountability, Credibility, and Knowledge-Sharing. The FDA-TRACK website allows the public to view FDA's performance data, learn about the agency's breadth of public health responsibilities, and track progress on over 100 important projects and over 800 monthly program measures, including important Agency-wide initiatives such as egg farm inspections, H1N1 vaccines, and medical countermeasures.

OMB, working with the Performance Improvement Council (PIC), has begun monitoring review processes at the 24 agencies with Priority Goals to identify best practices worth sharing and to make sure that agencies that have not yet launched these reviews initiate constructive data-driven reviews at least quarterly. In the coming year, OMB and the PIC will launch a community-of-practice to strengthen agency capacity to prepare for and run effective internal results reviews.

Complementing agency internal reviews, OMB is also holding regular, data-driven constructive performance reviews on Priority Goals, IT projects (TechStat), acquisition (AcqStat), and other government-wide management priorities, including regular reviews with OPM on agency progress on personnel management priorities. While these review processes vary somewhat, they employ a similar approach. Prior to quarterly constructive performance reviews on each Priority Goal, for example, OMB asks every agency Goal Leader to assess the likelihood of success on his or her goal and, if needed, identify ways OMB or others can support goal achievement. Based on each Goal Leader's analysis, OMB budget analysts' review of information on *Performance.gov*, and reviews by members or staff of Federal cross-agency Councils (e.g., Performance Improvement Council), OMB develops a list of prioritized follow-up actions. Some of these require inter-agency meetings, some broker expert assistance, and others establish new interim expectations, such as requiring process benchmarking with industry best practices.

Where efforts are off-track and a team is not making the necessary mid-course corrections, OMB notifies the agency's Deputy Secretary or equivalent about its concerns. Where OMB or Council members have expertise or know of it in other agencies, assistance is offered to help the agency get back on track. Where progress is being made and breakthroughs achieved, OMB and the Councils celebrate and share the successes. Where progress toward a goal shared by multiple agencies requires inter-agency coordination or where agencies face similar problems that would benefit from cross-agency attention, OMB facilitates cross-agency action.

Over the past year, many agencies have released updated strategic plans, using them to communicate long-

term goals and the path an agency will follow to achieve them. OMB uses the goals agencies set in their strategic plans, as well as the near-term Priority Goals, to align budget resources with priorities. Agencies also use their strategic plans to guide decisions about information technology (IT) and other major investments, and their hiring and training needs.

The power of this type of goal-focused performance management system is that it uses performance measures to create a constructive dynamic that motivates continual improvement, not just compliance. This approach stands in contrast to the way most (although not all) Federal agencies previously used goals and measures—primarily to complete the plans and reports required by law, rather than as a tool to improve outcomes and increase productivity. This Administration is committed to creating a performance management approach that ignites continual improvement. Significant progress has been made on some Priority Goals, while weaknesses have been identified and are being addressed in others. HUD and the VA have greatly accelerated housing and services for veterans to reduce the number of homeless veterans in 2010, on the way toward achieving the Administration's long-term goal of eliminating veteran homelessness in five years. To date, the Department of Energy has weatherized 295,000 homes, and more than 300 schools have signed on to the Department of Agriculture's Healthier US Schools Challenge—an important component of the First Lady's *Let's Move!* initiative to raise a healthier generation of kids. These schools agree to meet criteria for better food quality, physical activity, physical education, and nutrition education.

In the coming year, OMB and the PIC will help Federal agencies strengthen their analytic skills to extract insights and actionable lessons from the data they gather and integrate root cause analyses and hypothesis testing into program operations. Programs will be encouraged to search for research about effective interventions relevant to their work, and expected to find organizations with which to benchmark processes and outcomes. One particular area of attention for OMB and the PIC will be Federal agencies that depend on State and local government, non-profit organizations, or other delivery partners to accomplish their objectives, and those with field operations working on similar issues from different locations. Agencies in these situations need to strengthen their capacity to learn from others' experience—scouring for research and analyzing data from the field to identify promising practices, testing promising practices to see if they can be replicated, and when successfully replicated, promoting their adoption when more effective and cost-effective than the alternatives.

Working with the PIC, OMB will develop guidance to help agencies with goal-setting, measurement, analysis, results reviews, delivery chain mapping, and the use of incentives. There will be an increased focus on ensuring agencies understand the suite of measures that complement mission-focused outcome and output measures—such as indicators of responsiveness, beneficial and unwanted side effects, and measurement manipulation—

and enhance program operations. Attention will also be devoted to connecting the performance community with the budget, financial, IT, acquisition, and human capital community.

OMB will also begin immediate implementation of the newly enacted GPRA Modernization Act of 2010, a law that builds on the strengths of the Government Performance and Results Act of 1993 (GPRA) and addresses its weaknesses. The new law is closely aligned with the Administration's aggressive performance agenda. In addition to adding requirements for priority-setting and frequent performance reviews by senior agency leaders and OMB and shifting the emphasis from the production of annual performance reports for their own sake to the use of performance measurement to motivate and illuminate ways to improve, the new law also requires adoption of cross-cutting Federal government priority goals, display of agency and government-wide results on a public website, and increased consultation with Congress.

Communicate Performance Coherently and Concisely for Better Results and Transparency

Transparent, coherent performance information contributes to more effective, efficient, fair, inclusive, and responsive government. Communicating performance information can support public understanding of what government wants to accomplish and how it is trying to accomplish it. It can also support learning across government agencies, stimulate idea flow, enlist assistance, and motivate 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 that will be taken to address problems. And communicating spending information supports public understanding of how federal funds are being used.

Beginning with the Recovery Act, this Administration provided the public unprecedented transparency into contracts and grants issued by the Federal government. Building on this experience, the Administration has charged forward to provide even more transparency, publishing information on all types of Federal spending in line with implementation of the Federal Funding Accountability and Transparency Act while taking care to keep the recipient reporting burden as low as possible. In April 2010, the Administration issued guidance implementing the compensation and sub-award requirements of the Transparency Act, including new requirements for quality and completeness metrics for Federal spending data. Agencies began reporting and displaying sub-award information in October 2010, so Americans can now view how their tax dollars are spent and who received Federal funds on *USAspending.gov*.

The Administration is also tracking and reporting multiple dimensions of Federal spending to increase spending accuracy. In June 2010, the Administration launched *PaymentAccuracy.gov* to display information on agency efforts to prevent, reduce, and recapture improper payments. Specifically, *PaymentAccuracy.gov* includes infor-

mation on spending accuracy performance government-wide (e.g., government-wide improper payment rate and reduction targets for future years), at the agency level (agency-specific improper payment amounts and the amount of improper payments recaptured), and for specific programs. And for specific high-error programs (e.g., Medicare, Medicaid, Unemployment Insurance), the site contains program specific information (e.g., names of agency accountable officials, annual improper payment rates and reduction targets, and supplemental measures related to improper payments). *PaymentAccuracy.gov* makes improper payment information transparent and easily accessible to the public and agency officials, and uses targets and metrics to keep agencies focused on reducing and recapturing improper payments.

In August, the Administration opened *Performance.gov* to all Federal employees to support communications across agencies and between agencies and OMB. *Performance.gov* provides the basis for OMB's quarterly Priority Goal Constructive Performance Reviews. Agencies update information in *Performance.gov* each quarter at a minimum, which provides a clear, concise picture of each agency's Priority Goals, action plans, strategies, and status on measures and milestones. Agencies also explain missed targets and milestones, and what they are doing about them. As experience using the site grows, OMB will work with the PIC to transition annual performance planning and reporting previously required by the Government Performance and Results Act of 1993, and now required by the GPRA Modernization Act of 2010, to *Performance.gov*. Reporting agency performance on *Performance.gov* will save taxpayers' dollars by diminishing the agencies' reporting burden, saving time and reams of paper. It will also increase the usefulness of what is reported. Agencies can already sort by theme on *Performance.gov* to find other agencies with Priority Goals in the same policy area with which they might want to coordinate. They can sort by project type to find organizations handling similar functions with which to benchmark process times and quality. As the site develops, tagging features will be enhanced to support cross-agency coordination on shared goals.

Performance.gov was designed as a Federal Government management tool, but the Administration will open portions of the site to provide a window for Congress, the public and others to show government priorities, candidly convey how goals are being accomplished, and explain what agencies are doing when a problem is encountered. In the interim, the list of near-term High Priority Performance Goals originally set in the 2011 budget can be found at *http://www.whitehouse.gov/omb/performance_default*. These goals represent a subset of the fuller suite of goals reflected in agencies' long-term strategic goals and annual performance plans, as well as individual performance plans of bureaus, and do not include goals dependent on new or recent legislation and additional funding.

Reporting to OMB via *Performance.gov* and opening the site up to the public to provide a window on the way the Federal government is managing bolsters the President's Accountable Government Initiative to make government more responsive to the American people and creates a healthy dynamic that keeps agencies focused on delivering on their priorities. This is a management technique that has proven effective in both the public and private sectors to improve performance on key goals. For example, the State of Maryland publishes StateStat materials and goal tracking online and was ranked number one in the country for online stimulus tracking material.

Performance.gov is only one piece of an effective Federal performance communication system, however. Over the next year, the Administration will increase attention to other aspects of the performance communication infrastructure—considering more carefully key audiences for performance information, what they need to know, and how, when, and where they need to access the information to help them contribute to better outcomes.

Many Federal programs depend on delivery partners such as state and local governments and non-profit organizations to accomplish their objectives. Over the next year, the Administration will encourage Federal agencies to strengthen their capacity to be learning leaders supporting Federal field operations and state, local, tribal, and not-for-profit delivery partners. This requires not just figuring out how to organize performance and other relevant information about peers in similar situations to reveal effective practices worth promoting for broader adoption and problems that would benefit from cross-jurisdiction attention, but also understanding how to communicate that information in ways that are helpful, actionable, and fair—encouraging continual improvement without adding to fear and frustration.

To improve the quality of government services, provide greater certainty about the time needed, and inform decisions about which service provider to use when, the Administration is also working to enhance the way it communicates transaction performance—whether to those receiving benefits, getting a loan, going through a process designed to enhance security, using Federal facilities such as a national park, or otherwise directly dealing with Federal officials.

The Administration is committed not just to communicating performance from the Federal government in more useful ways, but also to improving public and delivery partner communication to the Federal government. *Performance.gov* will make it easy for site visitors to provide feedback. In addition, OMB and 40 Federal agencies have worked together to make it easier and faster to solicit actionable, timely feedback for many types of qualitative customer information, including comment cards, focus groups, and user testing, by using a generic clearance process that agencies can submit to the Office of Information and Regulatory Affairs for a five-day review. To tap into electronic networks and gather ideas, the Administration is also testing a web-based tool, with a working name of ExpertNet, to find people with expertise relevant to an issue, ask structured questions, receive public answers, and use public reactions to the answers to "filter up" the best suggestions for Federal attention.

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, such as the ExpertNet tool described in the preceding section, are transforming our ability to tap vast reservoirs of capacity beyond a Federal 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 is turning to existing networks, both inside and outside Government, to tap their intelligence, ingenuity, and commitment, as well as their dissemination and delivery capacity. The PIC, made up of Performance Improvement Officers from every Federal agency, functions as the hub of the performance management network. OMB worked closely with the PIC over the past year to design and implement *Performance.gov* and the quarterly Constructive Performance Review process. In the coming year, it will continue to work with the PIC to modernize the principles and practices of the current performance management framework and to figure out effective ways to help agencies accelerate their performance. Acceleration efforts will include the creation of a Practitioners' Corner on *Performance.gov* to share tips, tools, and templates; the identification of best practices and agency experts ready to assist counterparts in other agencies; and the establishment of functional working groups and communities of practice to share and co-invest in better practices they can share.

In 2010, several cross-agency teams began sharing experiences and developing common tools. Performance Improvement Officers from agencies responsible for benefits processing identified priority areas of shared interest for future group action, including reducing improper payments and improving the experience of customers—processing their benefits faster and improving customer relationship management. Federal employees who manage unwanted incidents—preventing bad things from happening and reducing their costs when they do—developed a common measurement framework they can all use. Agencies implementing new evidence-based grant programs began exchanging lessons on how to build a strong evidence focus into their grant review and selection pro-

cesses and to require projects to be evaluated using rigorous evaluations designs. And, volunteers from across the government reviewed the content of *Performance.gov* to provide agencies feedback from multiple perspectives. Tapping a network of reviewers from other Federal agencies also spreads and strengthens Federal agency knowledge about outcome-focused performance management practice.

Problem-solving teams have been launched to conduct intensive reviews across a range of disciplines. In the Information Technology (IT) realm, OMB has gathered ideas from private sector leaders, top CEOs, contractors and agency CIOS to improve the Federal Government's management of IT projects. Additionally, the office of the U.S. Chief Information Officer launched TechStat sessions that bring together all of the government staff and private contractors joining forces on a given IT project to identify problems and come up with solutions to improve effectiveness and cut out waste. The Office of Federal Procurement Policy has reinstituted the Front Line Forum, comprising front line contracting officers from all the large agencies as well as many small ones, to get the front-line staff's unique perspective and recommendations on improving acquisition across the Federal government. In 2011, the Chief Acquisition Officers Council (CAOC) will focus on strengthening the acquisition workforce and improving communication between program and contracting officials. The CAOC has also initiated a cross-council group (CAOC, PIC, Chief Financial Officers Council, Chief Information Officers Council, and Chief Human Capital Officers), working with the Office of Personnel Management, to share hiring flexibilities and develop effective hiring strategies for agency hiring managers. And like the IT TechStat sessions, the Office of Federal Procurement Policy has launched AcqStat sessions to bring a broad swath of acquisition professionals together to discuss the challenges they face in delivering better results for less.

The Administration is also turning 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 list of near-term High Priority Performance Goals can be found at *http://www.whitehouse.gov/omb/performance_default* .