CRS Report for Congress

The President's Management Agenda:
A Brief Introduction

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Summary

This report provides an overview of the President's Management Agenda, announced in August 2001, and comprising five government-wide initiatives, including strategic management of human capital, competitive sourcing, improved financial and real property management, expanded electronic government, and performance improvement (originally referred to as budget and performance integration). Related developments, such as introduction of a Management Scorecard for gauging agency achievement on the initiatives and development of a program assessment rating tool (PART) for evaluating program performance, are also discussed. This report will be updated as developments warrant.

Background on the Initiatives

In August 2001 the *President's Management Agenda* was announced, with the stated purpose of "improving the management and performance of the federal government."[1] The *Agenda* consisted of five government-wide initiatives (described below), and several specific program activities. According to President Bush, these five main initiatives were selected as addressing "the most apparent deficiencies where the opportunity to improve is greatest." The President's initiatives reflect the view that management in the federal government might be improved by adopting more business-like principles and practices from the private sector, which emphasize performance and results.

- **Strategic Management of Human Capital**. The Office of Personnel Management (OPM) has defined this initiative as transforming how the federal government employs, deploys, develops, and evaluates its workforce by focusing on results. Discussion in the *FY 2007 Budget* suggests that with this initiative agencies "are strengthening their performance appraisal systems, nurturing future leaders, ensuring their

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[1] U.S. Office of Management and Budget, *The President's Management Agenda — FY2002* (Washington: OMB, 2001), p. 1. Subsequently referred to as *Agenda*. For an online update about developments related to *Agenda* initiatives, see [http://www.results.gov].

employees have the necessary skills, and reducing how long it takes them to hire new staff."

- **Competitive Sourcing** entails public-private competitions for federal activities considered commercial and possible contracting out to the private sector of work currently performed by federal employees, and related revisions of OMB Circular A-76.

- **Improved Financial Performance** seeks to enhance the quality and timeliness of financial information available to the agencies and Congress when making decisions about federal programs. Two other facets originally subsumed under this initiative later were designated as separate program initiatives — improving management of real property assets and eliminating improper payments.

- **Expanded Electronic Government** focuses on strengthening agencies' management of information technology resources and using the Internet to improve service delivery. The latter effort involves some two dozen activities, such as GovBenefits.gov and Grants.gov.

- **Performance Improvement** (formerly budget and performance integration) entails efforts to integrate performance reviews with budget decisions in the federal government. Increasingly, agencies are to use program performance information such as that generated by the program assessment rating tool (PART) when making budget and management decisions.

Development of the Management Scorecard and PART

President Bush's budget submission for FY2003, transmitted on February 4, 2002, sought to incorporate the five management initiatives into agencies' budgets, and introduced a Management Scorecard to measure progress in each of the five reform areas. Grades for the agencies on each of the initiatives, based on a traffic light motif of green for success, yellow for mixed results, and red for unsatisfactory, have been updated quarterly by OMB; OPM and OMB jointly determine the grades for the management of human capital initiative. For each initiative, there are multiple "standards for success," or core criteria, which an agency must meet in order to get a green rating. There are likewise listings for each initiative of conditions amounting to "fatal flaws"; if an agency displays any one of these, it receives red. A yellow grade applies when an agency is free of red conditions and has achieved some but not all of the core criteria. For example, with respect to the improving financial performance initiative, an agency must meet four core criteria to "get to green," as listed in the FY2003 budget submission:

- financial management systems meet federal system requirements and applicable federal accounting and transaction standards as reported by the agency head;
- accurate and timely financial information;
- integrated financial and performance management systems supporting day-to-day operations; and

- unqualified and timely audit opinion on the annual financial statements; no material internal control weaknesses reported by the auditors.[2]

As of December 31, 2007, three agencies — Department of Labor, Environmental Protection Agency, and the Social Security Administration — had attained green for all five initiatives.[3] On the other hand, two agencies (the Department of Veterans Affairs and OMB) still had three reds, and the Department of Homeland Security received no green on any initiative. There also have been differences in reaching the standards for success among the respective initiatives. In December 2007, financial performance displayed the most red grades (nine), followed by competitive sourcing (six reds). The human capital initiative arguably reflected the most progress to date, with 17 agencies at green, none failing at red, and nine receiving a transitional grade of yellow. Performance improvement followed, with 14 green, 12 yellow, and no red.

In addition to the current status grades, agencies also receive a progress score for each initiative: green for implementation proceeding as planned, yellow for some slippage, and red warning of an initiative in serious jeopardy. OMB's grading of the agencies on the scorecard for progress in implementation, as of December 31, 2007, is higher overall than that given by OMB for current status of the initiatives, with green predominating, and only nine (of 130 total grades) being red. Eleven agencies have green for progress in implementation on all five initiatives, while eight have green on all but one of the initiatives.

The Administration also developed a new program assessment rating tool in 2002, known as PART, for evaluating program performance. The PART questionnaire contains four sections, which focus on program purpose and design, strategic planning, program management, and program results and accountability.[4] For various reasons, OMB translates PART numerical scores into qualitative ratings, as listed below in Table 1. PART was first used by agency program managers and OMB budget examiners to evaluate some 20% of federal programs in the fall of 2002 during the budget review process for the President's FY2004 budget. Each subsequent year an additional 20% of programs were to receive PART reviews, with the goal of reaching virtually 100% coverage in the FY2008 budget.[5]

On February 3, 2003, President Bush transmitted his budget for FY2004, which contained a separate volume devoted to the Scorecard and PART, titled *Performance and Management Assessments.* On February 2, 2004, the budget for FY2005 was released, containing a brief discussion of PART in the *Analytical Perspectives* volume, but with the

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[2] OMB, *Fiscal Year 2003 Budget, Analytical Perspectives* (Washington: GPO, 2002), p. 413.

[3] Electronic versions of the Dec. 31, 2007, scorecard along with previous ones are available at [http://www.whitehouse.gov/results/agenda/scorecard.html].

[4] For further discussion, see CRS Report RL32663, *The Bush Administration's Program Assessment Rating Tool (PART),* by Clinton Brass.

[5] OMB stated in the FY2008 budget submission (transmitted to Congress on Feb. 5, 2007) that to date "the Administration has assessed nearly 1000 programs, representing approximately 96% of the Federal budget." See *Fiscal Year 2008 Budget, Analytical Perspectives* (Washington, GPO, 2007), p.14.

detailed information on PART reviews now provided on a CD-ROM; this format has continued. Access to PART data was facilitated in 2006, when OMB launched a new website, ExpectMore.gov, which contains PART summaries for all programs assessed to date (as of February 2008, covering some 98% of all federal programs).

Table 1. Program by PART Rating Categories, FY2002-FY2007

Rating Group	FY2002 (234)	FY2003 (407)	FY2004 (607)	FY2005 (794)	FY2006 (977)	FY2007 (1011)
Effective	6%	11%	15%	15%	17%	18%
Moderately Effective	24%	26%	26%	29%	30%	31%
Adequate	15%	20%	26%	28%	28%	29%
Ineffective	5%	5%	4%	4%	3%	3%
Results not Demonstrated	50%	38%	29%	24%	22%	19%

Source: *OMB, Analytical Perspectives, FY2009 Budget*, p. 14.

As indicated in **Table 1**, half of the 234 programs subject to PART evaluations in 2002 were rated as "results not demonstrated," due to inadequate performance goals or unavailability of data to provide evidence of results. Programs in this category declined each year, until 19% fell in this category in FY2007. From FY2002-FY2007, programs in the effective group increased from 6% to 18%; programs deemed moderately effective increased from 24% to 31%; and programs in the adequate category increased from 15% to 29%. The percentage of programs rated ineffective declined, from 5% to 3%.

Implementation and Oversight

In his "Message" to Congress accompanying the *Agenda* in August 2001, President Bush observed:

These proposals will often require the cooperation of Congress. Congress' agenda is a crowded one, and there is an understandable temptation to ignore management reforms in favor of new policies and programs. However, what matters most is performance and results. In the long term, there are few items more urgent than ensuring that the federal government is well run and results-oriented. (p. 1)

On March 26, 2003, the House Subcommittee on Government Efficiency and Financial Management held an oversight hearing on "Management and the President's Budget." With regard to accomplishments of the *Agenda* to date, officials from OMB offered this assessment:

The Scorecard is working. Clearly it still shows a lot of agencies in the 'red' for status. And that reflects the nature of the problems we are trying to solve — chronic longstanding management challenges that defy quick fixes. However, there is significant improvement since our initial evaluation.[6]

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[6] U.S. Congress, House Committee on Government Reform, Subcommittee on Government Efficiency and Financial Management, *Management and the President's Budget*, hearing, 108th

Testimony from the General Accounting Office likewise was supportive of the effort:

> Overall, there has been continuing progress in implementing the governmentwide PMA initiatives. This progress, however, has been uneven and a continued focus is needed to improve the management and performance of the federal government and to ensure accountability.[7]

At an oversight hearing on February 11, 2004, OMB Deputy Director for Management Clay Johnson III testified that due to efforts associated with the *Agenda,* "Agencies are better managed and achieving greater results than they were two-plus years ago," as reflected in the Scorecard. Further, according to Deputy Director Johnson, the PART process offers a vehicle for improving program performance, while building on the foundation provided by the Government Performance and Results Act (GPRA). The strategic and performance plans prepared by agencies pursuant to GPRA provide a basis on which "to judge an agency's performance management practices or the goals by which it measures success. The PART reinforces the law's important requirements to set outcome-oriented goals and measure progress against those goals."[8]

In his opening statement at the hearing, subcommittee chairman Todd Platts suggested an interest in discussing "how best to codify the requirement for a coordinated program-by-program evaluation such as PART." Pledging continued attention to GPRA implementation, Mr. Johnson noted, "Codification of the requirement to conduct assessments of program performance would be a welcome complement to the statutory management framework laid by GPRA." On February 25, 2004, Representative Platts introduced H.R. 3826, the Program Assessment and Results Act (PARA), to amend GPRA and establish a statutory requirement for program reviews. The bill would have required OMB to review each program activity at least once every five years, but not mandated the use of PART specifically. H.R. 3826 was reported favorably in the House, and a Senate companion bill was introduced, but no further action occurred. Early in the 109th Congress, Representative Platts reintroduced a PARA bill as H.R. 185, which was again reported favorably by the Government Reform Committee (H.Rept. 109-26), but saw no further action.[9]

The 109th Congress considered other measures relating to the President's management initiatives. In the FY2006 and FY2007 budget submissions, the President had called for establishment of two new types of statutory commissions. "Results Commissions" would consider and revise proposals from the President to restructure or consolidate overlapping programs and then submit the plans to Congress for consideration

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[6] (...continued)
Cong., 1st sess., Mar. 26, 2003 (Washington: GPO, 2003), p.71.

[7] Testimony of Patricia A. Dalton, ibid., pp. 16-17.

[8] U.S. Congress. House Committee on Government Reform, Subcommittee on Government Efficiency and Financial Management, The President's Management Agenda: Are Agencies Getting to Green? hearing, 108th Cong., 2nd sess, Feb. 11, 2004 (Washington: GPO, 2004), pp. 9, 12.

[9] For further discussion of this measure, see CRS Report RL32671, *Federal Program Performance Review: Program Assessment and Results Act and Other Developments,* by Virginia A. McMurtry.

under expected procedures.[10] President Bush also called for creation of a Sunset Commission to conduct systematic reviews of federal programs according to a set schedule. Absent action by Congress to reauthorize them, programs would terminate following the reviews. Several states, including Texas, have sunset commissions, and for many years sunset commission bills have been introduced in Congress.[11]

Outlook in the 110th Congress

President Bush issued Executive Order 13450 (E.O. 13450), "Improving Government Program Performance," on November 13, 2007. The order requires agency heads to set clear annual and long-term goals and to prepare specific plans for achieving the goals, including the means to measure progress and efficiency in use of resources. E.O. 13450 also requires agency heads to designate an "agency performance improvement officer" and establishes a new "Performance Improvement Council," to be chaired by OMB's Deputy Director for Management.

The order arguably reflects an effort by the Bush Administration to help ensure that the performance improvement initiative of the PMA becomes a lasting legacy, following the unsuccessful efforts to advance legislation to provide a statutory basis for PART in the 108th and 109th Congresses, as discussed above. In the *Budget for FY2009*, OMB provided this rationale for E.O. 13450:

> To institutionalize the results-driven culture of the PMA, Bush issued an Executive Order (EO) on November 13, 2007, that formalizes the commitment of the Government to spend taxpayers' money wisely and effectively every year. The EO ensures agency and program performance is transparent so that taxpayers have the critical information needed to hold Government accountable. (p. 29)

Some seemed less certain, however, about its favorable impact; according to an article appearing in *Daily Report for Executives,* E.O. 13450 "appears aimed at institutionalizing within the executive branch much of the controversial program rating tool" (PART), used by OMB to evaluate federal programs.[12]

Congressional oversight of the *Agenda* initiatives seems likely to continue and possibly to increase in light of interest generated by E.O. 13450. The 110th Congress may choose as well to revisit sunset legislation, such as S. 1731, introduced by Senator Cornyn on June 28, 2007, or other program review bills.

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[10] In the 109th Congress, H.R. 2470 would have created a Commission on the Accountability and Review of Federal Agencies (CARFA), modeled on the Base Realignment and Closure Commission (BRAC) approach. For discussion of CARFA bills, see CRS Report RS21980, *Commission on the Accountability and Review of Federal Agencies (CARFA): A Brief Overview of Legislative Proposals*, by Clinton T. Brass.

[11] For further background, see CRS Report RS22181, *A Sunset Commission for the Federal Government: Review of Developments,* by Virginia A. McMurtry.

[12] Ralph Lindeman, "Bush Issues Executive Order to Create Agency Review of Program Performance," *Daily Report for Executives*, Nov. 15, 2007 (No. 222).