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**ACHIEVING REAL IMPROVEMENT IN  
FEDERAL POLICY AND  
PROGRAM OUTCOMES  
  
THE NEXT FRONTIER**

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## **ACHIEVING REAL IMPROVEMENT IN FEDERAL POLICY AND PROGRAM OUTCOMES**

A new Administration eager to successfully implement its policy goals has the challenge of quickly identifying what is worth retaining and what is not of the performance management procedures established by the previous Administration—ideally throwing out the bathwater but keeping the baby. A new Administration also has an opportunity to redeploy the assets it inherits and draw lessons from recent experience about what will be most effective in achieving Presidential priorities.

Who should be responsible for guiding the federal government’s performance in the next Administration? How can the next President achieve real improvements in federal policy outcomes? We propose answers to these questions, and offer concrete recommendations to the next President on how to improve executive branch performance to achieve his desired policy outcomes. Our guidance is based on our review of the experience of the last decade with efforts to bring performance information to bear in improving how programs are managed, and in improving decisions on policy design and use of resources.

As elaborated below, we believe that:

- The President must set the standard and demand of his cabinet and senior officials that performance be a high priority;
- At the highest level, priorities for program assessment should be set so that assessments focus mainly on programs important to the President’s major policy priorities;
- Agency heads, not the Office of Management and Budget (OMB), must lead in improving performance, and agency executives must be held accountable for improving outcomes;
- Gains in transparency and standards for assessing how well programs perform should be preserved and built on; and
- The analytic and reporting burdens of the assessment process on both OMB and agencies should be reduced and better targeted.

Since enactment of the Government Performance and Results Act (GPRA) in 1993, the efforts of successive Administrations have built a legacy of assets useful to the next Administration: an armature of strategic plans and performance measures supported by an infrastructure of staff and processes in the agencies built incrementally and now quite sophisticated. These have provided the executive branch with enhanced capacity to drive improved results at a time when there will be a growing premium on making better use of budget resources.

Despite these advances, our review of the experiences of those involved in managing program assessment and performance improvement at various levels across government suggests that these efforts have led, to date, to only limited improvement in government programs. This has

raised questions about their cost-effectiveness, that is, about whether the time and energy devoted to assessing performance is justified by the returns to date in improving performance.

The advice provided here reflects lessons captured during the authors' discussions with diverse staff and officers both in OMB and in the agencies. Synthesizing these views and our own, we offer a set of goals and recommended strategies to improve government performance in the next Administration.

## **Lessons from Experience with Performance Management During the Last 10 Years**

The most important lessons from recent experience—expressed by a variety of participants in the process, including career staff of agencies and OMB examiners and others and drawn from our own observations—are summarized below.

**Conflicting Purposes.** Tracking performance measures and assessing program effectiveness have the potential to be used to improve programs and to inform budgetary allocations within the agencies, OMB and Congress, but it is very difficult to select a set of measures or to design assessment tools that can achieve both objectives. Both processes require a large number of choices about what and how to measure, and how to draw appropriate comparisons, thus introducing the potential for differences of opinion about criteria for judgment.

The previous Administration developed and used the Program Assessment and Rating Tool (PART) as its principal means of driving performance improvement. The two biggest concerns about the PART process expressed by OMB examiners were a lack of time to conduct and review the assessments, and conflicting priorities conveyed to them about their responsibilities tied to the budget and their role in PART reviews. According to some examiners, there are fundamental differences between what the PART measures and the most important performance measures in the strategic plans of agencies. Both OMB examiners and agency representatives reported frustration arising from disconnects between the focus of the PART instrument and agencies' strategic plans produced under the Government Performance and Results Act (GPRA). As one budget examiner summarized this, "The outcomes defined by PART are not necessarily related to how agencies measure progress toward their strategic goals or how they define effectiveness—this has led to skepticism of the process by those (in the agencies) who view their plan measures as more meaningful."

PART assessments have been used by OMB in two distinct ways that involve different information and actors: (1) to support accountability; and (2) to support program improvement. Another way of viewing this is to distinguish between performance information that is useful for a broader audience including the public and Congress and that which is useful for agency program managers and partners in gauging and improving the effectiveness of their activities. For both purposes/audiences, better information is still needed to determine program effectiveness and cost-effectiveness.

Both agency and OMB participants in performance assessment recognize that tradeoffs are made regarding the use of performance data for **strategic** decision-making versus **operational** decision-making. Data useful for informing agency planning and resource allocation, and

legislative reauthorization deliberations are not likely to be the same data that line managers need to improve program implementation. Yet data collection is costly, and tradeoffs are likely to be made in favor of compliance with needs for data required for strategic purposes, including decisions about policy and budget. When line managers view the data as intended for strategic purposes, their involvement and support for assessment may diminish.

**Burden.** Another aspect of the performance challenge is linked to the lack of agency staff capacity to measure results at the activity level—this is an area of particular concern among agencies with a large number of grant programs with distinct measures. The quality and consistency of information on program effectiveness is still inadequate in most policy domains. More, and more rigorous, program evaluations are needed to test the effectiveness of policies and programs, but these assessments require more resources for most agencies.

The prevailing view among agency staff and OMB examiners is that evidence of the relationship between the collection of performance data and improvements in government performance is not there—yet. Some agency officials are skeptical, or even cynical, about the benefits reaped by program managers and executives from program assessment and evaluation, especially when compared to the heavy costs entailed in both and when the resulting data are not used to inform decisions. There are very few examples of telling use of the information for program improvement. There are also legitimate complaints that some “one size fits all” sophisticated and costly evaluation requirements have been communicated to agencies, although it should be noted that a good deal of flawed communications have traveled downwards within agencies.

There is evidence of “compliance creep,” with the issuance of more and more reporting requirements. Any performance reporting requirements should be simple, manageable, and, particularly, should not over prescribe. Unnecessary requirements cause executive agencies to spend additional resources to tailor or redesign their systems to meet the new requirements. This takes human resources and scarce funds for program management away from other needed tasks.

**Use of Performance Assessments.** Performance information, including program assessments, has the potential to be used by two distinct audiences or sets of users: one external to executive agencies and the other internal.

The external path of influence is through the decision-making process, beginning with budgeting and including interest groups, others in the public, and Congress. OMB officials sought the views of Congress during development of the program assessment process (PART), but Congress showed little interest and has paid little attention to PART results. OMB has made some use of PART results in developing and justifying elements of the President’s budget. However, the Congress’s apparent lack of interest has been a disincentive for agency leaders to fully invest in the process operated within OMB. More broadly, the expectation that making program assessments widely available would change legislative and budget decisions has not been fulfilled. The experience of both OMB examiners and agency staff is, that while a great deal of time and money has been spent on getting the results on the web—which has increased transparency—the public is not making use of this information yet.

The internal path for performance data to be used is through agency administration of programs, including use in improving program management. By focusing agencies on results and highlighting aspects of program management that are weak and need improvement to yield better results or improve efficiency, the program assessments required by OMB have had some positive influence on program performance. The observed average improvement in PART scores over the last five years may or may not be convincing evidence of this, but examiners and agency staff can provide numerous examples of how the assessment process contributed to better program administration and improved results.

Anecdotes aside, most observers agree that the OMB-led processes have failed to result in use by agency managers to improve either policy outcomes or program performance to a degree sufficient to justify the amount of effort that has gone into performance assessment and reporting. The yield on the assets is still disappointingly low.

### **What's Next?**

The President and his team in the executive agencies must be at the leading edge of the next frontier for achieving real, measurable and significant improvement in federal program and policy performance. Political executives and senior managers must take ownership to ensure achievement of the key policy outcomes prioritized by the next President.

The President has the means to hold agencies properly accountable for improved productivity in achieving mission-driven outcomes. For agencies to take more responsibility, OMB and the President's staff must step back and give agency leaders the flexibility to manage, and to determine how they measure progress toward mission-related outcomes. Reporting of performance information upward—to the White House and OMB for budget and policy making, to Congress and the public—should focus on how agency programs contribute to achieving mission-driven outcomes and should be used to monitor and judge success in advancing major Administration policy priorities. Other performance information important to program managers and relevant to many other policy objectives should be the responsibility of the agency to develop, use, and report as needed by them and their stakeholders.

Incentives to use performance information to improve program and policy outcomes must be provided to agency leadership. A top-down, command-and-control system for driving performance management is simply not going to work-- a more organic, empowering system is needed. Positive incentives should reward use of performance data, and a delegation of both authority and responsibility for making real performance improvements to agency leadership is needed. Asking agency leaders to commit periodically to achieving specific outcomes that connect to Administration priorities and to show more productive use of the resources they receive through the budget process—without dictating to them the means of achieving those results—is needed to provide a higher rate of return on assets devoted to performance assessment than in the past. A strategic approach for both performance planning and reporting is needed, with delegation of authority and responsibility for ensuring that relevant and reliable data are collected and used to inform decision-making in the agencies.

## **Goal #1: Strategic Presidential Leadership**

The President must identify a limited number of policy objectives and ask his team to focus attention on improved performance in these high visibility policy and programmatic areas. These priorities are likely to span the responsibilities of multiple agencies, which must collaborate effectively to achieve progress. Thus, for these major policy objectives, strategic performance planning, progress monitoring, and reporting need to be cross-cutting. Relevant agency leaders and executives from all pertinent agencies must be brought together to collaborate and build integrated leadership and management processes to deliver the desired results.

The President should use OMB strategically, as elaborated below, and require only selective programmatic assessments that focus on sets of policies and programs that support the prioritized policy objectives—rather than asking OMB to manage the assessment of all programs.

## **Goal #2: Executive Accountability**

The President should assign accountability to agency executives to demonstrate progress in achieving his policy priorities. Agency leaders should be charged with:

- Reporting regularly on performance to track achievement of major Administration policy priorities, and coordinating with but not delegating this responsibility to staff offices;
- Revisiting agency strategic plans, which should include consultation with relevant Congressional stakeholders, and streamlining of performance measurement and reporting processes to be in sync with refreshed agency strategic objectives;
- Collaborating productively with state, and non-governmental, service providers to prioritize and select appropriate measures to track achievement of outcomes related to their missions and achievement of their collaborative efforts;
- Identifying a prioritized set of valid and reliable performance indicators that are deemed credible and useful internally, and supporting use of these measures throughout their agency to improve internal learning and management;
- Streamlining performance reporting systems within their agency to reduce burdens where possible, and eliminate measurement where measures are not credible or useful;
- Identifying a staff and consolidated system to administer and service performance reporting for purposes of program assessment, budgeting, and publishing of agency plans and performance accountability reports, consistent with OMB and GPRA requirements;
- Clarifying to agency staff at all levels how agency strategic performance goals should be used to direct workforce staffing, and ensuring that all employees are involved and educated about how their work contributes to achievement of agency goals;



- Leading processes within their agencies modeled after a “Citistat” or “Statestat” approach, i.e., regular discussions among senior managers about agency performance as measured by a limited set of valid, reliable, and frequently reported outcome measures, to focus regular attention to progress on the highest priority objectives of the Administration;
- Empowering and rewarding program managers for using performance information to improve programs;
- Embracing transparency and a systematic, standardized approach to program assessment, key strengths of the PART process, by publishing results of program assessments and supporting explanation and evidence on the web;
- Supporting and funding strategic use of program evaluation methods by executives and program managers to address questions about both program implementation and results; and
- Rewarding publicly and frequently achievement of mission-driven program outcomes, and providing rewards for performance (not simply for reporting) at all levels of the agency.

### **Goal #3: Strategic and Effective Use of OMB**

The Executive Office/OMB should provide authority along with responsibility for achievement of mission-driven outcomes to agency leaders, but support political and career executives so that they can tailor strategies to their agency cultures rather than strive to meet “one size fits all” management or performance reporting requirements.

The Office of Management and Budget should be used to support the agencies as they track outcomes and assess programs that correspond to Presidential priorities, but OMB should not be the sole driver or primary arbiter of program performance ratings. OMB has strong leverage on the agencies through both its policy/budget formulation and its management oversight roles, but it does not have the needed capacity to adequately or fairly assess all federal programs on a regular basis and should not continue in this role.

OMB should continue and even strengthen its role in:

- Crafting a government-wide performance and accountability plan;
- Convening and supporting task forces of relevant multi-agency stakeholders on cross-cutting policy priorities;
- Educating agency executives on performance measurement and reporting—for example, OMB staff, rather than contractors, should provide mandatory training for all political appointees on legislative and regulatory requirements regarding performance measurement and reporting;
- Identifying efficiencies in meeting legislative performance reporting for all agencies to reduce reporting burdens; and

- Facilitating collaboration and sharing of effective practices among agencies on generation and use of performance data, and effective use of information technology to facilitate performance reporting.

### **Initial Actions**

Here are some actions that we believe should be taken in the first months of the next Administration so the next President can gain leverage quickly in improving executive branch performance to achieve desired policy outcomes:

1. The President should identify a limited number of policy priorities and clarify that obtaining improved performance in these high visibility policy and programmatic areas will be a critical priority for his Administration.
2. The President should assign accountability to agency executives to demonstrate progress in achieving his policy priorities, and require agency executives and senior leaders to expeditiously design and implement their strategies and processes for achieving improved outcomes in the new Administration.
3. The President should announce his commitment to transparency of performance reporting and a systematic, standardized approach to program assessment to support accountability.
4. The President should use the Office of Management and Budget strategically to support efforts to achieve high priority policy and programmatic outcomes, and refocus OMB program assessments on a small set of high priority targets for improved outcomes.



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