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The President's Management Agenda: A Brief Introduction

Virginia A. McMurtry
Specialist in American National Government
Government and Finance Division

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 performance, expanded electronic government, and 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.² According to President Bush, these five main initiatives were selected as representing "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.

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>].

² The initial program area initiatives included the following: faith-based and community initiative, privatization of military housing, better research and development criteria, eliminating fraud and error in student aid programs and deficiencies in financial management, housing and urban development management and performance, broadened health insurance coverage through state initiatives, a "right-sized" overseas presence, reform of food aid programs, and coordination of veterans affairs and defense programs and systems. Subsequently, eliminating improper payments and real property management were designated as additional program initiatives.

- **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.³ Discussion in the FY2006 budget suggests that this initiative “helps agencies ensure that they have high-performing employees with the right skills at the right time.”⁴
- **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-76.⁵
- **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.⁶
- **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 E-Clearance and E-Travel.⁷
- **Budget and Performance Integration** entails efforts to integrate performance reviews with budget decisions in the federal government.⁸ Increasingly, agencies are to use program performance information (such as that generated by the program assessment rating tool (or PART) when making budget and management decisions.

³ For discussion of related reform proposals, see CRS Report RL31518, *Federal Workforce Flexibility Act of 2003: S. 129 (108th Congress)*, by Barbara L. Schwemle.

⁴ For a status report on the governmentwide initiatives, see *Fiscal Year 2006 Budget of the United States Government* (Washington: GPO, 2005), pp. 50-55.

⁵ For further discussion, see CRS Report RL31024, *The Federal Activities Inventory Reform Act and Circular A-76*, by L. Elaine Halchin.

⁶ For further related discussion, see CRS Report RL31965, *Financial Management in the Federal Government: Efforts to Improve Performance*, by Virginia A. McMurtry. An “improper payment” includes any federal payments that should not have been made or were made in an incorrect amount.

⁷ For further discussion, see “Status of the Presidential E-Government Initiatives,” on the CD-ROM accompanying the FY2006 budget. Related e-government issues are addressed in CRS Report RL31057, *A Primer on E-Government: Sectors, Stages, Opportunities and Challenges of Online Governance*, by Jeffrey W. Seifert.

⁸ This initiative builds on efforts begun pursuant to the Government Performance and Results Act of 1993 (P.L. 103-62; 107 Stat. 285). For further discussion, see CRS Report RL32164, *Performance Management and Budgeting in the Federal Government: Brief History and Recent Developments*, by Virginia A. McMurtry.

Subsequent Developments

On February 4, 2002, President Bush transmitted his budget for FY2003, which 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.

With respect to the Management Scorecard as applied by OMB, the 12 sets of quarterly grades to date suggest that improvements are occurring, but are uneven across agencies. No agency has yet attained green for all five initiatives. However, the grades for current status (as of December 31, 2004)⁹ indicate that five agencies (Departments of Energy, Labor, State, and Transportation, and the Social Security Administration) have earned four greens. On the other hand, three agencies (the Army Corps of Engineers, OMB, and the Smithsonian) received four or more reds. There are also differences in reaching the OMB-designated standards for success among the respective initiatives. In December 2004, financial performance displayed the most red grades (18), while tying for second highest number of greens (8). The human capital initiative arguably reflected the most progress to date, with nine agencies at green, and only two at red; however, over half of the agencies (15 out of 26) received a transitional grade of yellow.

In addition to the current status grades, agencies are also given 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, 2004, is much 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. Seven agencies have green for progress in implementation on all five initiatives, while ten have green for progress 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.¹⁰ 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. As of the end of 2004, over 600 programs

⁹ Electronic versions of the Dec. 31, 2004, scorecard, along with previous ones, are available at [<http://www.whitehouse.gov/results/agenda/scorecard.html>], visited Feb. 2005.

¹⁰ For further discussion, see CRS Report RL32663, *The Bush Administration's Program Assessment Rating Tool (PART)*, by Clinton Brass.

have been through PART reviews, with annual expansions to continue, so that virtually 100% coverage is reached in the FY2008 budget.

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 detailed information on PART reviews now provided on a CD-ROM, and this form of presentation continued with the budget for FY2006, transmitted on February 7, 2005.¹¹

Table 1. Program by PART Rating Categories, 2002-2004

Rating Group	2002 (n=234)	2003 (n=407)	2004 (n=607)
Effective	6%	11%	15%
Moderately Effective	24%	26%	26%
Adequate	15%	20%	26%
Ineffective	5%	5%	4%
Results not Demonstrated	50%	38%	29%

Source: OMB, *Analytical Perspectives, FY 2006 Budget*, p. 10.

As indicated in **Table 1**, half of the 234 programs subject to PART evaluations in the 2002 round 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 to 38% in 2003 and 29% in 2004. From 2002 to 2004, programs in the effective group increased from 6% to 15%, while programs deemed moderately effective increased a bit, from 24% to 26%. The adequate category showed a greater increase in the period, from 15% to 26%. The percentage of programs rated ineffective declined slightly, from 5% in 2002 to 4% in 2004.

Outlook

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.¹²

Two legislative proposals for management reform relating to the initiatives were formulated by OMB and first introduced in the 107th Congress by Senator Fred Thompson

¹¹ See *Fiscal Year 2006 Budget of the United States Government Analytical Perspectives* (Washington: GPO, 2004), pp. 9-33. The CD, titled “Analytical Perspectives Fiscal Year 2006: Supplemental Materials,” comes attached to the *Analytical Perspectives* volume.

¹² *Agenda*, p. 1.

as S. 1612, the Managerial Flexibility Act, and S. 1613, the Freedom to Manage Act. Hearings were held, but no further action occurred before adjournment. In the 108th Congress, Title III of H.R. 180, “Budgeting and Managing for Results: Full Funding for Federal Retiree Costs,” resembled Title II of S. 1612 in the 107th Congress. The provisions sought to charge to the budgets of each federal agency the full accruing costs for retirement systems and retiree health benefits, without, however, making any changes in benefits provided or employee contributions. This tied in with the budget and performance integration initiative, by seeking to link total cost of resources used with results.

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 improvements since our initial evaluation.¹³

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.¹⁴

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.”¹⁵

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

¹³ U.S. Congress, House Committee on Government Reform, Subcommittee on Government Efficiency and Financial Management, *Management and the President’s Budget*, hearing, 108th Cong., 1st sess., Mar. 26, 2003 (Washington: GPO, 2003), p.71.

¹⁴ Testimony of Patricia A. Dalton, *ibid.*, pp. 16-17.

¹⁵ 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.

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 did not mandate 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 in 2004.¹⁶ On January 4, 2005, Representative Platts reintroduced a PARA bill as H.R. 185.

The 109th Congress may consider additional measures relating to the President’s management initiatives. In the FY2006 budget submission, the President 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 under expedited procedures. The arrangement appears similar to that for a Commission on the Accountability and Review of Federal Agencies (CARFA), contained in S. 1668 and H.R. 3213, 108th Congress. At a Senate hearing in 2004, Clay Johnson testified in support of such legislation, linking the proposed commission with the *Agenda* by suggesting that the new commission, if established, could base its recommendations for eliminating wasteful and duplicative programs on OMB’s PART evaluations.¹⁷ 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 automatically terminate following the reviews. Several states, including Texas, have sunset commissions, and for 30 years sunset bills have been introduced in Congress, most recently as H.R. 1227 in the 108th Congress.¹⁸

Budgetary concerns may pose a continuing challenge for the *Agenda*, since implementing some of the initiatives would likely require additional funding. Yet with pressures tightening to hold down discretionary spending it may prove difficult for agencies to come up with the resources needed.

¹⁶ For further discussion of this measure, see CRS Report RL32671, *Federal Program Performance Review: Some Recent Developments*, by Virginia A. McMurtry.

¹⁷ For further background on CARFA, see CRS Report RS21980, *Proposed Commission on the Accountability and Review of Federal Agencies (CARFA): A Brief Overview*, by Clinton Brass.

¹⁸ For further background on sunset legislation, see CRS Report RL31455, *Federal Sunset Proposals: Developments in the 94th to the 107th Congresses*, by Virginia A. McMurtry.