



# 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 by former President George W. Bush in August 2001. The *Agenda* included five government-wide initiatives: strategic management of human capital, competitive sourcing, improved financial management, expanded electronic government, and performance improvement. Related developments, such as the 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 not be further updated.

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## 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.”<sup>1</sup> 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 reflected 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) 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* suggested that with this initiative agencies “are strengthening their performance appraisal systems, nurturing future leaders, ensuring their employees have the necessary skills, and reducing how long it takes them to hire new staff.”
- **Competitive Sourcing** entailed 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** sought 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** focused on strengthening agencies’ management of information technology resources and using the Internet to improve service delivery. The latter effort involved some two dozen activities, such as GovBenefits.gov and Grants.gov.
- **Performance Improvement** (formerly budget and performance integration) involved 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.

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<sup>1</sup> U.S. Office of Management and Budget, *The President's Management Agenda—FY2002* (Washington: OMB, 2001), p. 1. Subsequently referred to as *Agenda*.

## Development of the Management Scorecard and PART

President Bush's budget submission for FY2003 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, based on a traffic light motif of green for success, yellow for mixed results, and red for unsatisfactory, were updated quarterly by OMB, through December 31, 2008. For each initiative, there were multiple "standards for success," or core criteria, which an agency had to meet in order to get a green rating. There were likewise listings for each initiative of conditions amounting to "fatal flaws"; if an agency displayed any one of these, it received red. A yellow grade applied when an agency became free of red conditions and had achieved some but not all of the core criteria. For example, with respect to the improving financial performance initiative, an agency had to 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.<sup>2</sup>

As of December 31, 2008, four agencies—Department of Labor, Department of State, Environmental Protection Agency, and the Social Security Administration—had attained green for all five initiatives.<sup>3</sup> On the other hand, the Department of Defense and the Department of Homeland Security received no green on any initiative. There also were differences in reaching the standards for success among the respective initiatives. In December 2008, financial performance and expanded electronic government displayed the most red grades (six), followed by competitive sourcing (six reds), while the performance improvement initiative had no reds. The performance improvement initiative arguably reflected the most progress to date, with 18 agencies at green, none failing at red, and seven receiving a transitional grade of yellow. The human capital initiative followed, with 14 green, 11 yellow, and one red.

In addition to the current status grades, agencies also received 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, 2008, was higher overall than that given by OMB for current status of the initiatives, with green predominating, and only five (of 130 total grades) being red. At the end of 2007, 11 agencies had green for progress in implementation on all five initiatives, while in December 2008, only three did so, suggesting some slippage.

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<sup>2</sup> OMB, *Fiscal Year 2003 Budget, Analytical Perspectives* (Washington: GPO, 2002), p. 413.

<sup>3</sup> Electronic versions of the scorecard were available during the Bush Administration at <http://www.whitehouse.gov/results/agenda/scorecard.html>.

The Administration also developed a new program assessment rating tool in 2002, known as PART, for evaluating program performance. The PART questionnaire contained four sections, which focused on program purpose and design, strategic planning, program management, and program results and accountability. For various reasons, OMB translated 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. 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.

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; this format was continued. Access to PART data was facilitated in 2006, when OMB launched a new website, ExpectMore.gov, which eventually contained PART summaries for all programs assessed through December 2007, when some 98% of all federal programs were covered.

**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*, 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, a House subcommittee 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.<sup>4</sup>

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.<sup>5</sup>

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 offered 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.”<sup>6</sup>

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 109<sup>th</sup> 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.<sup>7</sup>

The 109<sup>th</sup> 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

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<sup>4</sup> U.S. Congress, House Committee on Government Reform, Subcommittee on Government Efficiency and Financial Management, *Management and the President’s Budget*, hearing, 108<sup>th</sup> Cong., 1<sup>st</sup> sess., Mar. 26, 2003 (Washington: GPO, 2003), p.71.

<sup>5</sup> Testimony of Patricia A. Dalton, *ibid.*, pp. 16-17.

<sup>6</sup> 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, 108<sup>th</sup> Cong., 2<sup>nd</sup> sess., Feb. 11, 2004 (Washington: GPO, 2004), pp. 9, 12.

<sup>7</sup> For further discussion of this measure, see CRS Report RL32671, *Federal Program Performance Review: Program Assessment and Results Act and Other Developments*, by (name redacted).

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. 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.<sup>8</sup>

President Bush issued Executive Order 13450 (E.O. 13450), “Improving Government Program Performance,” on November 13, 2007. The order required 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 required 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 reflected 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 108<sup>th</sup> and 109<sup>th</sup> 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 a news account, 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.<sup>9</sup>

Details on management reform priorities for the Obama Administration were not immediately known. After the 2008 election, however, some observers suggested that the financial reform, electronic government, and human capital initiatives had “the best chance of surviving intact, because of their relative success as much as their lack of political controversy.”<sup>10</sup> With respect to the performance improvement initiative, OMB Director Peter Orszag, at a confirmation hearing early in 2009, conveyed his view that the PART system “was not particularly effective,” and “focused too much on process and not enough on outcomes.” He promised to replace PART with a better evaluation system, in consultation with Congress and executive agencies.<sup>11</sup>

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<sup>8</sup> In the 110<sup>th</sup> Congress a sunset measure, S. 1731, was introduced by Senator Cornyn on June 28, 2007. For further background, see CRS Report RS22181, *A Sunset Commission for the Federal Government: Review of Developments*, by (name redacted).

<sup>9</sup> Ralph Lindeman, “Bush Issues Executive Order to Create Agency Review of Program Performance,” *Daily Report for Executives*, Nov. 15, 2007 (No. 222).

<sup>10</sup> Robert Brodsky, “Some aspects of Bush management agenda could endure,” Govexec.com, Nov. 7, 2008.

<sup>11</sup> See Ralph Lindeman, “Orszag to Kill Bush-Era Program Rating Tool,” *Daily Report for Executives*, Jan. 15, 2009.



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