

Percy Zamora

Phil McNeil

Editors

**GOVERNMENT
EFFICIENCY
AND THE GPRA
MODERNIZATION ACT**

**GOVERNMENT
PROCEDURES
AND
OPERATIONS**



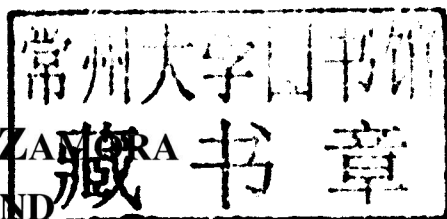
NOVA

GOVERNMENT PROCEDURES AND OPERATIONS

**GOVERNMENT EFFICIENCY
AND THE GPRA
MODERNIZATION ACT**

**PERCY ZAMORA
AND**

**PHIL MCNEIL
EDITORS**



Nova Science Publishers, Inc.
New York

Copyright © 2012 by Nova Science Publishers, Inc.

All rights reserved. No part of this book may be reproduced, stored in a retrieval system or transmitted in any form or by any means: electronic, electrostatic, magnetic, tape, mechanical photocopying, recording or otherwise without the written permission of the Publisher.

For permission to use material from this book please contact us:

Telephone 631-231-7269; Fax 631-231-8175

Web Site: <http://www.novapublishers.com>

NOTICE TO THE READER

The Publisher has taken reasonable care in the preparation of this book, but makes no expressed or implied warranty of any kind and assumes no responsibility for any errors or omissions. No liability is assumed for incidental or consequential damages in connection with or arising out of information contained in this book. The Publisher shall not be liable for any special, consequential, or exemplary damages resulting, in whole or in part, from the readers' use of, or reliance upon, this material. Any parts of this book based on government reports are so indicated and copyright is claimed for those parts to the extent applicable to compilations of such works.

Independent verification should be sought for any data, advice or recommendations contained in this book. In addition, no responsibility is assumed by the publisher for any injury and/or damage to persons or property arising from any methods, products, instructions, ideas or otherwise contained in this publication.

This publication is designed to provide accurate and authoritative information with regard to the subject matter covered herein. It is sold with the clear understanding that the Publisher is not engaged in rendering legal or any other professional services. If legal or any other expert assistance is required, the services of a competent person should be sought. FROM A DECLARATION OF PARTICIPANTS JOINTLY ADOPTED BY A COMMITTEE OF THE AMERICAN BAR ASSOCIATION AND A COMMITTEE OF PUBLISHERS.

Additional color graphics may be available in the e-book version of this book.

Library of Congress Cataloging-in-Publication Data

Library of Congress Control Number: 2011946298

ISBN: 978-1-61942-427-2

Published by Nova Science Publishers, Inc. † New York

GOVERNMENT PROCEDURES AND OPERATIONS

**GOVERNMENT EFFICIENCY
AND THE GPRA
MODERNIZATION ACT**

GOVERNMENT PROCEDURES AND OPERATIONS

Additional books in this series can be found on Nova's website
under the Series tab.

Additional e-books in this series can be found on Nova's website
under the e-book tab.

AMERICAN POLITICAL, ECONOMIC, AND SECURITY ISSUES

Additional books in this series can be found on Nova's website
under the Series tab.

Additional e-books in this series can be found on Nova's website
under the e-book tab.

PREFACE

This book discusses the Government Performance and Results Act (GPRA) Modernization Act of 2010 as the administration begins its implementation. The act offers many important opportunities to focus attention on successfully improving the effectiveness of government programs and operations, and addresses significant fiscal, performance, and management challenges facing the federal government. The federal government is the world's largest and most complex entity, with about \$3.5 trillion in outlays in the fiscal year of 2010 that fund a broad array of programs and operations. Long-term simulations of the government's financial condition underscore the need to begin addressing the long-term federal fiscal outlook.

Chapter 1 - Given continuing budget pressures combined with the focus on performance envisioned in the GPRA Modernization Act of 2010, federal agencies need to identify ways to operate more efficiently. GAO was asked to (1) describe selected initiatives that federal departments are implementing to achieve efficiencies; and (2) identify key practices associated with implementing these initiatives, as well as selected state initiatives, that can be applied more broadly in the federal government.

GAO reviewed agency documents and interviewed officials from the Departments of Homeland Security (DHS), Veterans Affairs (VA), Defense (DOD), and Housing and Urban Development (HUD), as well as officials from five states—Virginia, Iowa, Texas, Washington, and Georgia.

Chapter 2 - The Government Performance and Results Act of 1993, often referred to as GPRA, or the Results Act, was the first statutory framework for strategic planning, goal setting, or performance measurement. According to the U.S. Government Accountability Office (GAO), before GPRA, few

agencies used results-oriented performance information to enhance management and strategic policy decisions.

The Results Act was a bipartisan effort that succeeded in establishing a comprehensive, consistent foundation for agency strategic planning, performance planning, and reporting. I believe GPRA is, and must remain, the cornerstone of the Federal Government's performance management framework.

Chapter 3 – Chairmen Akaka and Carper, Ranking Members Johnson and Brown, Members of the Committee:

When I last appeared before you I committed to working with Federal agencies to maximize the use of performance information to improve the effectiveness, efficiency, responsiveness and transparency of government operations. Since then, Congress strongly expressed its commitment to the same goal by passing the GPRA Modernization Act (the Act). The law builds upon the Administration's approach to improving government performance and expects agency leaders to set goals that reflect top priorities, conduct frequent data-driven reviews, and communicate results to solve problems and improve outcomes.

I appreciate the opportunity to come before you today to discuss our shared objectives. More specifically, I will provide an update on the Administration's performance management approach, explain how we have begun to implement the GPRA Modernization Act, and discuss the path forward.

Chapter 4 - The federal government is the world's largest and most complex entity, with about \$3.5 trillion in outlays in fiscal year 2010 that fund a broad array of programs and operations. GAO's long-term simulations of the federal budget show—absent policy change—growing deficits accumulating to an unsustainable increase in debt. While the spending side is driven by rising health care costs and demographics, other areas should also be scrutinized. In addition, there are significant performance and management challenges that the federal government neEditors to confront.

GAO was asked to testify on the Government Performance and Results Act (GPRA) Modernization Act of 2010 (GPRAMA), as the administration begins implementing the act. This statement is based on GAO's past and ongoing work on GPRA implementation, as well as recently issued reports (1) identifying opportunities to reduce potential duplication in government programs, save tax dollars, and enhance revenue; and (2) updating GAO's list of government operations at high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement, or the need for transformation. As

required by GPRAMA, GAO will periodically evaluate implementation of the act and report to Congress on its findings and recommendations.

Chapter 5 - My name is Robert Shea and I am a Principal of Grant Thornton LLP, one of the six global audit tax and advisory organizations. I work in Grant Thornton's Global Public Sector (GPS), based in Alexandria, Virginia. Our mission is to provide responsive and innovative financial, performance management, and systems solutions to governments and international organizations. Grant Thornton GPS provides expert performance management advice to major federal departments and agencies, as well as to state and local governments.

I'm proud to talk about effective ways to implement the recently enacted Government Performance and Results Modernization Act of 2010 before the committee that enacted the first GPRA almost twenty years ago. That law laid a strong foundation for more rigorous performance management practices to take hold across government. The new law builds on progress made and enhances the tools we have to improve the government's performance. For it to be successful, though, Congress must ensure the executive branch appoints leaders who understand the power of performance information and aren't afraid to use it to transform organizations. Congress must also take an active role in ensuring the provisions of the act are implemented urgently and as intended. Agencies must be held accountable for taking the act's requirements seriously, and invest the time, effort, and resources required to make them.

Chapter 6 - I appreciate the opportunity to share my perspectives on the implementation of the GPRA Modernization Act and the future prospects for performance management and budgeting.

The passage of the 2010 Modernization Act constituted an important milestone in a decades-long journey to use performance measures to inform decisions and manage far flung federal programs. The Act offers a valuable opportunity to highlight the importance of current Administration performance initiatives, as well as institutionalize the all-important management leadership necessary to sustain performance reforms. Most critically, the Act breaks new ground in requiring OMB to establish leadership for a select number of government wide policy initiatives that cut across agency boundaries and tools of government.

Chapter 7 - I am pleased to have the opportunity to testify before the Subcommittees regarding implementation of the GPRA Modernization Act of 2010, and in particular, the several important organizational changes which are designed to provide sustained, high-level leadership support and accountability for achieving results and improving management across the government.

I am Executive Director of the IBM Center for The Business of Government and a Partner in IBM's Global Business Services. The IBM Center connects public management research with practice. Since 1998, we have helped public sector executives improve the effectiveness of government with practical ideas and original thinking. We sponsor independent research by top minds in academe and the nonprofit sector and host a weekly radio show "The Business of Government Hour" which presents in-depth stories on government executives and public managers who are changing the way government does its business.

CONTENTS

Preface		vii
Chapter 1	Streamlining Government: Key Practices from Select Efficiency Initiatives Should Be Shared Governmentwide <i>United States Government Accountability Office</i>	1
Chapter 2	Statement of Daniel K. Akaka, Chairman of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia. Hearing on "Roadmap for a More Efficient and Accountable Federal Government: Implementing the Government Performance and Results Modernization Act"	73
Chapter 3	Statement of Jeffrey D. Zients, Federal Chief Performance Officer and Deputy Director for Management, Office of Management and Budget. Hearing on "Roadmap for a More Efficient and Accountable Federal Government: Implementing the Government Performance and Results Modernization Act"	75

Chapter 4	Managing for Results: GPRA Modernization Act Implementation Provides Important Opportunities to Address Government Challenges. Statement of Gene L. Dodaro, Comptroller General of the United States, delivered at the Hearing on "Roadmap for a More Efficient and Accountable Federal Government: Implementing the Government Performance and Results Modernization Act"	83
Chapter 5	Statement of Robert Shea, Principal, Grant Thornton LLP. Hearing on "Roadmap for a More Efficient and Accountable Federal Government: Implementing the Government Performance and Results Modernization Act"	103
Chapter 6	Statement of Paul L. Posner, George Mason University. Hearing on "Roadmap for a More Efficient and Accountable Federal Government: Implementing the Government Performance and Results Modernization Act"	111
Chapter 7	Statement of Jonathan D. Breul, Executive Director, IBM Center for The Business of Government. Hearing on "Roadmap for a More Efficient and Accountable Federal Government: Implementing the Government Performance and Results Modernization Act"	127
Index		133

In: Government Efficiency and the GPRA ...

ISBN: 978-1-61942-427-2

Editors: P. Zamora and P. McNeil

© 2012 Nova Science Publishers, Inc.

Chapter 1

STREAMLINING GOVERNMENT: KEY PRACTICES FROM SELECT EFFICIENCY INITIATIVES SHOULD BE SHARED GOVERNMENTWIDE *

United States Government Accountability Office

WHY GAO DID THIS STUDY

Given continuing budget pressures combined with the focus on performance envisioned in the GPRA Modernization Act of 2010, federal agencies need to identify ways to operate more efficiently. GAO was asked to (1) describe selected initiatives that federal departments are implementing to achieve efficiencies; and (2) identify key practices associated with implementing these initiatives, as well as selected state initiatives, that can be applied more broadly in the federal government.

GAO reviewed agency documents and interviewed officials from the Departments of Homeland Security (DHS), Veterans Affairs (VA), Defense

* This is an edited, reformatted and augmented version of The United States Government Accountability Office publication, Report to the Committee on Homeland Security and Governmental Affairs, and Its Subcommittee on Oversight of Government Management, the Federal Workforce, and District of Columbia, U.S. Senate, GAO-11-908, dated September 2011.

(DOD), and Housing and Urban Development (HUD), as well as officials from five states—Virginia, Iowa, Texas, Washington, and Georgia.

WHAT GAO RECOMMENDS

GAO recommends that OMB share the key practices for implementing efficiency initiatives identified in this report, and develop proposals for funding mechanisms to support upfront investment costs of longer-term efficiency projects that could result in greater cost savings or other efficiencies in the future. OMB staff stated that the report does not give sufficient weight to its sharing of information consistent with the key practices GAO has identified. While the report recognizes a number of OMB's initiatives, GAO is unaware of the extent of OMB's efforts to share the practices identified in this report. DHS, DOD, VA and HUD had no comments on the recommendations.

WHAT GAO FOUND

Federal departments in our review used different approaches to improve efficiency. Their efficiency initiatives generally fell within two categories—(1) reexamining programs, structures, and functions to determine whether they effectively and efficiently achieved their mission; and (2) streamlining and consolidating operations to make them more cost effective. For example, the Secretary of Defense's Efficiency Initiative, HUD's Transformation Initiative (including HUDStat), and VA's Operational Management Reviews implemented broad examinations of their programs, structures, and related processes. DHS's Efficiency Review, VA's Project Management Accountability System, and DOD's Continuous Process Improvement/Lean Six Sigma Program employed targeted methods to streamline and consolidate processes and systems. Most of the federal initiatives were relatively new; consequently, their overall impact has yet to be determined. However, each of these initiatives, as well as select state initiatives—such as the Virginia Productivity Investment Fund—demonstrated key practices from which federal agencies could learn, as exemplified below.

Key Practices in Select Federal and State Efficiency Initiatives

Key practice	Examples of how practices were implemented
<p>Use change management practices to implement and sustain efficiency initiatives:</p> <ul style="list-style-type: none"> • Ensure top leadership drives the transformation • Dedicate an implementation team to manage the transformation process • Set implementation goals and a time line to build momentum and show progress from day one • Involve employees to obtain their ideas and gain their ownership of the transformation 	<ul style="list-style-type: none"> • Held regular sessions led by Secretary or Deputy Secretary to track progress of major departmental initiatives (e.g., HUDStat and VA's OMR) • Used COOs or CMOs to lead efficiency efforts (e.g., involvement of the Army, Navy, and Air Force CMOs in the Secretary of Defense's Efficiency Initiative and HUD Transformation Initiative) Created a dedicated department-level team to identify, track, and report on efficiencies (e.g., DHS's ER, VA's OMR, HUD Transformation Initiative, and Texas Sunset Advisory Commission) Set specific departmentwide cost savings and/or efficiency goals and an implementation time line (e.g., Secretary of Defense's Efficiency Initiative, Washington's Government Management Accountability and Performance) • Created an ongoing formal and collaborative structure that involves employees and leadership in identifying and developing efficiency policies (e.g., DHS's ER, VA's OMR and PMAS) • Provided financial or nonfinancial employee incentives for identifying efficiencies (e.g., DHS's ER, Secretary of Defense's Efficiency Initiative, DOD's CPI/LSS, Virginia's Productivity Investment Fund, and Iowa's Charter Agencies)
Target both short-term and long-term efficiency initiatives	<ul style="list-style-type: none"> • Identified efficiency initiatives that can generate immediate returns as well as more substantive changes to operating procedures, programs, and organizational structures (e.g., DHS's ER, DOD's CPI/LSS, and Secretary of Defense's Efficiency Initiative) • Identified dedicated funding mechanisms to support the up-front costs associated with long-term efficiency improvements (e.g., Virginia's Productivity Investment Fund, and HUD's Transformation Initiative)
Build capacity for improving efficiency	<ul style="list-style-type: none"> • Used a department-level office to standardize guidance and training and facilitate sharing best practices (DOD's CPI/LSS) • Identified and shared performance trends and best practices during regular sessions that involved headquarters and regional leaders of major operations and programs (e.g., VA's OMR and HUDStat)
	<ul style="list-style-type: none"> • Identified and formally solicited input from experts in business and government operations (e.g., DOD's Secretary of Defense's Efficiency Initiative, Georgia's Commission, and Virginia's Council on the Future)

Source: GAO.

ABBREVIATIONS

CFO	Chief Financial Officer
CIO	Chief Information Officer
CNG	Commission for a New Georgia
CMO	Chief Management Officer
COO	Chief Operating Officer
CPI/LSS	Continuous Process Improvement/Lean Six Sigma
DCMO	Deputy Chief Management Officer
DHS	U. S. Department of Homeland Security
DOD	U. S. Department of Defense
ER	Efficiency Review
FY	Fiscal Year
FIT	Office of Financial Innovation and Transformation
GMAP	Government Management Accountability and Performance
GPRA	Government Performance and Results Act of 1993
GPRAMA	Government Performance Results Modernization Act of 2010
HUD	U. S. Department of Housing and Urban Development
IG	Inspector General
IPERA	Improper Payments Elimination and Recovery Act
IT	Information Technology
OMB	Office of Management and Budget
OOR	Office of Responsibility
OSPM	Office of Strategic Planning and Management
PIC	Performance Improvement Council
PIF	Productivity Investment Fund
PIO	Performance Improvement Officer
PMAB	President's Management Advisory Board
PMAS	Project Management Accountability System
PMC	President's Management Council
SAVE	Securing Americans' Value and Efficiency
TI	Transformation Initiative
TA	Technical Assistance
VA	U. S. Department of Veterans Affairs

September 30, 2011

The Honorable Joseph I. Lieberman, Chairman

The Honorable Susan M. Collins

Ranking Member

Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Daniel K. Akaka
Chairman
Subcommittee on Oversight of Government Management,
the Federal Workforce, and District of Columbia
Committee on Homeland Security and Governmental Affairs
United States Senate

Addressing the federal government's long-term fiscal challenge will require a multipronged approach, including constraining discretionary spending. The Budget Control Act of 2011, signed on August 2, 2011, established a 10-year cap on discretionary spending as part of a process to lead to about \$2 trillion in deficit reduction.¹ These spending constraints combined with the focus on performance envisioned in the Government Performance and Results Modernization Act of 2010 (GPRAMA) mean that agencies will need to find ways to eliminate ineffective and wasteful practices and become more efficient with fewer resources. We recently identified some ways to improve the efficiency and effectiveness of federal agencies. In March 2011, we reported on over 80 areas that appear to be outmoded, overlapping, duplicative, or fragmented, as well as opportunities for potential cost savings or enhanced revenues.² In May 2011, we testified before Congress that all federal programs and activities—discretionary programs, mandatory spending, revenues, and tax expenditures—need to be reexamined to determine whether they should be streamlined or corrected, in order to better achieve outcomes for the American public.³ The administration is aware of these challenges and is directing federal agencies to continue to identify ways to operate more efficiently and effectively. While agency efficiency efforts will not resolve the long-term fiscal imbalance because of the size of that imbalance, they remain important to the federal government's ability to operate with fewer resources while maintaining or improving the critical services and functions that it provides.

You asked us to examine federal and state government efforts to improve efficiency.⁴ Specifically, we (1) describe selected initiatives that federal departments are implementing to achieve efficiencies—including the reported or expected results, how these results are being tracked and reported, and the extent to which these initiatives are being institutionalized; and (2) identify key practices associated with implementing these efficiency initiatives in

federal departments, as well as selected initiatives in state governments, that can be applied more broadly across the federal government.

For the purposes of this review, we define “efficiency” as maintaining federal government services or outcomes using fewer resources (such as time and money) or improving or increasing the quality or quantity of services or outcomes while maintaining (or reducing) resources.⁵ Based on discussions with management experts and federal and state officials, we identified the following primary approaches that agencies can take to improve efficiency:

- reexamining programs and related processes and/or organizational structures to determine whether they effectively or efficiently achieve the mission;
- streamlining or consolidating management or operational processes and functions to make them more cost-effective.

We selected federal initiatives that are being implemented departmentwide, involved reexamining federal programs and their related processes or structures or streamlining or consolidating existing processes to become more efficient, and were identified by the Office of Management and Budget (OMB) or government management experts as having potentially promising practices, among other things. (For a full list of our criteria, see app. I).

Based on these criteria, we selected the following initiatives within several federal departments for review:

Table 1. Federal Initiatives Selected as Case Studies

Initiative	Date Instituted
Initiatives focused on reexamining federal programs and their related processes and/or structures	
The Secretary of Defense’s Efficiency Initiative	2010
Department of Housing and Urban Development’s (HUD) Transformation Initiative	2010
Department of Veterans Affairs’ (VA) Operational Management Reviews (OMR)	2009
Initiatives focused on streamlining or consolidating existing processes and functions	
Department of Homeland Security’s (DHS) Efficiency Review (ER)	2009
VA’s Project Management Accountability System (PMAS)	2009
Department of Defense’s (DOD) Continuous Process Improvement/Lean Six Sigma Continuous Process Improvement (CPI/LSS) Program	2007

Source: GAO Analysis of Agencies Documents.