A CRITICAL ROLE AT A CRITICAL TIME

A Survey of Performance Improvement Officers

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PARTNERSHIP FOR PUBLIC SERVICE

Grant Thornton

The Partnership for Public Service is a nonpartisan, nonprofit organization that works to revitalize the federal government by inspiring a new generation to serve and by transforming the way government works.

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EXECUTIVE SUMMARY

Government agencies are under increasing pressure to improve the effectiveness of their programs and policies while facing budgetary constraints and growing demands from the public.

These conditions heighten the importance of the Performance Improvement Officer (PIO), the senior-level position created by an executive order issued by President George W. Bush in November 2007, continued under the Obama administration and made permanent by enactment of the Government Performance and Results Modernization Act of 2010.

The new law, similar in many ways to the presidential order, directs this small but select group of federal executives to ensure that the mission and long-term goals of their agencies are achieved through strategic and performance planning, measurement, analysis, regular assessment of processes and the use of performance information to improve results. The law calls for greater transparency in reporting and greater attention to data completeness and reliability.

The passage of this law offers a golden opportunity for the federal government to up its game—for agency leaders, the Office of Management and Budget (OMB) and Congress to create favorable conditions for PIOs to be more effective in the monitoring, evaluating and improving of programs and the delivery of services to the American people.

ABOUT THE SURVEY

In 2010, The Partnership for Public Service and Grant Thornton LLP surveyed 23 of the 24 PIOs or their designees at the largest federal agencies. The survey shows how PIOs see their roles and responsibilities. It also gauges their progress in establishing performance cultures and reveals the problems and frustrations PIOs face as they drive change in their agencies.

RESULTS

Our PIO participants had varied experiences and opinions. For example, some say they are largely unknown in their agencies and have little impact. Others say they are trusted members of the leadership team and have improved agency performance. Despite this divergence, survey results reveal four main challenges to PIO effectiveness. In general, PIOs broadly agreed that:

- They often lack top-leader support for building a strong performance culture, holding people accountable and making programs and services more effective.
- They do not have enough authority to improve government performance and results.
- They often have multiple responsibilities that include budget and financial issues, causing them to give performance management short shrift. On average, less than 50 percent of a PIO's time is spent on performance management because other duties take precedence.
- Performance improvement is often seen as an external compliance exercise, not as an opportunity to improve. Many PIOs say they have to meet numerous reporting requirements that are often duplicative and seldom fully utilized.

Adding to the four problems is a government culture with short-term political leaders who focus on policy rather than management and operations. Also, most agencies are reactive, not strategic, focusing on outputs, not outcomes.

A number of other themes emerged from our interviews, including:

- PIOs say that the federal government as a whole does not give enough emphasis to performance management, offering only slightly higher ratings to their own organizations. Most PIOs say they contribute to agency strategy, but believe they are facilitators and conveners more than important players.
- Agencies, according to the PIOs, have a need for reliable performance measures and effective systems to generate the type of information required for meaningful analysis.
- PIOs also say that Congress and OMB do not make enough constructive use of their agencies' performance data and reports. However, PIOs give high marks to the management side of OMB and its ef-

forts to bring learning and knowledge sharing to the practice of performance measurement.

- PIOs say the American Recovery and Reinvestment Act of 2009 (ARRA) could be a model for best practices in performance measurement. According to them, ARRA changed perceptions and drove transformation in performance measurement by requiring timely, transparent and unprecedented reporting on spending and results.

RECOMMENDATIONS

There are a number of steps that should be taken to enhance the effectiveness of PIOs and to create better outcomes for our government and the American people. As top line proposals, we recommend that:

- Agency leaders ensure PIOs focus entirely on their performance management duties, undistracted by other tasks.
- Agency leaders give PIOs clear authority to carry out their duties. These duties must go beyond compliance reporting to cover performance oversight and management needed to drive policy, budgetary decision making and program improvement. Other duties include developing strategies, measuring outcomes and evaluating programs and services.
- Agency leaders and OMB should use the work of PIOs to hold senior executives and managers accountable. Without such a commitment, real progress is unlikely.
- OMB and Congress should support agencies as they build performance management capacity. PIOs say they have neither the skills nor the tools they need to transform departments or agencies from reactive, output-focused organizations to strategic, outcome-oriented ones. Agency leaders must identify workforce, technology and other gaps in their performance management infrastructure and make the necessary investments.

In the body of this survey report are additional steps the Administration and agency leaders can take to support PIOs and improve efficiency. This report outlines these other proposals, including a call for Congress and the agencies to make better use of performance data in policy and budgetary deliberations, and for the 2009 stimulus law to serve as a model for enhanced performance management and reporting.

THE PERFORMANCE IMPROVEMENT COUNCIL

The Performance Improvement Council (PIC), created by a 2007 presidential executive order and made permanent by the Government Performance and Results Modernization Act of 2010, is made up of PIOs from federal agencies and envisioned as a hub for the government's performance management network. The council, headed by OMB's deputy director for management, has been charged with improving government-wide performance, achieving priority goals, and identifying and tackling specific problems as they arise. The PIC will serve as a home for federal communities of practice. Some communities of practice will be organized by problems, some by program type—such as regulatory matters—and some by methods, such as quality management. These communities will be expected to develop tools and provide expert advice and assistance to their colleagues.

INTRODUCTION

Our government faces formidable challenges that include national and homeland security threats, increasing globalization, an aging and more diverse population, and huge budget deficits that will require significant cost-cutting.

In such a demanding environment, it is crucial for federal agencies to perform at a high level and to be as efficient and effective as possible when carrying out national policies and delivering important results for the American people.

But government agencies today, as in the past, often lack the organizational cultures needed to promote high performance as well as the tools and systems necessary to measure programmatic and policy success or failure.

Unfortunately, creating high-performing organizational cultures and producing operationally useful information has proven to be difficult in the public sector, where one cannot simply look at a profit and loss statement or the stock price as yardsticks for success.

Government's ultimate objectives such as a strong economy, secure nation, educated population, or clean environment, are hard to achieve and difficult to measure—especially when success depends on a wide range of non-federal stakeholders and intermediaries.

Government agencies also face numerous obstacles not not found in the private sector, including short-term political leadership often concerned with policy more than management and operations; political or program constraints and demands imposed by Congress; greater difficulties hiring and firing employees; cumbersome procurement rules; and complicated processes for redirecting or obtaining funds.

In 1993, Congress passed the Government Performance and Results Act (GPRA) that for the first time required every federal agency to establish long-term strategic and yearly performance plans and goals, and to report results to Congress, the Office of Management and Budget (OMB) and the public.[1] The law shifted the focus of federal government performance measurement from process and activities to the results those activities were intended to achieve.

While the law established a foundation for results-based management, it did not produce government-wide strategic planning, and its overall impact has been limited by inconsistent leadership attention. In many instances, performance requirements in the law have been seen largely as a matter of bureaucratic compliance—writing lengthy reports and checking boxes—and not as a management opportunity to make improvements in the way government operates.

President George W. Bush built on the initial management work done under GPRA during the Clinton administration through his President's Management Agenda (PMA).

One of the initiatives, starting in 2003, was designed to conduct program-level assessments, link budgets to program performance and tie program performance to executive pay. In collaboration with agencies, OMB created the Program Assessment Rating Tool (PART) to gauge program performance and efficiency improvements. The Bush administration also directed agencies to conduct quarterly reviews of their performance.

While this initiative focused attention on performance of government programs its impact was diminished because the ratings generated were not always considered reliable by Congress or even the agencies themselves.

In November 2007, President Bush sought to enhance his management program by issuing an executive order that created the position of Performance Improvement Officer (PIO) as well as a government-wide Performance Improvement Council (PIC).[2]

The responsibilities assigned to the PIOs included supervising agency performance management activities; advising their agency leaders on the means for measuring program performance and the adequacy of performance targets; and assisting with the integration of

1 Pub. L. No. 111-352, 124 Stat. 3866 (2011). GPRAMA amends the Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (1993).

2 The PIO position and the PIC were established by Executive Order 13450, Improving Government Program Performance, on Nov. 13, 2007, available at http://www.whitehouse.gov/sites/default/files/omb/assets/performance_pdfs/eo13450.pdf.

performance information into their agency's personnel performance appraisal process.

The PIC, made up of agency PIOs, was told by the administration to make recommendations on performance management policies and requirements, develop improved criteria for evaluations and share best practices.

President Obama followed up with his own management agenda in 2009 that included requirements for every agency to establish a series of high-priority performance goals; hold regular, data-driven reviews that focus on outcomes; and ensure transparency regarding the progress being achieved. The purpose was to sharpen the focus of leaders on the most important, achievable goals.

With PIOs in place throughout government for several years, the Partnership for Public Service, in collaboration with Grant Thornton LLP, examined how they were functioning and whether and to what extent they were improving agency performance.

Between June 2010 and February of 2011, we conducted interviews with PIOs or their designees at 23 of the federal government's 24 largest agencies to better understand their roles and responsibilities, the challenges and problems they face, the successes they achieved and the disappointments they experienced. After almost all of our interviews were completed, Congress passed the Government Performance and Results Modernization Act of 2010 that revised the landmark 1993 GPRA law.[3]

This new law, approved in December 2010 and signed by President Obama on January 4, 2011, requires every agency head to appoint a chief operating officer (COO) and a PIO to oversee the efforts to improve management and administrative functions.

The law makes the PIO a permanent government position, places the job under the purview of the COO and spells out the specific PIO responsibilities. These include ensuring that "the mission and goals of the agency are achieved through strategic and performance planning, measurement, analysis, regular assessment of progress, and use of performance information to improve the results."

According to the report language, the law "makes changes to the responsibilities of the PIO in order to align the position with planning and reporting requirements provided by the legislation." It also says that the requirement for PIOs to be senior agency executives will "ensure continuity for this position over time in order to help the agency focus on achieving its long term goals."

In addition, the law authorizes creation of a government-wide improvement council, or PIC, that was part of President Bush's executive order, and directs this group to "work to resolve specific government-wide or crosscutting performance issues."

The law expanded some of the GPRA performance requirements and modified others. It requires that all agencies set high-priority and measurable performance goals, and calls on agencies to improve coordination and avoid overlapping government programs. It also directs agencies to post quarterly performance updates on a single, public website and in the first year to reduce by 10 percent the number of little-used or outdated reports mandated by previous administrations or Congress.

The new law may settle some concerns raised by the PIOs, including their varied location on agency organizational flow charts, issues surrounding the scope of their responsibilities and the persistent problem of duplicative and often unnecessary paperwork reporting requirements.

While the reforms represent an important step, PIOs still face many difficult challenges in accomplishing their congressionally mandated task of improving government performance, driving change and becoming integral parts of agency management teams.

We believe this report provides an important benchmark from which to measure progress of the PIOs in carrying out the mandates of the new law and fulfilling their mission. We will follow this report with another survey of PIOs that will be released in 2013.

The PIOs offered many opinions and suggestions that should be taken into account by the Obama administration and agency leaders as they implement the new law. The people who hold these jobs bring wide experience to the table and have provided important insights into what has been working, what issues should be addressed and what pitfalls may lie ahead.

3 Pub. L. No. 111-352, 124 Stat. 3866 (2011). GPRAMA amends the Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (1993).

PIOS HAVE NOT BEEN STRUCTURED FOR SUCCESS

One could say that PIOs have been operating in a test mode since the position was created by the 2007 presidential executive order.

Based on interviews with PIOs, we found a number of factors that have limited their effectiveness. In particular, PIOs often wear multiple hats and assume different responsibilities, sometimes hampering their ability to focus on ensuring agency effectiveness. They have different levels of seniority, report to different superiors and have varying degrees of access to agency heads. Most are career executives while a few are political appointees.

One problem stems from the presidential executive order creating the PIO, which did not give precise direction about where the performance officers should be located within agencies or even require that they hold just one job.

The order defined a PIO as an "employee of an agency who is a member of the Senior Executive Service (SES) or equivalent service, and who is designated by the head of the agency to carry out the duties set forth in section 5 of this order." Section 5 said PIOs, subject to the direction of the head of the agency, were to supervise performance management activities of the agency; advise the head of the agency whether the goals were realistic and sufficiently rigorous; assess the performance of each agency program; and consider ways to improve performance.

PIOs typically report to the deputy secretary, wear the chief financial officer (CFO) hat, contribute greatly to agency strategy and feel well-positioned to drive change within the organization. Others, however, report to the assistant secretary for planning, believe they are too low in the organization to play more than a compliance role and rarely interact with the agency's operating components other than to request information for external reporting purposes.

Depending on the agency, the PIO can be located within the office of the secretary, the CFO's office, the office of the budget director, the office of program analysis and evaluation or some combination of these units.

The performance law signed in 2011 is more explicit than the 2007 executive order.

The law establishes a chief operating officer title for all federal agencies, stating that this job should be held by the deputy head of each agency or the equivalent. The law requires the head of each agency, in consultation with the chief operating officer, to "designate a senior executive of the agency as the agency Performance Improvement Officer," and states that the PIO "shall report directly to the chief operating officer."

This law should help eliminate the inconsistencies across government that resulted from PIOs being housed in different agency units, and has the potential to make PIOs more effective, particularly if they are not saddled with multiple responsibilities.

Most interviewees said they generally have access to either the head of their agency or the deputy secretary, but some lack direct access and see this as part of a broader

Table 1 Most frequently observed PIO structure

Reporting level	Deputy secretary
Organizational unit	CFO or CFO and budget
Access to agency head	Indirect via deputy secretary
Other duties/responsibilities	CFO
Time spent on performance	On average, less than 50 percent
Most mentioned roles	• Setting goals, objectives and targets • Developing performance measures • Making performance information useful • Liaison with OMB and Congress • Process improvement initiatives (e.g., Six Sigma)
Positioned to drive change?	No

disconnect. "Our agency leader doesn't know my position exists or even know my name," one PIO said.

While the PIOs location within an agency was often an important factor, the key for the most successful PIOs depended on how the agency and its leaders perceived performance management. "Performance is either an attitude or an activity. It doesn't matter where you sit," said one PIO.

RESPONSIBILITIES VARY

The PIO's main responsibilities have been to assist in setting goals, measuring results, planning strategy, budgeting and facilitating improvement. For some PIOs, performance improvement is their only job. More than half of the PIOs interviewed, however, are chief financial officers or budget directors and are pulled in many different directions.

There are big differences in the amount of time PIOs spend on performance management issues. On average, the PIOs said they spend less than 50 percent of their time on performance, but some spend as little as five percent. However, a solid 40 percent said they devote all of their time to performance.

Those PIOs who also have CFO and/or budget-related duties were nearly unanimous in saying that these responsibilities always take precedence over performance management. For example, several PIOs complained that being located in the office of the CFO or the budget or program analysis and evaluation offices all came with problems because of conflicting responsibilities and points of emphasis. "We focus on financial execution rather than what programs are producing or achieving," said one PIO located in the office of the CFO.

Others have had different experiences, and saw being co-located in the CFO's office as an asset. "It's easy to get everyone's attention. People are scared of the CFO and money always gets people's attention," said a PIO.

Some of those who spend 100 percent of their time on performance said performance is "integrated" or "embedded" into everything they do. One such interviewee said, "I asked for the PIO title because I don't separate compliance from performance." This PIO was also the CFO of the agency.

Regardless of where they have been situated or what other duties they have had to perform, respondents reported a variety of roles and responsibilities when it comes to performance improvement. Most common were setting goals, developing measures and getting people to adopt them. Others mentioned are listed in the box above. "The real challenge is how to show performance data in a useful way," said one interviewee. "My job is to make the information interesting and useful for leadership."

In an effort to identify ways to improve their job function, we asked PIOs to tell us what they believe their role should be. They expressed a variety of opinions. Some said budget authority enhances a PIO's role, while others suggested that the PIO should be grounded in analytical skills. One PIO, however, took a contrary point of view, "We don't really need a PIO; it should be integrated with other positions."

Those PIOs with other duties said it is important to have a deputy for whom performance management is a full time commitment. In the words of one, "If the PIO can't spend 100 percent of their time on performance, give the responsibility to someone under them." A majority

PIO RESPONSIBILITIES

- Setting goals, objectives, targets
- Developing performance measures
- Connecting compliance to performance
- Driving acceptance of performance management and making information useful
- Serving as a trusted advisor on measurement/analytics
- Performing organizational evaluations and assessments
- Assisting in strategic planning and coordination
- Collecting and summarizing relevant data; reporting
- Developing and maintaining the department's balanced scorecard
- Conducting or participating in quarterly/monthly reviews
- Assisting in business process re-engineering efforts
- Getting performance into Senior Executive Service ratings and below
- Convening groups and facilitating discussions

"Performance is either an attitude or an activity. It doesn't matter where you sit."

PIO respondent

of interviewees held this view, and several brought their dedicated performance deputy to the interview or relayed comments from them.

PIO INVOLVEMENT IN AGENCY STRATEGY DIFFERS

Most PIOs felt they are deeply involved in strategic decision-making within their agency—a role envisioned by the executive order and codified in the new law.

When asked to rate the extent to which they contribute to strategic decision-making, respondents gave an average score of 4.1 on a 1 to 5 scale, ranging from a low of 2.5 to a high of 5.

The nature of PIO's contributions varied, depending on how they viewed their role. For some, "contributing" to strategic decision-making meant facilitating the process and providing the analytical skills to support and implement decisions. As one respondent said, "The ideas behind the strategy should come from the top down and be the vision of leadership. We facilitate the negotiation and the back and forth. Our goal is not to develop the strategy, but to help the agency come up with ways to achieve their strategy."

Others participated on a more substantive level, presenting ideas and alternatives. "We frame the issues," said a survey participant. "We don't always win," said another participant, "but we continue to push."

REPORTING REQUIREMENTS OVERSHADOW PERFORMANCE IMPROVEMENT

PIOs consistently told us about the multi-layered, often conflicting range of reporting requirements. PIOs are at the center of numerous demands for performance management and reporting, many of which can appear unconnected, competing or redundant (see figure 1 on the following page). For instance, agencies are statutorily required to report annually on their progress in achieving program goals, as well as quarterly on a different set of goals. Rather than help to ensure performance improvement, these requirements can lead to confusion. Frequently, PIOs are so busy complying with reporting requirements that they are unable to actually analyze what is working, what is not working or how to improve.

The newly enacted performance law includes its own specific reporting requirements to improve transparency and ensure accountability, but it also seeks to address the complaints by setting a first-year goal of a 10 percent reduction in the number of little-used, duplicative or outdated reports that have been mandated in the past. It also requires OMB to make an assessment in subsequent years and eliminate any unnecessary reporting requirements.

The 2010 law is a meaningful step to incorporate the Obama administration's focus on high priority goals into the management fabric, but agencies still face multiple reporting requirements that are not fully integrated and consume valuable resources.

Some PIOs said they have been able to avoid duplication by bringing high-priority goals into the strategic planning cycle required under the GPRA. "We were drafting our strategic plan at the same time," said one PIO.

For others, that has not been the case. "It was a struggle to get traction (on the high-priority goals) at the highest level," said a survey participant. "The high-priority performance goals did not grow out of the agency's strategic plan." Still another said that he mapped all of the goals and performance measures so that everyone from the top of the organization on down could understand where everything fit and how the different parts were connected.

One interviewee said that unclear requirements from OMB have created uncertainty, leading to compliance difficulties. "The PIO role makes sense, but OMB's requirements and reporting are not unified and are uncoordinated, so the PIO has to request multiple pieces of information from programs multiple times," said the interviewee.

> "The real challenge is how to show performance data in a useful way. My job is to make the information interesting and useful for leadership."
>
> PIO respondent

Figure 1 PIO reporting requirements

1 Government Performance and Results Act

The Government Performance and Results Act of 1993 (GPRA) was intended to improve the efficiency and effectiveness of federal programs by establishing a system to set goals for program performance and to measure results. Central to the law was its intent to move federal agencies from measuring process and activities to focusing on outcomes and results.

Requirements:

- Five-year strategic plans, annual agency performance plans and annual performance reports in consultation with Congress and stakeholders.
- Annual performance plans covering each program activity (agency's annual goals, the measures that the agency will use to gauge its performance, and the resources needed to meet goals).
- Annual reports on program performance for the previous fiscal year (comparison of performance against goals, summary of findings of program evaluations and actions to address any unmet goals).

2 High-Priority Performance Goals Initiative

To encourage senior leaders to deliver results against the most important priorities, the Obama administration launched the High-Priority Performance Goal initiative in June 2009, asking agency heads to identify and commit to a limited number of priority goals, generally three to eight, with high value to the public, for each budget year. The goals include targets to be achieved within 18 to 24 months without need for new resources or legislation, and well-defined, outcome-based measures of progress. Nearly all PIOs have been highly involved in developing the high-priority performance goals for their agencies.

3 American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act imposed an unprecedented level of reporting requirements on agencies and their funding recipients, including monthly reports on transactions and performance data. PIOs often led or played a strong role in Recovery Act reporting compliance.

4 The Government Performance and Results Modernization Act of 2010

The law approved in December 2010 has a number of performance reporting amendments that require extensive input from agency leaders and PIOs. The law requires that each agency have a public website that tracks agency performance. Each update must compare the actual performance achieved with the agency performance plan, and occur no less than 150 days after the end of each fiscal year, with more frequent updates providing data of significant value to the government, Congress and program partners. Agencies not meeting goals will be required to submit a plan to OMB to improve program effectiveness. The law also requires the development of government-wide crosscutting goals, which will give certain PIOs responsibility for collaborating on and contributing to government-wide improvement.

5 Agency-specific requirements

Agency leaders often identify additional priorities for which PIOs must collect, report, and analyze performance data. Reporting requirements differ.

6 OMB requirements for the budget process

OMB budget examiners often ask questions about program activities, some annually and others on an ad hoc basis. Some PIOs are able to plan for and have information available during the budget process while others find that data requested one year might be of no interest or use the next.

7 Congressionally mandated studies, program reporting requirements and questions posed during oversight and appropriations hearings

Congress often will include a reporting requirement in legislation for collection and analysis of information that agencies might not normally gather. In some instances, these reports are prepared only to find that no staff member of the responsible congressional committee is aware of the requirement.

PERFORMANCE CULTURES ARE NOT RATED AS STRONG

How well does the federal government measure and improve performance? PIOs did not feel there is a strong culture of performance across the federal government, giving an average of just 2.6 on a scale of 1 to 5, with scores ranging from a low of 1 to a high of only 3.5.

One respondent said, "There isn't a culture, and there is no overarching coordination; the usefulness [of performance information] is still in question." Several PIOs noted the lack of a true government-wide focus on performance goals. Even the so-called government-wide goals are stovepiped, with each agency paying attention to its particular responsibilities rather than looking at the integrated efforts of agencies.

Several PIOs stated that neither the federal government nor the agencies provide the incentive for employees to analyze performance-related data. While the data exist, systems do not support the kind of analysis needed to enable decision-making and positive change.

Others cited different ways the federal government's performance culture falls short. "It's not that the government isn't doing the right things—it's that we are not communicating it to the public," observed one interviewee, echoing the views of several others.

Compared to the relatively low marks they gave to the performance culture across the federal government, PIOs were more positive when asked to rate the performance culture at their own organizations. The average score was 3.6 on a 1 to 5 scale, with a range from 2 to 5.

This higher score was driven by a belief that some parts of every department or agency do performance management very well. Often, in fact, it is some of the larger agency subcomponents in which the investment in talent and tools is evident. PIOs said the larger the organization or the more dollars involved, the more likely it is to be put under the microscope. At the same time, PIOs pointed to other parts of their organizations where performance management was done poorly.

Several PIOs said federal departments need to be seen as large holding companies. They said a department's performance plan is simply the sum of its subcomponents' plans and not necessarily an integrated, coordinated strategy. Subcomponent missions can be vastly different and often are not designed to be supportive of each other. As a result, performance management across a department is sometimes just bottom-up, some PIOs said.

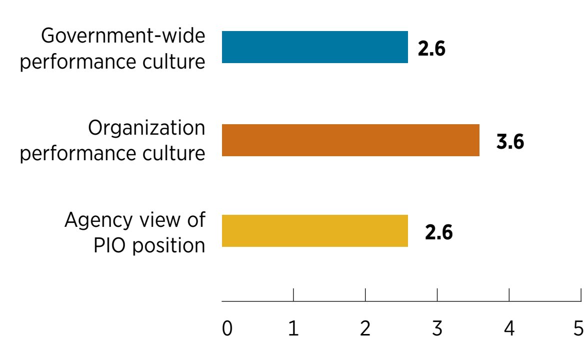
One PIO suggested that performance measurement was part of the agency's DNA and not driven solely by leaders. This PIO said the technical skill sets of those in the primary occupations at the agency meant that people were used to managing with data and embrace performance management as a normal part of the process.

"As an organization focused on science, we have people who come from a performance culture, so it is embedded in the agency," said the PIO. "We have a standard set of metrics for all operations. They are transparent and well-communicated."

Two other PIOs said that performance metrics have had a longstanding tradition in their agencies. Their missions involve processes and activities that have received considerable congressional attention over a number of years, making the need to measure and monitor those activities an integral part of their management and reporting.

A sizable number of PIOs, however, did not feel they were appreciated or their importance recognized within their agencies. On a scale of 1 to 5, with 1 being an "overhead nuisance" and 5 being "critical to mission success," the average rating for how PIOs believe they are perceived in their agency was 2.6. On the low end, one respondent gave a zero rating, saying that "people don't even know about it." The highest rating was a 4. But one interviewee said he was not concerned about how he was viewed. "I'm not here to provide comfort, but to push," he said.

Figure 2
Average PIO ratings of performance culture
(Scale 1 to 5, where 5 is best)



The subject of fear was a recurring theme. Several PIOs noted that program managers are concerned they could lose funding or support if data did not meet expectations. "Fear of being measured is a systemic issue," said a PIO. Another said fear "undercuts the whole point of performance management," while a third performance officer said, "No one wants to be tracked for fear of retribution. OMB—the budget-side—promotes that notion."

One way to combat the fear is to address root causes. "Someone should not be penalized for not meeting their target—they should be penalized for not knowing why," said a PIO. Several others agreed. "In terms of metrics and scores, it's not about beating someone up. It's about finding out why and fixing it," said one PIO.

More than half of PIOs surveyed said that agency staff members are not sufficiently rewarded for collecting, analyzing and using information effectively. Many survey participants pointed to individual performance measures that place senior executives as the primary catalysts for creating a performance culture. This practice supports an upward trend in SES members' level of accountability for agency performance, noted in GAO's 2008 testimony, *Lessons Learned for the Next Administration on Using Performance Information to Improve Results*, where 61 percent of respondents said they used performance information when rewarding employees.[4] "They pay attention now," said one PIO of senior managers. "But below the GS-15 level, they do not pay much attention."

4 Government Performance: Lessons Learned for the Next Administration on Using Performance Information to Improve Results, Government Accountability Office, July 24, 2008, at http://www.gao.gov/new.items/d081026t.pdf

LEADERSHIP MATTERS

The importance of leadership in improving the government's performance management was the area of greatest consensus among the PIOs.

In cases where leadership is lacking, PIOs said the tendency is to go through the motions and complete required reports without actually accomplishing anything concrete. One interviewee said, "When you don't have the support of leadership, your default is compliance reporting." Another PIO added, "Our leadership is used to compliance, not performance management. It needs to be in the fabric of what we do. It's a mentality."

Several PIOs, however, described rigorous performance review processes conducted by the secretary or the deputy secretary. One said that performance data is used in meetings on a weekly basis. Others said they operated on a quarterly cycle of performance reviews. Not surprisingly, agencies with these senior-level, regular, data-driven performance review meetings tended to rate their agency's performance cultures as high. Scoring highest were those whose secretaries and deputy secretaries dug deep into the information to understand what wasn't working and what help was needed to address problems.

Some PIOs spoke of the challenges that come with changes in leadership. In one case, well-established review processes from previous administrations were changed to meet the interests of new leaders. Others spoke of having to create new systems to meet the demands of leaders who were hungry for data and who brought their private sector or other government experience to their new job. Even leaders with good ideas and an interest in performance management can lose strong elements of past programs when they implement new systems.

Interviews revealed a wide divergence among agencies in terms of the quality of the performance review process. Some agencies have a clearly defined review process and others do not.

"We discuss our dashboard every week to measure progress on our High Priority Performance Goals and a regular, rigorous review process," said one PIO. At other agencies, PIOs said reviews are "nonexistent." When asked to rate the effectiveness of their agency's performance review process, the average score was 3 on a scale of 1 to 5, with answers ranging from both ends of the extreme.

"When you don't have the support of leadership, your default is compliance reporting."

PIO respondent

"Our leadership is used to compliance, not performance management. It needs to be in the fabric of what we do. It's a mentality."

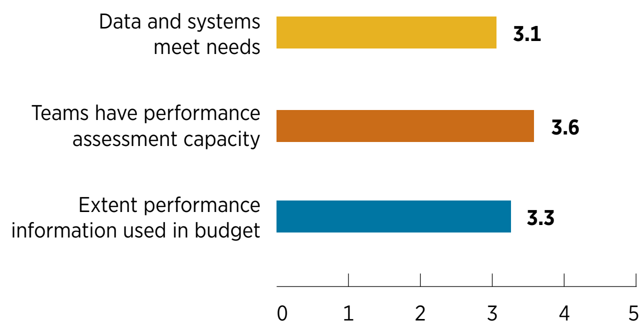
PIO respondent

MEASUREMENT AND PERFORMANCE REVIEW SYSTEMS NEED IMPROVEMENT

The key to assessing and communicating performance is effective measurement. But performance measurement is not easy to do, and different aspects—the measurement system itself and the processes used for reviewing performance—can have a big impact. In addition, the success or failure of some programs and services are easier to measure than others.

It is clear from the interviews that certain agencies are more advanced in, and comfortable with, their use of performance measures and data than others. Asked to rate the maturity of their agency's performance measurement system on a scale of 1 to 5, respondents gave an average score of 3.1, with answers ranging from 1 to 5.

Figure 3
Average PIO ratings of performance measurement (Scale 1 to 5, where 5 is best)



AGENCIES MEASURE COMPLIANCE WITH LAWS AND REGULATIONS BETTER THAN ACTUAL OUTCOMES

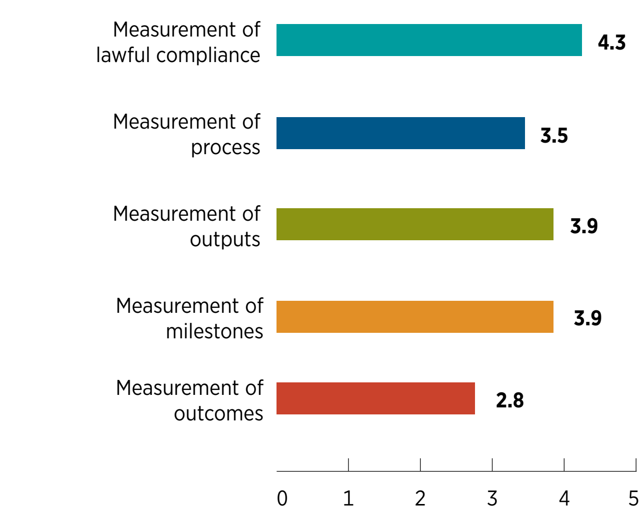
The most important measures of performance focus on outcomes. They analyze whether government programs are achieving results and making impacts important to the American people. Outcomes, however, are often difficult to measure, according to the PIOs interviewed. While measurement itself can present challenges, the 2008 GAO report on performance cited earlier found that, since 2003, the prevalence of outcome measures has increased. In that report, approximately 50 percent of respondents cited the existence of outcome measures, but did not speak to the quality of those measures.

More than half of those interviewed as part of this survey felt that their goals measured the correct indicators. But, when pushed to explain, the PIOs clarified that they measure the "right things" among those things that can be measured. One PIO put it best, saying, "We measure what we can rather than what we should."

Another problem the PIOs identified is that agencies have changed their metrics over time, making it difficult to understand trends. "We need to be more consistent," suggested one PIO. "The measures change too often—usually from year to year. We need things like baseball stats that stay consistent over time."

As shown in figure 4, PIOs said that compliance with laws and regulations is the easiest performance element

Figure 4
Average PIO ratings of performance measurement proficiency (Scale 1 to 5, where 5 is best)



> "We measure what we can rather than what we should."
>
> PIO respondent

to measure, followed by outputs, specific accomplishments, milestones and process. As one respondent said, "There is a culture of measuring outputs simply because they are easy to measure."

PIOs provided specific examples of outcomes and activities that are difficult to measure in the short term. They included research and development activities; diplomacy and development efforts; and other long-term projects or programs that take decades to show results, such as educational programs, environmental clean-up and health improvements. They also discussed crosscutting government programs or related missions in which the value to the public is seen not from the individual program, but the collective efforts of several agencies, as well as state, local and nonprofit partners.

As one PIO noted, "There is a lot of comparison to state and local performance measures, but that doesn't work. In the federal government, it's not just about filling potholes. There are no models for some of the things the federal government does."

The PIOs said performance measurement must be examined as one piece of a much larger puzzle, but often is viewed in isolation. "Measurement is seen as an end in itself rather than an opportunity for improvement," warned one survey participant.

MANY OUTCOME-ORIENTED GOALS POSE CHALLENGES, ESPECIALLY FOR QUARTERLY REPORTING

Nearly all of the PIOs were concerned about demonstrating results on a quarterly basis because it is often impossible to measure progress toward outcomes in such a short time frame. As one respondent said, "If Congress or OMB wants to see outcomes, they need to realize that we don't have real-time data and we might not see results immediately. Outcomes cannot be measured on a daily basis. It takes time to show real results. As a result, we tend to measure activity rather than results."

Others worried about the demand for immediate results when outcomes may be difficult to measure at all and may ultimately depend on activities involving multiple agencies. These PIOs said that producing quarterly reports on the achievement of outcomes leads instead to reporting on outputs, activities and process.

This issue could gain prominence under the new performance law, which requires PIOs to "support the head of the agency and the chief operating officer in the conduct of regular reviews of agency performance, including at least quarterly reviews of progress achieved toward agency priority goals, if applicable." The law and government-wide policy is likely to encourage the reporting of interim outcomes where longer term achievement is difficult to report more frequently.

"There is a lot of comparison to state and local performance measures, but that doesn't work. In the federal government, it's not just about filling potholes. There are no models for some of the things the federal government does."

PIO respondent

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PIO respondent

TOOLS, SYSTEMS AND SKILLS REQUIRE INVESTMENT

Simply having a structure in place for performance measurement is insufficient, as is just having a culture of performance, whether across the federal government or within a single agency. PIOs reported that a structure and a positive culture must be accompanied by the right tools, systems and skills to properly conduct performance measurement.

They specifically mentioned using software, dashboards, balanced scorecards and "a thousand and one spreadsheets." The extensive use of spreadsheets is noteworthy because it indicates that, while PIOs have raw data available, they typically don't have access to data that is connected, interactive or searchable, thus limiting their ability to fully analyze and use all of the information. In addition, many of the spreadsheets were developed to fulfill ad hoc requests from OMB or Congress.

The new performance law requires that reporting on federal programs, priority goals and results must be "presented in a searchable, machine readable format" and "provided in a way that presents a coherent picture of all federal programs, and the performance of the federal government as well as individual agencies."

This mandate may lead to greater use of information technology and improved data collection and analysis, and foster broader dissemination of relevant performance outcomes. But such change will take time, as well as financial investment.

Our survey found vast differences among agencies in terms of satisfaction with current data and systems. When asked the extent to which they have the data and systems they need to measure performance, PIOs gave an average score of 3.1 on a 1 to 5 scale, with answers ranging from 1 to 5.

PIO dissatisfaction with data systems runs the gamut from input to storage to retrieval. For others, the information is there, but it is simply too difficult to retrieve and analyze.

"There is plenty of information available, it's just how you find it," said one PIO. "Then it is hard to translate it into usable data. We're good at collecting data but not so good at analyzing it."

"We're good at collecting data but not so good at analyzing it."

PIO respondent

Still another PIO declared that "the inability to get information from these systems is nearly insurmountable. We have huge data challenges because of our decentralized history. There are hundreds of business systems. Some are COBOL-based and most are designed for transactional reporting with limited query tools." He said his greatest concern is that the talent to use COBOL, one of the oldest computer programming languages, is aging. "When the talent leaves government, we will be in big trouble."

PIOs reported that their ability to measure performance would be enhanced by having business intelligence tools to aggregate disparate data, better software for collaboration and less burdensome ways of collecting data. Better training in current systems and software would also be helpful, they said.

Agencies that rated their data systems the highest were those in which data plays an integral role in the mission of the agency. In these cases, employees readily see the value and importance of reliable systems that provide useful and meaningful data.

DEMAND FOR PERFORMANCE DATA OUTSTRIPS AGENCY CAPABILITIES

Requests for performance data are often impossible to fill, not only because of the state of the current data and systems, but also because of workforce deficiencies, according to a number of PIOs.

Effective performance assessment requires certain skills—both in the immediate office of the PIO and in the broader program management community. We asked the PIOs to rate the skills of their team, and got an average score of 3.6 on a scale of 1 to 5, with responses ranging from 2 to 5.

The comments from several PIOs are telling. Describing a low rating for the skill level of his team, a PIO said, “It is not their fault. They were not taught to ask the right questions, and they don’t have the guts to ask.” Another said that his staff members are trained to review the budget, but not performance, which is “an entirely different matter.”

In some instances, there may be historic reasons for these capacity limitations. One interviewee suggested that downsizing of the administrative and management workforce during the 1990s had a negative effect on his team, both in terms of skills and workload. “Analytical skills have been washed out and we have never recovered. Today, we don’t have time for analysis nor is analysis valued,” he said.

RECOVERY ACT OFFERS A MODEL FOR PERFORMANCE MEASUREMENT

The 2009 American Recovery and Reinvestment Act was cited by PIOs as a potential model for best practices in the performance measurement arena. PIOs said the economic stimulus law changed perceptions, drove transformation in performance measurement and could serve as an important model. The Recovery Act required unprecedented reporting, not only on authorized spending, but also on what results were being achieved with the dollars spent.

Goals enumerated in the Recovery Act included creating new jobs and saving existing ones; spurring economic activity and investing in long-term growth; and fostering unprecedented levels of accountability and transparency in government spending. As the law was implemented, agencies and recipients were reporting on the status of spending and the results achieved—often weekly. Some PIOs said this concentrated focus on reporting results will produce lasting improvements in agencies’ performance culture.

Several respondents said that Recovery Act requirements spurred their agencies to implement more effective performance measurement systems and processes. In these agencies, performance measurement and performance review were typically rated as a 2 in our survey, but jumped to 5 for Recovery Act-funded projects. The key reasons for this increase include very specific and frequent reporting requirements; transparent, widely available reports; and an understanding by leadership that the information would be used by Congress, the president, OMB and the public to scrutinize Recovery Act spending.

PIOs believe the investment and discipline required to implement the extraordinary Recovery Act requirements form a strong basis for enhanced performance management and reporting over the long term. Agencies may not be able to do this alone. It may require changes to OMB guidance that requires enhanced, user-friendly reporting requirements flowing to program partners.

USE OF PERFORMANCE DATA FOR BUDGET DECISION-MAKING NEEDS UPGRADING

One of the goals of collecting and analyzing performance information is to use that information in budget decisions—investing in what works. We asked PIOs to gauge the extent to which performance information is used in budget requests. The average score was 3.3 out of 5, with answers ranging from 1 to 5.

One PIO suggested that “GPRA needs to be linked to the budget process.” This sentiment was echoed by another respondent, who said, “Right now, performance data is just extra information. If we could change the way we budget, it would be fixed.”

GAO’s 2008 report on performance cited earlier found that, since 1997, there has not been a significant increase in the extent to which performance information is used by federal managers in resource allocation decisions. Several PIOs in our survey, however, said that budget and performance data go hand in hand at their agencies and that performance information drives budgetary decision making.

A PIO who gave a score of 4.5 said that performance information was used “all the way through OMB; after that (once it gets to Congress), it’s a 1.”

We asked our survey respondents what would help program managers better facilitate and utilize performance information. They mentioned meaningful data that benefits their program in the eyes of Congress; leading indicators; high-level management support; and clear communication about performance measurement to their field offices.

BETTER WORKING RELATIONSHIPS WITH OMB AND CONGRESS ARE NEEDED

Nearly all PIOs we interviewed praised the efforts and enthusiasm of the Obama administration's management leadership team at OMB and its focus on performance and learning. The PIOs believe OMB's management team members have been using the information they supply to build a solid foundation for a government-wide performance culture.

"The chief performance officer is a thought leader and is helping to reframe the performance conversation into a useful paradigm," said one respondent. "He focuses on application and is pulling back from compliance." OMB's associate director for performance and personnel was also praised by PIOs. Nonetheless, the PIOs had numerous suggestions for how OMB can better work with and help agencies.

OMB CAN DO MUCH MORE TO DRIVE PERFORMANCE

PIOs provided numerous insights into how they viewed their relationship with OMB and how it can be improved. The new performance law may better define and focus OMB's role and its work with the PIOs.

The PIOs expressed the hope that OMB will continue its emphasis on making performance measurement highly visible and relevant, and will better coordinate goal-setting and data requests, especially between the management and budget sides of the agency.

> "There is an M-side and B-side disconnect [at OMB]. It would be nice if the budget examiners read the M-side's guidance. The B-side doesn't even acknowledge the PIO role."
>
> PIO respondent

"OMB needs to coordinate better. We have different requirements from different shops. They are asking for the same information with different definitions," said one PIO. Another said, "There is an M-side and B-side disconnect [at OMB]. It would be nice if the budget examiners read the M-side's guidance. The B-side doesn't even acknowledge the PIO role."

A number of PIOs also said they would like to be involved earlier in the performance and goal-setting process rather than being used primarily as implementers. "Engage us; don't just tell us things. Ask us first," said one PIO.

One PIO suggested that the Performance Improvement Council could be more effective "if there were less presentations and more interaction." Another said, "We need more time to discuss things and think about how we can take what we are hearing and apply it at our agency."

There also was a strong desire to have OMB institute more uniform measures and share best practices. "Programs change all the time, but we could have some uniform measures across government—at least in the operational functions like human resources, budget, finance and information technology—so that people could gauge how they are doing," said one performance officer. Another PIO said it would be helpful if OMB could "facilitate comparisons among agencies with a core set of operational metrics."

One PIO complained that "OMB is not staffed to take on management issues" and "lacks the capacity to do it effectively," while another PIO said, "OMB asks for quarterly reports, but then takes 13 weeks to get the feedback to us."

There was also a concern that "OMB budget examiners think they are wiser than the people running the programs." Several PIOs said that the budget examiners are more concerned about how money is spent and less about what is achieved.

WORKING RELATIONSHIPS WITH CONGRESS SHOULD BE IMPROVED

Despite the executive branch's emphasis on performance information, Congress has lagged behind in its use of the data generated by PIOs. We received a range of opinions that suggested a high level of frustration with Congress for not doing its part to help the agencies improve their effectiveness.

A common refrain was that reports were written for Congress, but seldom used. One PIO said some of the congressional reporting requirements are equivalent to "money down the drain."

"Passing a law is not going to drive performance management. We have endless reports to Congress, but no one uses them. Only when something is bad do they pay attention and even then they aren't interested in helping us fix it," said another interviewee.

Another PIO said Congress is given "mountains" of information, but agencies rarely get any questions on it.

"Congressional staff is not persistent. They don't come back and get the real answers. As a result, they make decisions based on arbitrary data," said a PIO.

Another performance officer said his experience with appropriations staffers has not been productive. Of performance information in the budget, "They just say, 'move it to the back or throw it away,'" said the PIO. Or as one PIO put it, "Every year we get questions in appropriations hearings about performance measures, but they are mostly output-related."

Part of the reason, according to several PIOs, is that some of the information produced for Congress is "not useful."

"We can't articulate our strategy, and we can't articulate our tactics and why we need what we need," said one PIO. Another PIO said part of the problem may be that "Congress has data overload" and "adding performance information doesn't help."

"Passing a law is not going to drive performance management. We have endless reports to Congress, but no one uses them. Only when something is bad do they pay attention and even then they aren't interested in helping us fix it."

PIO respondent

"Congressional staff is not persistent. They don't come back and get the real answers. As a result, they make decisions based on arbitrary data."

PIO respondent

RECOMMENDATIONS

Based on our interviews, we believe there are a number of steps that can be taken by OMB, agency leaders and Congress to enhance the impact PIOs have on government operations, program performance and outcomes. The enactment of the Government Performance and Results Modernization Act of 2010 was a positive step, but now it must be implemented in a way that is meaningful. To maximize results, we recommend the following:

1 **Agency leaders should ensure PIOs are directed to concentrate entirely on the performance management requirements of their job and are not diverted by other responsibilities.** In addition, it is imperative that:

- PIOs have the full authority they need to carry out their duties, including facilitating the development of a clear, outcome-oriented strategy for their agencies.
- Leaders set understandable and transparent outcome-oriented measurements for all major programs.
- In crafting guidance for the new performance law, OMB and agency leaders should ensure that basic PIO responsibilities go beyond compliance reporting and include performance and management oversight essential to drive policy and budgetary decision making and program improvement.

2 **Top agency leaders and OMB should make full use of the work of the PIOs, which includes developing strategies, measuring outcomes and evaluating programs and services to hold their executives and managers accountable.** They should use the information as part of policy, program performance and budgetary deliberations. Without such leadership, meaningful progress will not occur.

3 **Agencies, with the backing of OMB and Congress, should build their performance management capacity.** Agency leaders must identify workforce, technology and other gaps and make necessary investments. For federal workers, this means recruiting new talent and teaching new skills in the existing workforce. As for technology, agencies must acquire the tools that can transform data into useful formats that will assist decision making. In our review, PIOs in agencies that made critical investments in staff and technology rated their performance culture higher than those who did not.

4 **Congress and executive branch leaders should be selective and only ask for information that they realistically believe will be used.** While the new performance law calls for a reduction in statutorily required reports, it does not impact ad hoc internal or OMB required reporting. Before new reporting requirements or requests are imposed, controls should be in place to ensure the request responds to a genuine need and does not lead to duplicate reporting.

5 **Congress should make better use of agency performance data.** Congress requests huge quantities of information, but often pays little heed to the data. The performance information needs to be closely reviewed during congressional oversight and considered in policy and budgetary deliberations on Capitol Hill.

6 **OMB should better coordinate goal-setting, especially between the management and budget sides of the agency.** OMB also should institute more uniform measures and share best practices.

7 **The 2009 American Recovery and Reinvestment Act should be used as a model for enhanced performance management and reporting over the long-term.** The stimulus law provided specific, frequent and transparent reporting requirements and an understanding by leadership that the information would be used by Congress, the president, OMB and the public to scrutinize spending decisions and outcomes.

APPENDIX A
METHODOLOGY AND CONTRIBUTORS

METHODOLOGY

Between June 2010 and February 2011, the Partnership for Public Service and Grant Thornton LLP surveyed PIOs or their designees at 23 of the federal government's 24 largest agencies.

The purpose was to better understand the roles and responsibilities of the PIOs, the challenges and problems that they face, the successes they have achieved and the disappointments they have experienced.

We investigated whether the large agency PIOs felt they have been positioned to drive change and we elicited their thoughts on what should be done to increase their effectiveness. The PIOs were asked about progress toward the establishment of a government-wide performance culture and whether they had the tools, data, systems and workforce needed to conduct analyses and carry out their other duties and responsibilities.

The PIOs represented both career civil servants and a handful of political appointees. Many of the career executives had been in positions responsible for performance management activities for several years before their appointment as a PIO.

The surveys were conducted on a "not-for-attribution" basis to encourage candor. After almost all of our data was collected, Congress passed the Government Performance and Results Modernization Act of 2010 that revised a landmark 1993 federal performance law. As a result, we included information about the intent of the new law and how it may impact the role of the PIOs.

We also contacted the Small Agency Council, a group of approximately 80 sub-Cabinet and independent federal agencies, which concentrates on management issues. The council recommended we talk with individual small agency PIOs. We contacted three, each of whom said they were not integrated with government-wide performance management activities. As a result, they were not included as part of our survey.

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