TAKING MEASURE

Moving from Process to Practice in Performance Management

PARTNERSHIP FOR **PUBLIC SERVICE**

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EXECUTIVE SUMMARY

Three consecutive administrations have called on federal agencies to bump up efforts to gauge performance. After responding to multiple executive orders, policies and statutes over 20 years, federal agencies are seeing essential progress on using performance measures, although the work in this area is far from over.

The Government Performance and Results Modernization Act of 2010 (GPRA Modernization Act) provided a strong impetus for change in how agencies measured and monitored performance. They have had to create chief operating officer (COO) and performance improvement officer (PIO) positions, and they are required to meet regularly to review their progress. The PIO is expected to take fundamental responsibility for using data to assess and enhance performance and often works in tandem with the agency's COO and deputy secretary, demonstrating the importance agencies place on performance improvement.

Nearly three years later, a new mindset has led PIOs at most large agencies to create performance improvement structures to build upon. Furthermore, they have resolved to change how performance is measured and monitored.

When we surveyed PIOs in 2011, agencies were just starting to develop this structure. For this report, the officials we interviewed described progress in meeting the requirements of the GPRA Modernization Act and their commitment to assessing performance. But they also detailed obstacles that detour them.

ABOUT THE SURVEY

Between March and July of this year, the Partnership for Public Service and Grant Thornton interviewed more than 50 PIOs and deputy PIOs, held three focus groups and administered a survey on performance management to determine whether performance leaders thought their agencies were making progress on improving performance.

FINDINGS

PIOs at most large agencies have advanced their performance management efforts, setting up the building blocks of a performance improvement culture and gearing up to make better use of data for decision making. But most of the action is taking place at top agency levels and has not filtered down, so agencies have a distance to go and need support from leadership to press harder on this issue.

Restrained by the resources available, many performance management leaders are focusing on activities they think will pack the most punch, employing the best data they can find or collect to demonstrate the link between organizational performance and achieving agency goals. However, the best data for assessing performance is not always available or being gathered, and few agencies have tied performance to budget efforts in a significant way.

Depending on where they were on performance improvement when the GPRA Modernization Act passed, agencies have progressed to varying stages in the process. This report highlights the wide range of stages agencies have reached in building a performance culture. In interviews and surveys, respondents agreed:

- The focus on a few top agency goals has renewed enthusiasm for measuring performance.

- Many agencies are making progress on instituting a performance culture, but data is not being used at all levels to inform decisions or budgets; the amount of data available can be overwhelming, and Congress and agencies are not communicating well about the data and what it shows.

- Required quarterly review meetings are a huge step forward, bringing top leaders together to discuss performance goals, progress and obstacles, and to decide the agency's next moves; at many agencies, senior leaders attend and deputy secretaries—or even secretaries or the top administrator—run the meetings.

- Despite advances, many agencies are missing skills that contribute to a performance culture and find it a challenge to figure out the best things to measure.

- The 2010 statute requiring the establishment of COO and PIO positions has given visibility to senior agency leaders, who are actively contributing to agency culture transformation.

RECOMMENDATIONS

PIOs, COOs and other agency leaders must direct actions to advance a performance management culture and improve how the federal government makes decisions that benefit the citizens it serves. We recommend that COOs:

- Redouble efforts, along with the top-most agency leaders and Congress, to motivate all agency units to base decisions on performance data for improving performance and holding themselves accountable to the American people.

- Push for greater integration of performance management activities at all agencies to build a more vibrant and sustainable performance culture. The COO should encourage the use of regular data-driven reviews at all levels, and performance leaders in subcomponents and bureaus should seek information about performance measures used by others.

- Establish priority goals that involve more than one agency unit as a way to increase collaboration, provide opportunities to learn and achieve better results. Several agencies have seen positive results from greater collaboration through priority goals that touch more than one entity.

- Create a stronger link between budget and performance. This involves sharing knowledge across agencies and working with congressional staff members who rely on agencies' performance data to devise useful approaches for executive and legislative staff and decision-makers.

We recommend that OMB:

- Invest in program evaluation activities that enhance understanding of performance and program outcomes, and connect those efforts to performance management. Better coordination among those who set goals and measure performance, and those who lead evaluation initiatives, would accelerate the adoption of better practices.

- Engage with Congress on performance matters and take the lead in ensuring that agencies are actively seeking congressional input and documenting how that input was incorporated into their strategic plans and budget materials.

- Develop a core set of competencies for all staff, along with the Performance Improvement Council and the Office of Personnel Management, which couples business knowledge with analytical ability, to stress the importance of performance measurement, assessment skills and tools for managing program performance and driving improvements.

INTRODUCTION

Nearly three years ago, Congress passed legislation to boost agency efforts to measure and improve organizational and program performance. Designed as a shot in the arm to performance improvement initiatives, the Government Performance and Results Modernization Act of 2010 (GPRA Modernization Act) required, among other things, that leaders and managers rely more heavily on performance data to assess and enhance the achievement of their missions.

Whether the goal is to enhance academic achievement in students, cure disease, improve public health, provide housing to veterans or reduce the time it takes to process a passport or social security check, the idea was that measuring performance is crucial for identifying what is being done well and where more work is needed. Agencies that measure and monitor performance well are better equipped to achieve their missions and serve the American people effectively.

To strengthen performance management, the new law mandated agencies appoint chief operating officers (COO) and performance improvement officers (PIO). It called for agency leaders to facilitate performance reviews at least quarterly to examine their successes and make decisions about how to improve. The statute makes clear that the PIO plays a central role in managing the performance of the agency; ideally, the PIO integrates performance into budgeting and other critical management processes.

Since late 2007, when the position was first conceived, PIOs—in concert with COOs and other senior leaders—have begun to transform the way government operates and holds itself accountable. The Partnership for Public Service and Grant Thornton set out to learn how they view their progress so far toward achieving impact with a performance management culture. We wanted to understand what the driving force is behind their efforts to set sound, data-driven management practices and what has helped PIOs and COOs institute a performance culture, or at least the beginnings of one. What is working well, and what challenges remain?

We interviewed more than 50 people in the performance improvement community earlier this year to find out. We first collaborated in 2010 on a survey on the role of the PIO that set a benchmark for the progress described here.[1] That report coincided with the passage of the GPRA Modernization Act and was released dur-

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1   *A Critical Role at a Critical Time: A Survey of Performance Improvement Officers*, Grant Thornton LLP and the Partnership for Public Service, April 2011.

ing a time when PIO positions in many agencies were relatively new. We found then that PIOs were not structured for success; that measurement and performance review systems needed to be improved; and that agencies needed better working relationships with the Office of Management and Budget (OMB) and Congress.

Between March and July 2013, we assessed how members of the performance improvement community believed they were progressing since the law passed. Of the 51 officials we interviewed, 27 were PIOs and deputy PIOs who worked at 21 of the largest agencies. A handful had participated in the previous survey.

We also held three focus groups composed of 24 people total: one with representatives from subcomponents within the Department of Health and Human Services; a second with representatives from bureaus of the Department of the Interior; and a third with PIOs, deputy PIOs and their staff from small agencies.

We didn't expect all PIOs to have arrived at the same place in their efforts related to performance management, due to the varying history, priorities and practices among the agency representatives we interviewed. But based on our interviews, we can conclude that PIOs at most large agencies have created and sustained a performance improvement infrastructure and are determined to plow ahead with meaningful changes to the way performance is measured and monitored, rather than just engage in a compliance exercise. Still, efforts have not pervaded much below the top agency levels, and the data they need to measure and manage performance is not always available. And most have not yet tied performance to budgets in a significant way.

Although constrained by limited resources, some PIOs still have been able to direct attention to processes and activities they think will have the most impact on performance. They are enhancing their efforts to measure performance where possible and using data to understand more completely how performance contributes to achieving important goals. However, some said they have used their scarce resources to fulfill mandates, respond to calls for data or satisfy reporting requirements. While many agencies have made progress on performance management, such progress is uneven and more needs to be done to ensure that improvement activities are being put in place, are permeating entire organizations and are seen as a vital means of advancing good outcomes for the American people.

BACKGROUND

Two decades of performance management efforts

Agencies started improving organizational performance in earnest 20 years ago as a result of the Government Performance and Results Act of 1993 (GPRA), which required federal agencies to set goals, measure performance and publish agency plans and reports for review. The legislation put in motion a series of steps to establish a structure that would hold agencies accountable for the performance of their programs.

Since then, three administrations have tried to tackle performance improvement. Although the focus has differed, each administration's performance management goals have been similar—better service to the public through greater accountability for outcomes—and their actions have advanced government-wide performance management agendas.

In 1993, the Clinton administration launched the National Performance Review (NPR) management reform initiative and created the

COO position as a top agency manager—often the agency's deputy secretary—by executive order. He also created the President's Management Council (PMC), a group of COOs and other senior administration officials who gave high-level attention to implementing management reforms.[2]

President Bush continued the focus on improving performance management in his President's Management Agenda, specifically emphasizing the COO position and performance improvement. A Performance Improvement initiative scorecard and the Program Assessment Rating Tool were developed to grade agencies' progress on improving government performance. He established, by executive order, the PIO position and the Performance Improvement Council (PIC), a group of federal agency PIOs and senior OMB officials whose task was to improve the performance of federal agencies and programs.[3] The PIO was responsible for agency-wide performance and coordinating program, budget and personnel management activities.[4]

The Obama administration moved away from grades, but still required agency leaders to set priorities, demonstrate progress in achieving goals and explain performance trends. These leaders were asked

2 "Memorandum for the Heads of Executive Departments and Agencies: Implementing Management Reform in the Executive Branch," 01 Oct. 1993, http://govinfo.library.unt.edu/npr/library/direct/memos/2552.html (accessed 15 Aug. 2013).

3 Exec. Order 13450, *Improving Government Program Performance*, 72 Fed. Reg. 64,519, 13 Nov. 2007, http://www.whitehouse.gov/sites/default/files/omb/assets/performance_pdfs/eo13450.pdf (accessed 27 Aug. 2013).

4 "Memorandum for the Heads of Departments and Agencies: Implementing Executive Order 13450: Improving Government Program Performance," 07 Dec. 2007, http://whitehouse.gov/sites/default/files/omb/memoranda/fy2008/m08-06.pdf (accessed 27 Aug. 2013).

to narrow their focus and target resources on a few select priorities, using data-driven reviews for improving programs and processes. The administration placed emphasized information sharing and using data to inform program implementation, and put the responsibility largely on agencies rather than OMB. The model attempts to break down silos by emphasizing goals that cut across programs and agencies. A 2009 OMB memo also called for increased emphasis on evaluations that could help determine if government programs are achieving their intended outcomes in the best way and at the lowest possible cost.

These most recent efforts focus more than previous ones on how data can be used to improve performance, said John Mercer, a Senate staff member who helped draft the original GPRA. "Even political leadership at OMB in the previous administration wanted to do that and was frustrated that performance information wasn't being used more," he said. "It's one thing to come up with an assessment of a program. It's another thing to have programs use it to improve performance—and it ain't easy stuff to do."[5]

5   Elizabeth Newell Jochum, "Obama team outlines its management agenda," *Government Executive*, http://www.govexec.com/oversight/2009/05/obama-team-outlines-its-management-agenda/29138/ (accessed 27 Aug. 2013).

ALIGNING AGENCY PERFORMANCE AND BUDGETS TO STRATEGIC GOALS

Focused attention on a small number of goals has given a powerful push to performance activities

The administration's call for agencies to focus on a few goals in a short period of time created a surge of energy for achieving those goals and for a performance culture in general. Agencies have gotten a strong start on bringing their work in line with meeting those aims, although in large agencies, the push forward on performance issues is happening almost exclusively at the top levels. Performance improvement staff said that they worked more on responding to requests for data than on analysis and improvement or on initiatives involving collaboration and improvement across agencies.

Starting with the fiscal 2011 budget, agencies now identify a few priority goals—typically subsets of longer-term goals—for which they can show significant progress within 18 to 24 months. The intent was to direct senior leadership's attention on a few ambitious undertakings with clear, measurable targets.

The approach enhanced accountability for performance and brought together the leadership and resources critical for achieving them. "It's just very clear what the goals are," said a PIO. "I'm a big fan." The focus also gives staff a clear and consistent sense of where the agency is headed. The goals "are not just subject to the trend of the week," said one PIO. "It really gives you a line into every level of the organization in an impressive way."
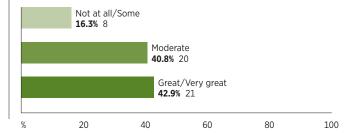
Establishing agency priority goals was "game-changing," said one PIO. Indeed, the majority of respondents found the tighter focus was helping to drive a performance culture. A few agencies are using limited resources

to report on metrics that matter for achieving those aims. "I'm continually amazed by how effective 'less is more' has been for us here," said one PIO.

The priority goals have had the side benefit of improving relationships between diverse bureaus, leading to coordinated efforts as they worked towards common goals, according to an interviewee from a large federal department. "The goals that require collaboration resonate a little bit more from the mission perspective," said a PIO. "Because of this, we now push for more cross-agency goals [involving] more than one operating division."

Priority goals also help agencies become more transparent to the public, according to several interviewees. The work on improving performance has resulted in changes in organization, budget, programs and processes, according to a deputy PIO who said it has "provided a clearer view of what expertise and information are

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FIGURE 1
To what extent does your agency's top leadership use performance data to drive their decision making?

Not at all/Some
16.3% 8

Moderate
40.8% 20

Great/Very great
42.9% 21

% 20 40 60 80 100

needed and where process improvements can be impactful to achieving better outcomes and better results for the American people."

One PIO had a different view, believing her agency already had done plenty on performance and now looks at longer-term goals. "This is just such a superficial thing for us," she said. "Two-year goals are meaningless. They interfere with work, staff time and allocation of our resources." Another PIO said the four to eight high-priority goals don't cover the entire department and that decisions about them aren't always timely. "Maybe they were at the time they were thought about, which was probably a year or more prior to being implemented, but then you're stuck with them."

Too few decisions are based on data, leaving budgets and performance largely disconnected

Although some agencies have started using performance to support their budget decisions, most have not reached that milestone. Fewer than half of PIOs and deputy PIOs said their agencies' top leaders use performance data to drive decisions to a great or very great extent (Figure 1).

Interviewees from bureaus, in particular, cited a large disconnect between performance management and budget. "The basic thought I had when I first came on board was that performance was supposed to drive

budget, not the other way around. I don't see that we're anywhere near that," one bureau interviewee said.

In some cases, the decision not to use data may be tied to another question we posed to PIOs and deputy PIOs about their trust in the data they collect. Those who lack assurance about the accuracy of their data likely will be less willing to make decisions based on what the data shows. Interestingly enough, however, nearly 70 percent of the people we spoke with have great confidence in the accuracy of the data they are using, suggesting that data accuracy may not be the obstacle to better data-driven decisions (Figure 2).

To employ trusted data effectively, agencies need to spend time in performance meetings examining how data is used and how participants view it. "It's been more of a reporting exercise rather than a process-improvement exercise," said the PIO of a large department. "We have to make sure everyone is there to acknowledge improvements. We need to make sure leadership is engaged. Reporting doesn't stand by itself." In contrast, another department is progressing beyond simply reporting to finding the opportunities in the details of what is reported, the PIO added. "Timeliness, quality and impact measures—that's just a constant conversation," said another PIO.

Although some agencies link performance to budgets more than others, we found most agencies

don't do enough to use performance information to direct limited resources where they would have the most impact. All of our interviewees said more needs to be done on integrating performance measures into their budgets. One PIO explained the need for improvement. "We started in the last two budget cycles forcing people to give performance information, but it's not directly integrated into budget requests."

Three-quarters of our interviewees said performance information was being used to influence budget decisions either not at all or only to a moderate extent (Figure 3). Yet virtually all the PIOs and deputy PIOs we interviewed underscored the importance of incorporating performance measures into the budgeting process, with many emphasizing that agencies should think strategically about core priorities and goals, use relevant performance indicators and budget accordingly. "Any time you link up your budget with your performance, you have a leg up," said one PIO. OMB has played a role, too, according to one interviewee. "They said, 'Stop sending us these packages without telling us what you're doing to achieve your goals.' So now nobody will get an increase unless there are metrics."

A PIO who agreed that budget and performance should be inextricably connected said, "It doesn't make sense for agencies to have two separate offices looking at perfor-

FIGURE 2
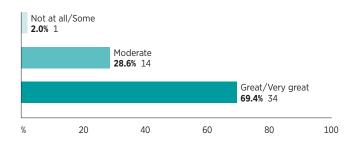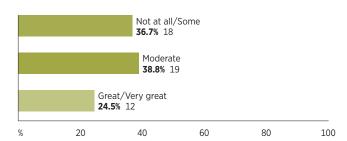To what extent do you have confidence in the accuracy of data collected at your agency?

Not at all/Some
2.0% 1

Moderate
28.6% 14

Great/Very great
69.4% 34

FIGURE 3
To what extent is performance information used in making budget decisions?

Not at all/Some
36.7% 18

Moderate
38.8% 19

Great/Very great
24.5% 12

> # "When you say performance, everyone assumes it's reporting on the past and looking in the rearview mirror. What we really want to do is look forward and use leading indicators to help us steer the ship."
>
> PIO RESPONDENT

mance and budget." Rather, budget and performance should be tied to agency mission and priority goals, and not necessarily only to programs or offices that are performing well. Often, when activities linked to achieving priority goals have stalled or are ineffective, those activities are stopped or cut, yet they might benefit from more targeted funding.

However, it can be politically difficult to do so. Policy priorities can trump performance. One PIO said that budgeting decisions are "driven by what the president dictates as a priority," and they can be detached from the agency's or program's performance. Still, performance remains an important factor in justifying additional program funding. Even if it is an uphill battle for those funds, measuring performance strengthens the case to be made.

Despite current challenges, some agency performance leaders think that the passage of the GPRA Modernization Act has made it more likely that performance management will be integrated into budget decisions. "The performance conversation has shifted the prioritization of money," said a PIO. "It's not just the dollar amount, but how much is focused on certain areas. People draw on information from the data-driven meetings as sources of an agency-wide perspective related to outcomes." And, she added, the agency secretary is able to use that information when he goes to Capitol Hill.

One interviewee whose agency has not yet sufficiently integrated performance into budget decisions said that, going forward, those in the organization seeking major budget increases will not be considered "unless they have an evaluation framework and a basic understanding of the need to establish measurable goals and reliable metrics." He added, "We're not making funding decisions based on past performance—we're saying if you think you have a whiz-bang program and want an increase, here are the [performance measurement and evaluation] requirements for having that considered."

Asked how performance data would be used to drive greater efficiency or decisions to cut back in one place or another, one PIO said it would not be easy. "It's impossible to say if one office is underperforming or not. The reality is, how do you compare?" It is easier to compare, she said, when there isn't a lot of discretion and all field offices must do the same things because certain tasks are required by statute. But that is not always the situation.

In some cases, the agency is committed to activities it doesn't have much control over, such as awarding grants. During this process, performance is likely to be based on how well the recipient has done given the amount of funding it received, a variable largely beyond the direct management of the agency awarding the grant.

Other agencies oversee activities they can more directly influence, and they can develop performance measures that enable informed budgeting. One deputy PIO weighed in with a positive experience, saying that his agency has been able to reassign resources to support measurable goals. "Where we keep aligning money ... and where we're making the most progress all aligns nicely."

Progress on establishing a performance culture varies widely
The process of developing a culture of performance requires time, and improvements do not happen overnight. We included a maturity model in our interviews designed to gauge where agencies see themselves today, asking about management, accountability and the reporting process, as well as how performance is integrated into budgeting.

We found that agencies' performance management ability varied widely. Respondents ranked their agencies' maturity at one of four levels: rudimentary—performance activities are ad hoc; established—agencies are collecting data methodically but not adjusting as circumstances change; effective—agencies are efficient at measuring activities but in a compartmentalized way; or adaptive—work on performance is dynamic and designed to improve the entire agency.

Most agencies had taken the first step toward creating a performance management culture by establishing a process to collect data regularly and systematically. Some agencies had progressed to using the information in a meaningful way, according to PIOs and deputy PIOs we interviewed. One PIO said development of the performance culture in his agency was at an early stage be-

cause data collection systems were not designed for performance management, and the data wasn't measuring what leaders needed. To get this critical information, the systems will have to mature.

Other agencies have tried to become more sophisticated in their performance management by using various improvement tools and strategies. Several agencies tried to re-engineer business processes or used business intelligence—which involves technologies and processes to analyze and transform data into useful agency information—but ultimately didn't find them to be highly successful. Other strategies, such as the balanced scorecard, worked somewhat better. The balanced scorecard allows managers to track completed staff activities meant to improve performance and monitor the results, which then are benchmarked against organizations doing performance management well.

One performance leader, referring to the ongoing improvement in how her agency uses performance data said, "People weren't accustomed to using measures. Now I think they are." Instead of just reporting the data, her agency is using it for day-to-day performance management. Indeed, slightly more than 55 percent of respondents thought their agencies' performance measures were effective and improving continuously. Interviewees had a similar view of the reporting process. About 60 percent agreed that their internal performance reporting processes were effective and improving continuously.

Another indication that a performance culture is making headway is when an agency moves from simply complying with mandates to actively assessing if their performance measures are useful. "At the beginning, it was 'put the plan together, check the box, consolidate information,' before you could even think, 'Is this meaningful?'" said a

deputy PIO. She called OMB's priority goals "revolutionary," saying her agency has learned a lot from them. A focus group participant said the increased attention to performance government-wide has meant "we're running from the expectation of compliance to changing the fabric of how we're doing business in our agencies."

Interviewees said that while they still face challenges, they have not lost the vision of what advanced performance management should be, nor the desire to achieve it. Some hoped to start looking at trends in their agencies' performance and progress over time, but not all were in a position to do so. "We're at a stage where getting data is the important piece," said one PIO. "Where we're more mature, we can analyze performance trends or issues. That's where we're most successful."

Several agencies were attempting to drive accountability in the organization by linking the performance of the enterprise to how well individuals were performing, according to our research. One PIO said his agency has been tying organizational performance to performance appraisals of line management since at least 2006. But most agencies have work to do in aligning the two.

Nearly 60 percent of our respondents said their agencies aligned organizational goals, performance targets and individual performance

standards some, not at all or only to a moderate extent (Figure 4). "You have to connect the dots for [people in field offices]," said one PIO. "It's like fitting together those really small Lego blocks." Another PIO said her agency conducts investigations, does research and seeks feedback from those they serve, and all of the information is publicized within the agency. "When we do a report that's well received, it's made clear that it was well received," she said. "The links between that and how it contributes to performance goals, it's all part of the conversation."

Outreach and communication with Congress on performance is nearly nonexistent

Congress holds the purse strings, and members' input into the strategies and priorities of the agency is critical for the performance management process. So is their understanding of what is working and what is not. Ultimately, when performance data align with goals and budgets, Congress and agency leaders are better able to oversee and manage for desired results. Interviewees said agencies had made the fewest inroads in the area of working with Congress. More than two-thirds of those we interviewed believed Congress uses their agencies' performance information only to a moderate extent or less, with most saying it uses it only some or not at all. In fact, the overwhelming major-

FIGURE 4

To what extent does your agency do a good job of aligning organizational goals, program targets and individual performance standards?
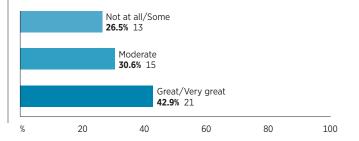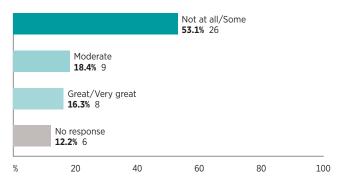

Not at all/Some
26.5% 13

Moderate
30.6% 15

Great/Very great
42.9% 21

% 20 40 60 80 100

FIGURE 5
To what extent is Congress using your agency's performance information?

Not at all/Some **53.1%** 26					
Moderate **18.4%** 9					
Great/Very great **16.3%** 8					
No response **12.2%** 6					
%	20	40	60	80	100

ity had little or no direct interaction with Congress (Figure 5).

Some PIOs and deputy PIOs sought feedback from Congress when drafting priority goals and strategic plans but received no response. Interestingly, while this report was being compiled, the Senate Appropriations Committee adopted language that chastised agencies for their lack of outreach. Language in the report accompanying the fiscal 2014 Financial Services and General Government Appropriations Bill stated that, "[F]ew if any [of the consultations required by the GPRA Modernization Act] have as yet taken place with this Committee," suggesting an appetite for consultation among some quarters in Congress.[6]

A few respondents said their interaction with Congress consisted of providing data they had collected, rather than an opportunity to align budgets with strategic priorities using performance measures. They did not believe that Congress viewed the information as important. "Congress is asking for stuff only because it's out there, but are they paying at-

tention? I have my doubts," said one interviewee.

One PIO said she has little interaction with oversight committees. "They say, 'Tell me about this one particular tiny thing that we're going to ask you about.' I don't feel that they care about performance. They care about one particular issue." One PIO said there would be "no point" in reaching out to Congress. "The people who created GPRAMA have no direct awareness of what they've created." Another said simply, "I don't work for them. I work for the COO."

PIOs and deputy PIOs typically do not interact with Congress unless the discussions are around budgets. At those times, it can be useful to demonstrate how performance data relates to the agency's ability to carry out its mission. If performance leaders are going to ask Congress for input, the interactions are more fruitful if they have relevant data in hand. According to one interviewee, presenting performance information can remove the emotional element from difficult budget conversations with Congress on budget cuts or the elimination of programs that are politically sensitive.

Another interviewee, who was criticized initially for proposing elimination of a program that traditionally received significant funding from Congress, was able to defend

the proposal using data that justified the cut, helping to reduce the negative reaction to the decision. One interviewee said his agency is working with stakeholders on Capitol Hill earlier in the budget development process so that the agency's budget decisions align more closely with lawmakers' expectations. "Rather than build the plan and give it to Congress, we start with an outline of the mission areas, the strategic goals and objectives and then ask, 'What do you think? Are we missing something?'"

One agency has improved how it presents information to Congress. In the past, it produced lengthy, detailed performance reports highlighting a wide range of specific performance measures for congressional oversight, a process he described as akin to a "constitutional convention." Input came from many people, and long lists of details as well as the high volume of data inhibited interactions with Congress. It was difficult to identify key metrics for funding. The agency's PIO has since set out to be more strategic, narrowing the hundreds of measures into a document a few pages long, allowing the agency to reach its congressional audience more effectively and boost the chances for funding for essential programs.

One PIO who was more positive about interactions on Capitol Hill said a good dialogue with Congress can be very effective. "I'm up on the hill all the time ... with authorizers and appropriators. Authorizers are interested enough to listen to me. It's good that performance is in the budget because they ask how much are you spending and what are we getting from it?" He described the importance of data for convincing members of Congress of the need for legislation to address serious agency issues. The data proved compelling, not only getting attention from Congress but also providing the support necessary to get legislation passed.

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6   The Report Accompanying the Financial Services and General Government Appropriations Bill, 2014; Senate Report 113–80, 43; 25 July 2013, http://gpo.gov/fdsys/pkg/CRPT-113srpt80/pdf/CRPT-113srpt80.pdf (accessed 27 Aug. 2013).

MOVING TOWARD MEANINGFUL MEASUREMENT

"We are still measuring how hard we tried, not how well we did."

PIO RESPONDENT

Measuring the right things is still a challenge

The best performance measurement initiatives look at how inputs and outputs affect outcomes—giving decision makers insight into what changes might be needed. Measuring inputs and outputs alone is not enough, while looking only at results won't reveal which processes and programs are working effectively or how an organization can improve performance. But some agencies haven't figured this out yet. One interviewee said he wants to focus more attention on continuous improvement rather than simply reporting data, but "the reporting side trumps it, because that's a requirement. But being able to actually look at the performance side, that's what's really most powerful." Some agencies still have difficulties linking outputs and outcomes. One PIO said her agency is still focused on processes, and that "people are challenged with coming up with good outcome measures."

Agencies often struggle to identify relevant and valuable performance measures or to sort through their data to identify measures that best gauge agency performance against the agency's mission. The sheer amount of data available can be overwhelming. "Translating mounds of data into usable information is one of the big challenges we face," an interviewee said.
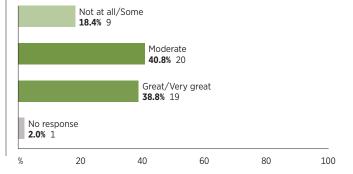
More PIOs are certain about their data's accuracy than they are about whether they are measuring the right things. Only 37 percent said they had great or very great confidence they were measuring what was needed for their agencies to be successful. And while they recognized they were not always measuring the right things, they were unsure of the best way to gauge performance meaningfully (Figure 6).

We found evaluation of programs and results over the long haul, a major initiative of the Obama administration, has not played a part in day-to-day agency performance management, nor are the priority goals tied to program evaluation. Many PIOs and deputy PIOs said their agencies did not have a formal program evaluation office, much less one tied to the performance improvement office, indicating that program evaluation data is lacking for assessing overall program performance.

President Obama recently announced an "aggressive management agenda for smarter, more innovative and more accountable government," and an important component is the use of evaluation data to understand what is working and to encourage agencies to test new program approaches. The new management agenda is in a very early stage. OMB has called for more systematic

FIGURE 6
To what extent do you think you are measuring the right things to be successful?

Not at all/Some
18.4% 9

Moderate
40.8% 20

Great/Very great
38.8% 19

No response
2.0% 1

%   20   40   60   80   100

collection and use of data and for discussing data at performance review meetings. The agency also has required agencies, as part of their budget requests, to propose strategies for using knowledge sharing and skills development to improve agency capacity for using performance information.

Meanwhile, agencies are using metrics and data to improve performance, but many PIOs and deputy PIOs said their agencies did not have a rigorous, agency-wide evaluation program tied to performance improvement efforts. One PIO said resource constraints prevented rigorous evaluation efforts. "[OMB] says 'do more program evaluation, do this kind of assessment.' I agree, but where are the resources to do this?"

Instead, rigorous program evaluation efforts often are separate from government- or agency-wide performance improvement, and agencies lack the resources to begin connecting them. In one agency with a strong program evaluation office, the PIO and deputy PIO said that the close coordination and active sharing of information that occurs between the two offices provides a much clearer picture of what is happening in the program and what performance issues need to be addressed. It also gives top agency leaders more meaningful information on which to make program

changes and budget decisions.

Some interviewees are concerned about the measures their agencies use. But they have found it tough to get their agencies to stop measuring what they typically measure and switch to using data to measure what would be more effective for gauging performance. Nearly 60 percent of respondents said their agencies' current performance measures correlate to what needs to be measured only to a moderate extent or less (Figure 7).

Some agencies spoke of the difficulties of changing systems and processes created years ago to collect information that may have been useful then but not useful today. Getting people to think about different or new measures isn't easy. One PIO said that her agency relies on processes "based on what we needed to do 25 years ago." Another said, "Measuring what we believe to be the right things isn't always possible, but it's not because we don't have a sense of what the right things are."

Some agencies have missions and conduct activities they find tough to quantify, for example, a years-long development project overseas. Some organizations also struggle to relate technical or scientific work to measures of agency impact. Experiments and lab work can continue over years, and results may not be known for a long time. In

areas such as development or immigration—where pending legislation or grant approval can leave activities in limbo—agencies also had a harder time identifying meaningful measures that clearly demonstrate achievements.

Top career leaders at some agencies view their organizations' work as more of an art than a science and believe agency performance should not be assessed using metrics, according to one interviewee. That view creates substantial impediments to a performance-based culture. One deputy PIO said this view was "rampant" in his agency.
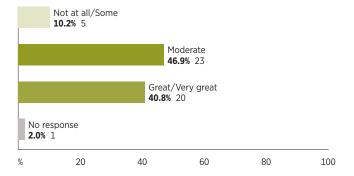
Even when an agency begins to think strategically about measuring outcomes, it's not easy to drive this approach throughout the organization. One interviewee said that activities in bureaus or regions of an agency, which have limited resources and personnel, tend to focus on outputs. "It's not that there wasn't a desire to focus on outcomes, but it's the difficulty about thinking through the steps to get there," one interviewee said.

Time pressures also can interrupt the intention to focus on performance improvement, leading some agencies to resort to the measures that are easiest to collect, rather than those that would best gauge performance, one interviewee said. "There is so much pressure on quarterly reviews and performance, so you only look at what you can measure easily. Whether that should be the focus is another question."

Despite the measurement struggle, bright spots emerge. Several PIOs said reducing the number of measures in their agencies has led to improvements. "We've gone from 900 performance measures to 137, and we've focused on reducing the number," one interviewee said. "We want to get down to a reasonable amount and look to add measures over some time where it makes sense."

FIGURE 7
To what extent do the performance measurements currently being collected directly correlate to your agency's performance management needs?

Not at all/Some
10.2% 5

Moderate
46.9% 23

Great/Very great
40.8% 20

No response
2.0% 1

%   20   40   60   80   100

Many performance improvement leaders credit the GPRA Modernization Act with giving them permission to drive harder on measurement and creating a greater sense of urgency. "The law was another hammer that gave me what I needed in order to be effective in managing the organization," said one PIO. A deputy PIO said her organization's COO is "really good at always reminding us that we want to think about how what we're tracking relates to how we're doing our jobs."

Skills and practices for improving performance are lacking

Employees responsible for agency performance management must "be more than number crunchers," said one interviewee, echoing others who said data analysis skills are essential at all levels and not just in the performance improvement community. Our interviewees believed the greatest skills gaps existed in two areas: the ability to interpret the meaning behind the raw data; and the ability to educate people who don't work on performance measures about the value of the data, which could help the agency move toward an improving culture.

One focus group participant from an agency subcomponent said her organization had to sort carefully through job applicants to find the right personality and work style and other "really intangible things." Other interviewees emphasized the need for team members with data skills but also the ability to articulate to the rest of the agency the significance of the data and the connection to larger agency goals. When it comes to improving performance staff, it's just as important for agencies to identify, develop and train current employees with critical-thinking skills as it is to recruit individuals with those top-notch data analysis skills, said an interviewee. "Finding problem solvers and training them, it's been a good thing for us," said one interviewee. "I think it has invigorated people who may have been in the same position for years and years. It gives them a new skill."

Performance officers also spoke of the need for a core set of business skills and understanding throughout the agency, including greater analytic capability and a grasp of the importance of using performance measurement and assessment. One PIO described people in some parts of her agency operating in an ad hoc way with a "fire drill mentality," while in others, people were using key performance metrics skillfully to create competition among different units, an approach useful for instilling a performance culture.

One new deputy PIO was impressed by the talent of people in performance-related positions but faced resistance outside the performance improvement community. He is building a performance culture by reaching out to help bureaus with their plans and creating practice communities in planning and evaluation. "The problem is changing the culture in this building, and that is really, really hard," he said. "My people believe in it, but around the building you get the sense that 'this is just the flavor of the month' and 'we just need to wait it out and the next administration will have a different idea.'"

The GPRA Modernization Act required OPM to identify the competencies needed to develop goals, evaluate programs and analyze and use performance information to improve government efficiency. In partnering with PIC, OPM identified 34 competencies essential for PIOs, performance improvement staff and goal leaders to spearhead the improvement of government performance.

The core competencies for performance improvement staff included those related to analysis and reasoning, but the list also contained many interpersonal skills not typically associated with analysis, such as oral communication, written communication and customer service skills.[7] Agencies will need to change the way they recruit, hire and train staff in order to acquire talent with these essential competencies for more effective performance management. It also would be highly useful to have staff in business units acquire these analytical skills and not just performance improvement staff.

> "Finding problem solvers and training them has been a good thing for us. I think it has invigorated people who may have been in the same position for years and years. It gives them a new skill. People genuinely want to resolve problems."
>
> PIO RESPONDENT

7   "Memorandum for Chief Human Capital Officers: Government Performance and Results Act Modernization Act of 2010 Functional Competencies," 03 Jan. 2012, http://chcoc.gov/transmittals/TransmittalDetails.aspx?TransmittalID=4517 (accessed 15 Aug. 2013).

BUILDING A PERFORMANCE IMPROVEMENT CULTURE

Performance improvement officers are on a solid path, but performance efforts are not yet embedded throughout agencies

Whether their agencies have made remarkable progress or are just finding their way, PIOs and deputy PIOs we interviewed believed they were on the right path toward measuring and improving performance and that doing so would be beneficial for their agencies, the federal government and the public. They were gratified that Congress codified Bush-era performance management positions and responsibilities, such as the PIC. Most interviewees gave their agencies a grade of B or better on their progress in performance management and indicated that efforts to improve the performance management process were an important component of the grade (Figure 8).

They described several GPRA Modernization Act provisions as instrumental in shifting an agency's mindset from simply using performance information for complying with reporting requirements, to mining that data to manage better. Mentioned most frequently was the requirement for quarterly data-driven meetings led by the COO, who also is accountable for agency performance. Other helpful provisions were the formal establishment of the position of PIO to be responsible for managing the performance measurement and assessment process, and the requirement that agencies set high-priority goals.

Despite a positive shift in thinking on performance management and improvement, three years has not brought many agencies far along in using performance management practices throughout the organization. More than half of our interviewees said that performance

efforts are only moderately an integral part of their organizations, or not all. While meaningful performance improvement activities have begun at the top levels in many agencies, much more needs to be done to make sure they are undertaken in organizations throughout these agencies.

PIOs were the most critical, with two-thirds saying they believed performance improvement initiatives were being adopted on a wide scale across their organizations only to a moderate extent or less (Figure 9). The feedback

FIGURE 8
What grade (A through F) would you give to your agency's progress in performance management since GPRAMA?
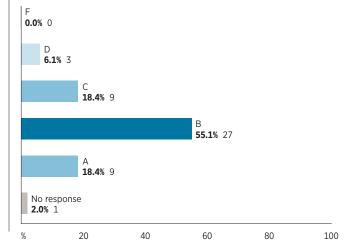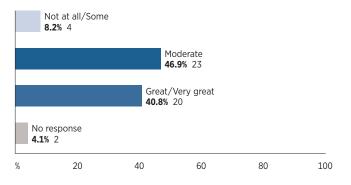
FIGURE 9

To what extent are performance improvement initiatives embedded across your organization?

Not at all/Some
8.2% 4

Moderate
46.9% 23

Great/Very great
40.8% 20

No response
4.1% 2

% 20 40 60 80 100

from our focus groups—whose participants largely represented bureau levels within a department—was similar to that of PIOs, with more than half saying they believed that performance improvement efforts still are not an integral part of their organizations' operations. This suggests that performance management is being used more as a means of documenting operational results than for identifying gaps and adjusting operations to achieve intended results.

Quarterly performance reviews get high marks

Many respondents praised the regular meetings with top leaders for being tightly focused on how to improve performance. Under the GPRA Modernization Act, most federal agencies must meet quarterly, at a minimum, to assess progress toward agency priority goals and identify ways to improve by working with key agency leadership, program managers and others. "We actually have a conversation about lessons learned, saying things like 'you should try this,'" said one PIO. Another talked about how the performance review meetings have helped his agency focus on finding a way "to build a better mousetrap." As a result, he said, "we saved taxpayer money." Agencies are getting better at convening these meetings, inviting the right mix of stakeholders and decision makers and getting the best data for discussion and debate.

The most visible leadership buy-in came through these quarterly performance reviews. The meetings not only bring attention to performance, but also are a crucial venue for meaningful performance discussions and decision making, many said. They provide a forum for individuals from offices and subcomponents throughout agencies that would not occur otherwise, many PIOs said. "Each office used to individually come up and say what they were doing. Now they are collaborating," said one PIO. For some agencies, reviews, led by COOs, are being integrated into operations and have become a major vehicle for bringing together program and operations executives for data-driven conversations about goals, progress achieving them and problems encountered, according to interviewees.

One agency that once held 20 meetings a quarter now has just one day-long meeting per quarter, focusing on strategic-level decisions rather than on low-level activities. The discussion has evolved from reporting on past activities to identifying how teams can work together and improve the agency, according to the PIO. "Everyone is now more forward looking and the meetings are more focused on looking, toward next quarter, rather than reviewing the past quarter." COOs and PIOs are tailoring their meetings to accommodate the culture of their agencies, enhancing the integration of performance improvement in their organizations' operations.

Although these quarterly review meetings started at the top levels of departments and agencies, they are now beginning to occur at bureau and subcomponent levels. At that level, people focus more on operations than on long-term strategy, said one PIO. However, some have started to adjust their operational reviews to reflect work on the high-priority goals covered in the quarterly performance reviews, leading the PIO to believe that top-level performance management practices now are reaching into the bureau level, where so much of the performance management improvement activity needs to happen. The people working on performance improvement in bureaus and subcomponents also are starting to analyze data that gauge progress toward strategic agency goals.

The visibility and skills of the people working on performance management contribute to agency culture transformation

As in our previous survey, PIOs saw the involvement of senior leadership as a critical factor in performance management success. Most of our interviewees said any performance success they achieved was due to senior leaders taking clear ownership of the agency performance management process and demonstrating their support. The performance management role required of an agency's very top leaders, coupled with the responsibility given to PIOs to support that role, has also served to boost the PIO position out of obscurity.

In one agency, where the deputy

"Performance is a long-term goal and it's something we have to keeping pushing for."

PIO RESPONDENT

secretary is a champion of using priority goals and focuses meetings on how to achieve them, other leaders take notice and understand they need to be prepared to talk about those issues, said one PIO. "They can anticipate it and be prepared for it and invest the time and thought into it." The dialogue with senior leadership is less about why the agency didn't perform well but what the impediments are, she added, particularly the resource constraints on achieving the goals.

The increased communication around performance information also allows agencies to identify risks or problem areas more quickly. "The quarterly performance reviews give us visibility into the operations and management of the bureaus," said a PIO. "You don't have to do them. You don't have to run an agency that way, but if you're responsible for managing an agency, it's a very good way to drill down to what you're trying to achieve and see how well you're doing and to have a dialog about initiatives that will help you get to the goals."

In one agency, the quarterly reviews have allowed the leaders from particular bureaus to come together to identify agency-wide challenges more efficiently than if frequent, decentralized meetings were held in each bureau, an interviewee said.

In one case, after employees came together from isolated bureaus and provided an agency-wide performance perspective, the agency was able to make the difficult decision to redistribute funding from one bureau to another for greater efficiency.

Several agencies began holding performance meetings quarterly, or even more often, before the GPRA Modernization Act required them, and the concept of regular performance management meetings had been a part of the management culture for years. As part of the Bush-era President's Management Agenda and again in 2010, OMB encouraged the use of data-driven review meetings as a performance management tool.[8]

But once the GPRA Modernization Act passed, several interviewees said, there was a change in who attended, what was discussed and how information was used in meetings, as well as before and after them. The legislation seems to have inspired a stronger performance focus. "We're trying to make our summary of performance measures more strategic," said a PIO. "We're collecting data from offices, turning it around, getting it back so they can look at it before the first review meeting."

Good management practices that emerged when agencies began complying with the statute will remain even when another administration comes in with different ideas and directives, according to one PIO. "Many of the ideas are being driven by the department's leadership already, but the statute has made the expectations easier to implement and sustain. It has helped greatly."

The ability to talk openly with top leaders about performance is

crucial, many interviewees agreed. Most agencies hold these meetings with all the top executives in attendance—from the COO to the chief information officer to the chief human capital officer—lending an enterprise-wide perspective and providing recognition that the business side of the house is critical to helping address performance challenges.

One PIO said the quarterly meetings are management oriented, giving the deputy secretary and COO an overview of the agency's health. "Getting together in one room was so important," said a PIO. "To look at things from the enterprise level was transformational. This helped get people to do the work they are trained for rather than waste time in meetings."

While the COO or deputy secretary typically is the top agency executive at quarterly meetings, in some agencies the secretary or administrator runs them, signaling the importance top leadership places on performance management. But it also is important that the meetings don't become "gotcha" sessions, one PIO said. Leadership can create an atmosphere of safety by encouraging contributions without negative consequences and limiting attendance to active participants. One interviewee noted that before she arrived at the agency, observers had been allowed to attend and the meetings were videotaped, possibly lessening the likelihood that people spoke openly.

And when she worked at the state level, her governor used their performance meetings to fire people. "He would flip tables [over] and storm out," she said. Instead, she likes to foster trust and build personal relationships while still holding people accountable by "keeping them on the hot seat." It can be tricky when participants are in a room with dozens of people facing an "assertive" secretary, she said. "It's a constant calibration."

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8   Exec. Order No. 13576, *Delivering an Efficient, Effective, and Accountable Government*, 76 Fed. Reg. 35,297, 13 June 2011, http://whitehouse.gov/the-press-office/2011/06/13/executive-order-delivering-efficient-effective-and-accountable-governmen (accessed 27 Aug. 2013).

The agency's chief operating officer plays a decisive role in performance management

The COO position was established to send an important signal that an agency's attention to performance starts at the top. Many agencies created the PIO position before enactment of the GPRA Modernization Act, but the new law requires that the COO be at the deputy secretary level or equivalent and report to the head of the agency. The majority of PIOs and deputy PIOs we interviewed viewed that requirement favorably.

Creating the position in statute provided a clear structure for performance management staff and has been helpful for clarifying who is accountable and with whom performance management staff should work, one interviewee said. Some agency interviewees viewed the COO as a direct link to senior management, whose position lent more weight to issues facing the performance management infrastructure and underscored the value of performance to the whole organization.

But other PIOs saw the COO as irrelevant to establishing a performance management culture, saying it has not markedly improved performance management—mainly because performance was already a priority in their agency. Some PIOs said the CIO and other top officials had more impact. However, the majority of our interviewees, particularly deputy PIOs, said the COO position has advanced the development of a performance management culture. "The COO position and role makes [performance] responsibilities much clearer," one PIO said.

Leadership is important, but agencies can't always count on it, one PIO said. "At some level, there's a short-term mentality, which doesn't help in the performance area," he said. "Performance is a long-term goal and it's something we have to keeping pushing for." Many inter-

viewees said that the most important aspect of the PIO position was the person holding the job and that person's particular interest in performance activities. It is essential for the White House to recruit for the COO position those with an affinity for and experience with performance management.

The PIO position has given prominence to performance management, but culture doesn't change overnight
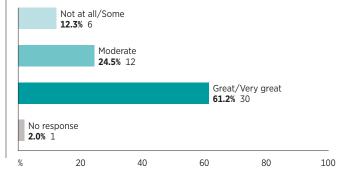
Nearly all interviewees believed that the legislation formally establishing the PIO position and placing it at the top of the organization with a direct line to the COO gives performance management visibility and power it didn't necessarily have before. And it has furthered policymakers' desire for agencies to pay greater attention to improving government performance and accountability. "It's put a focus on something that would otherwise be potentially buried in another position," said one PIO. "Someone is clearly in charge of data-driven analysis and insight," said another. The PIO can bring issues to the senior management team, offer unique insights to agency COOs and "get their attention in the way that others can't," said a deputy PIO. And they can smooth the road for the agency's top leader, highlighting risks that might not otherwise be ap-

parent. "I am able to give important heads up on issues that before would have blindsided a secretary."

While the involvement of the PIOs in helping top agency leaders pay greater attention to performance management issues has given the PIO role more visibility and influence, we were curious about how that role is understood throughout the organization. When asked about the extent to which senior federal managers understood the PIO role within the agency, slightly more than 75 percent of the agency PIOs and deputy PIOs said the PIO role is understood to a very great or great extent, but half of the people responsible for performance improvement at the bureau and subcomponent level responded that the role was only understood to a moderate extent or less (Figure 10). That is due, perhaps, to the fact that those in bureaus or subcomponents have less exposure to the PIO role.

Consistent with an issue we highlighted in our 2010 report, many PIOs continue to wear more than one hat, and the second one often is related to the budget or financial side. Most often, PIOs also hold the role of chief financial officer (CFO), but others are budget directors and some are both. "Having someone who wears a performance and budget hat is incredibly important, because they have to have that per-

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FIGURE 10

To what extent is your role understood by other senior management or SES members of the organization?

Category	%	Count
Not at all/Some	12.3%	6
Moderate	24.5%	12
Great/Very great	61.2%	30
No response	2.0%	1

spective in a lot of the conversations that happen," said a PIO. "It's not always direct, but they can indirectly ensure that performance is considered in that budget process. It helps to have someone at a high level so they know it's important." Another interviewee thought that PIO offices without budget responsibility don't have as much clout. "If you don't have budget, you don't have anything. You don't have a stick."

While PIOs may have multiple responsibilities on their shoulders, the higher level that the GPRA Modernization Act accorded them has helped. Their role now is clearly defined, and the PIO position in some cases was elevated to a management role that has allowed many PIOs to focus more on strategic activities surrounding the high-priority goals. It also is beneficial that they report directly to the most senior levels of their agencies.

A shift has occurred in PIO activities and priorities

Questions about the roles and responsibilities of PIOs and deputy PIOs revealed a clear change in how their time is spent (Figure 11). PIOs reported facilitating the strategic planning process, advising top leaders on departmental and agency strategic direction and priorities, and coordinating and conducting reviews that occur annually, quarterly or monthly, providing information for those discussions. They spend less of their time now developing performance measures and writing reports for review.

Deputy PIOs reported that they spend a lot of time on the review process and facilitating strategic planning. They also develop performance measures and targets, and coordinate the performance data collection and reporting process. And they, too, said they spend the least amount of time writing reports for review.

FIGURE 11
Activities PIOs and deputy PIOs spend the most and least time on

	PIOs		Deputy PIOs	
	Most	Least	Most	Least
Facilitate the strategic planning process	13	1	6	1
Advise top leaders on departmental/agency strategic direction/prioritization	13	1	1	4
Coordinate, conduct and/or provide information for annual/quarterly/monthly reviews	9	1	9	0
Formulate goals, objectives and strategies	7	1	4	1
Coordinate the performance data collection and reporting process	6	4	6	1
Facilitate/advise specific performance improvement initiatives	5	3	4	1
Educate leadership about performance issues and findings	5	0	2	3
Develop performance measures and targets	4	9	6	2
Analyze performance trends or issues	4	3	4	4
Evaluate program/agency effectiveness	2	1	0	4
Write reports for external review	1	17	2	10
Write reports for internal review	1	18	0	10
Other	1	0	0	0
Total	71	59	44	41

Note: The totals vary widely because each survey participant had the option of choosing up to three selections for each question.

RECOMMENDATIONS

Important steps have been taken to move performance improvement strategies and activities from process to practice, but much more can be done to ensure that agencies focus on measuring what matters most for gauging progress and identifying opportunities to improve performance. Chief operating officers (COO), with help from performance improvement officers (PIO), have the lead responsibility for improving the management and performance of their agencies and ensuring that their organizations achieve their missions and goals.

Some agencies are further along than others in building a strong performance management culture, but all can find better ways to measure performance and continue to improve.

We recommend that agency COOs:

- **Make better use of data in decision making.** Concern remains that agencies are not adequately relying on data for making decisions. Agency leaders are investing a great deal of time and energy preparing for and meeting on performance matters, and although those meetings are bearing fruit, the critical decisions agencies make to improve performance and increase their accountability to the public may be based on incomplete knowledge when data is not factored in.

- **Push for greater integration of performance management activities at all agencies to build a more vibrant and sustainable performance culture.** The entire organization should be involved in instilling a performance culture, including sub-

components and bureaus. The COO should encourage the use of regular data-driven reviews at all levels, and performance leaders in subcomponents and bureaus should seek information about performance measures used by others in their agencies, or across government, to gain insights from their experience.

- **Establish priority goals that involve more than one agency unit as a way to increase collaboration, provide opportunities to learn and achieve better results.** Look for ways to use the priority goal process to reach across the organization so that more organizational units work together to achieve meaningful outcomes. Several agencies have seen positive results from greater collaboration through priority goals that touch more than one entity.

- **Create a stronger link between budget and performance, taking advantage of lessons from agencies doing so successfully.** Agencies need to learn from other organizations that are using performance information to inform budget formulation and execution. This involves sharing knowledge across agencies and working with congressional staff members who rely on agencies' performance data to devise useful approaches for executive and legislative staff and decision makers. Making a clear connection between performance and budget decisions has not been easy, but successful agencies think it is essential if leaders are to manage effectively and improve performance.

We recommend that OMB:

- **Invest in program evaluation activities that enhance understanding of performance and program outcomes, and connect those efforts to performance management.** Better coordination among those who set goals and measure performance, and those who lead rigorous evaluation initiatives, would accelerate the adoption of better practices. The Obama administration strengthened government's reliance on rigorous evaluations to find effective practices and improve promising programs, but these efforts often are unconnected to government-wide or agency-wide performance improvement efforts.

- **Engage with Congress on performance matters and take the lead in ensuring that agencies are actively seeking congressional input and documenting how that input was incorporated into their strategic plans and budget materials.** Congress needs to be involved in agency performance improvement efforts. As recently as July 2013, Senate appropriators expressed concern at agencies' lack of outreach and consultation with Congress.

- **Develop a core set of competencies for all staff, along with PIC and the Office of Personnel Management, which couples business knowledge with analytical ability, to stress the importance of performance measurement, assessment skills and tools for managing program performance and driving improvements.** These three entities must recognize that government has a business need for measuring, tracking and reporting performance and support that concept in a formalized way; the importance of these analytical abilities extends beyond performance improvement staff.

CONCLUSION

After two decades of attention to reforming the way government measures performance, from Congress and three presidential administrations, the advances we've seen since implementation of the GPRA Modernization Act promises substantive change in performance improvement in the federal government.

Agencies have made excellent progress in implementing key aspects of the statute, with many embedding useful practices, such as regular performance review meetings, as a way of doing business rather than simply complying with a mandate.

Not all agencies are at the same stage, mainly because they started at different places. While some agencies are grappling with challenges such as refining performance indicators and improving interactions with Congress, others have overcome these challenges, revealing opportunities for agencies to learn from the experiences of others across the performance management community.

Many of the practices in use across government offer promise for continued improvement in managing performance as performance leaders direct employees' attention to these efforts. As agency PIOs and deputy PIOs persevere in cultivating a performance improvement culture, they will continue to forge the way toward a more effective and dynamic government.

The Partnership for Public Service and Grant Thornton LLP conducted in-depth interviews with PIOs, deputy PIOs and other key members of the performance improvement community on the state of performance management in government, particularly since the passage of the Government Performance and Results Modernization Act of 2010. We focused on the level of progress, the remaining challenges and the new complications that surround building a sustainable performance culture within agencies, bureaus and departments in a fiscally uncertain environment. We contacted all large agency PIOs and deputy PIOs to participate in this study.

Between March and July 2013, we asked members of the performance improvement community how they thought they were progressing since the law passed, holding interviews with 51 performance improvement leaders.

Twenty-seven of our interviewees were PIOs and deputy PIOs who worked at 21 of the largest agencies. A handful participated in the first survey of this kind that we conducted in 2011. 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 PIOs.

We also spoke with 24 performance improvement officials in three focus group sessions: one composed of representatives from subcomponents within the Department of Health and Human Services, a second with representatives from bureaus of the Department of the Interior and a third with PIOs and deputy PIOs from small agencies.

We also held discussion groups during agency Performance Management Council meetings at the Departments of Interior and Health and Human Services. In addition, we had a meeting with the Small Agency Council Performance Improvement Committee, attended by nine individuals.

All interviewees were asked to complete a set of closed-ended questions that were aggregated for the quantitative portions of this report. These were completed by 49 respondents.

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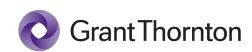
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