

Lesson 8

CIVIL WORKS PROGRAM
DEVELOPMENT AND EXECUTION COURSE
LESSON NUMBER 8

4. CIVIL WORKS PROGRAM DEVELOPMENT

TOPIC:

a. Performance Based Budgeting Management Business Process

TIME ALLOTTED:

1/2 hour, including time for questions and answers

HANDOUTS:

H-8-1. The Federal Government is Results-Oriented - A Report to Federal Employees

REFERENCES:

1. Government Performance and Results Act (GPRA).
2. President's Management Agenda (PMA)
3. Performance Assessment Rating Tool (PART)
4. The President's Program and Budget Documents: (Number and titles of budget documents may vary from year to year)

DETAILED OUTLINE

A. INTRODUCTION

1. Objective: To provide a general understanding of performance based budgeting.
2. Points to be covered:
 - a. Performance Based Budgeting.
 - b. Performance Measuring
 - c. President's Management Agenda

B. PERFORMANCE BASED BUDGETING

1. What is a Budget?
2. Federal Budget
3. Performance Based Budget

C. PERFORMANCE MEASURING

1. Performance
2. Measuring Performance
3. Performance Measures

D. PRESIDENT'S MANAGEMENT AGENDA

1. Purpose
2. Guiding Principles
3. Five Government-wide Goals

Lesson 8

PERFORMANCE
BASED BUDGETING

PURPOSE

- Introduce performance based budgeting
- Discuss performance measurement
- Reasons for adopting performance based budgeting

WHAT IS A BUDGET?

- “a plan for the coordination of resources and expenditures”
- A statement of the financial position of the administration for a definite period of time based on estimates of expenditures during the period with proposals for financing .

WHAT IS THE FEDERAL BUDGET?

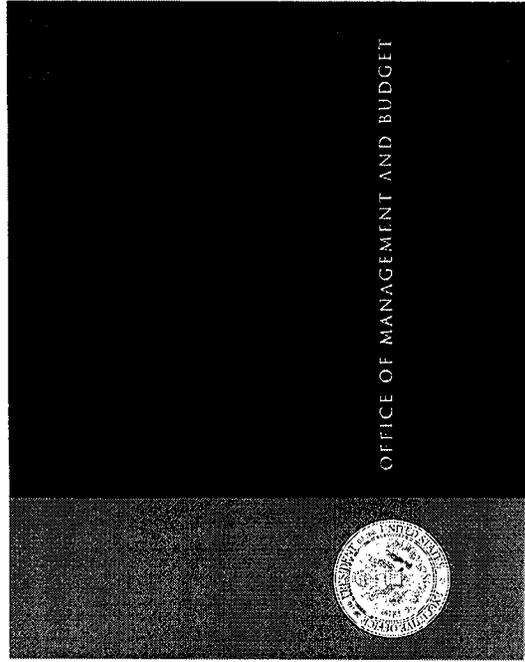
- “..the Budget of the United States Government, which sets forth the President’s comprehensive financial plan for allocating resources and indicates President’s priorities for the Federal Government.”

SOURCE: President’s Budget, Analytical Perspectives, Glossary of Budget Terms, Fiscal Year 2008

BUDGET BOOK



BUDGET OF THE U.S. GOVERNMENT



5
5/8/2008

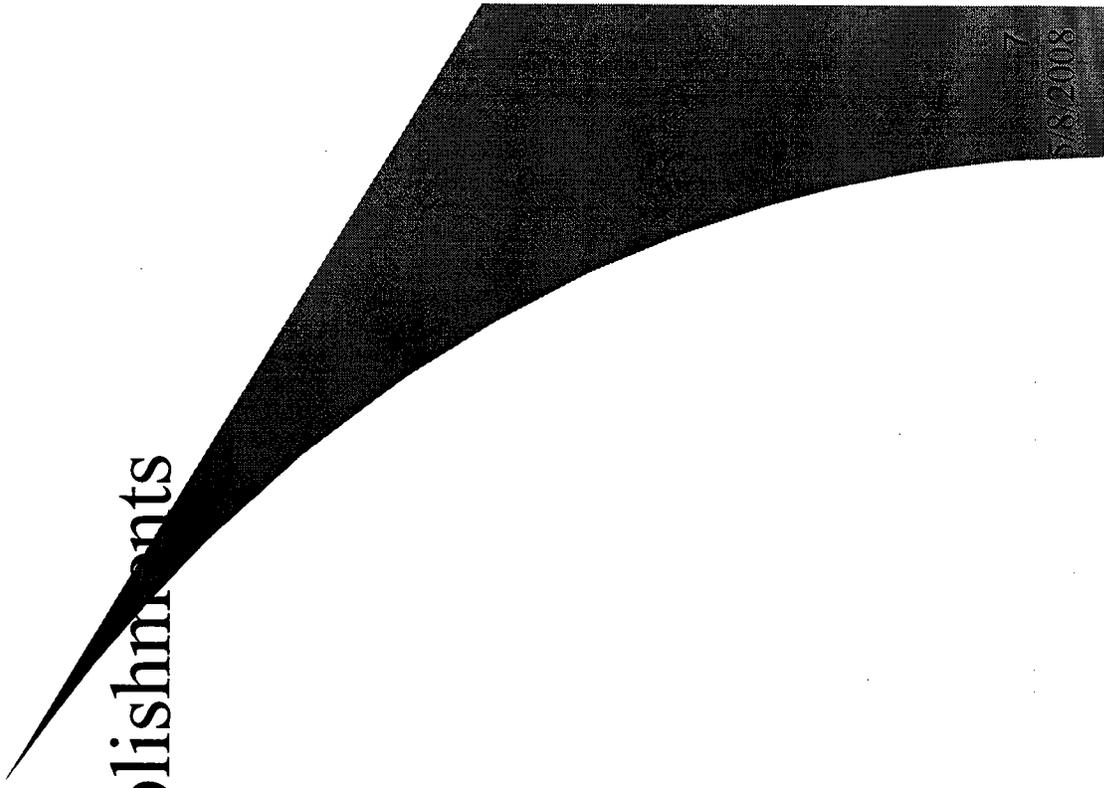
WHAT IS PERFORMANCE BASED BUDGETING?

Linkage of budget and performance

to improve program results an ensure that
performance is routinely considered in
funding and management decisions

WHAT IS PERFORMANCE?

- a way to measure accomplishments



HOW DO WE MEASURE PERFORMANCE?

- Performance Measures

TYPES OF PERFORMANCE MEASURES

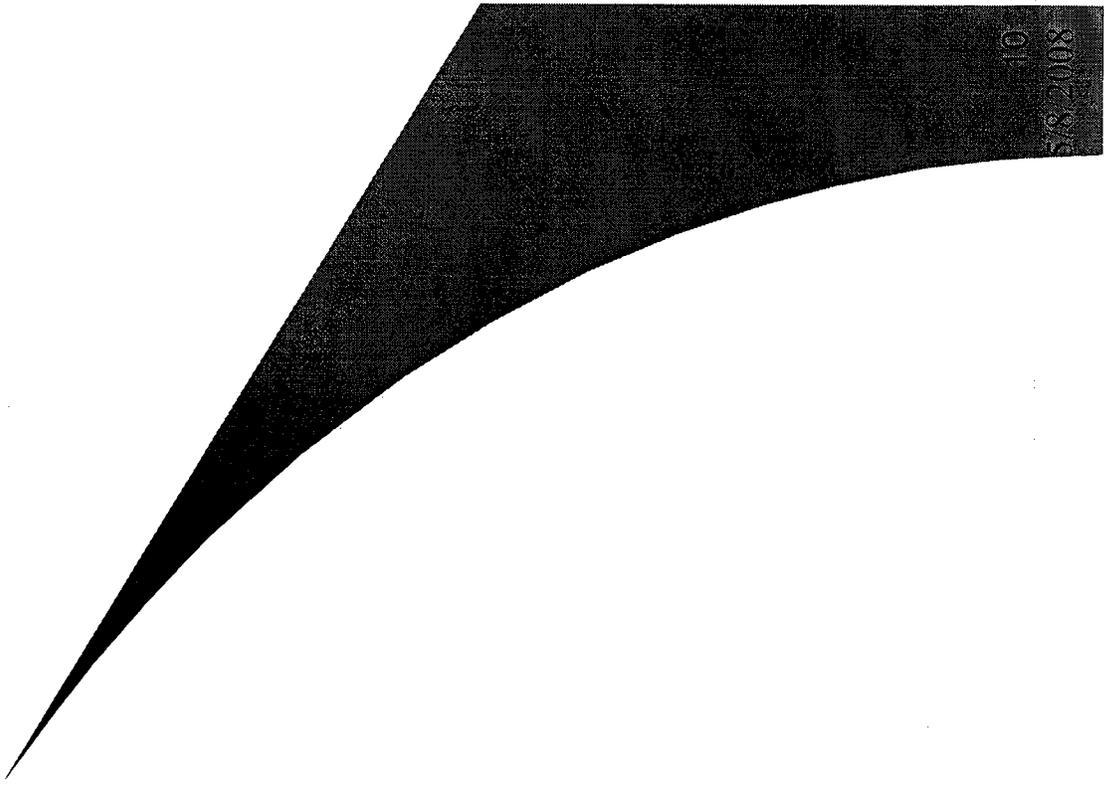
- Three Main Types of Measure
 - Economy – Express relationship between resources and inputs
 - Efficiency – Express the relationship between inputs and Outputs
 - Effectiveness – Express the relationship between outputs and outcomes

SOURCE: Office of Government Commerce

GOOD METRICS

- **Balanced**
- **Focused**
- **Valid**
- **Reliable**
- **Economic**
- **Useful**

- **SOURCE : George Mason University**



HOW ARE PERFORMANCE MEASURES USED IN BUDGETING?

- To assist managers in prioritizing the contents of our budget.
- To assist managers in measuring performance of our program.

WHY?

- President's Management Agenda
- The right thing to do

PRESIDENT'S MANAGEMENT AGENDA

- Purpose: Improve the management and performance of the Federal Government

PRESIDENT'S MANAGEMENT AGENDA

- Guiding Principles
 - Citizen-centered, not bureaucracy-centered
 - Results-oriented
 - Market-based, actively promoting rather than stifling innovation through competition

PRESIDENT'S MANAGEMENT AGENDA

- Six Government-wide Goals
 - Strategic Management of Human Capital
 - Competitive Sourcing
 - Improved Financial Performance
 - Expanded Electronic Government
 - Budget and Performance Integration
 - Real property asset management

SUMMARY

We

- **Defined the term budget**
- **Defined performance based budgeting**
- **Discussed performance measures**
- **Discussed why we adopted performance based budgeting**



THE FEDERAL GOVERNMENT IS
RESULTS-ORIENTED
A Report to Federal Employees

August 2004

THE FEDERAL GOVERNMENT IS RESULTS-ORIENTED

A Report to Federal Employees¹

The Federal Government is results-oriented, with the help of new disciplines and habits departments and agencies are adopting through the President's Management Agenda (PMA).

Federal employees want their departments to be as effective as possible, and the American people expect the Government to achieve results. To be results-oriented managers must ask themselves if the programs they administer are achieving the desired result at an acceptable cost. If the answer is "no" or "we don't know," they must do something about it, such as clearly define the desired outcomes, determine the causes of unsatisfactory performance, construct plans to remedy any problems, develop aggressive timeframes for taking action, and ensure that actions are implemented.

Skeptics certainly question the assertion that the Federal Government is results-oriented, citing a long list of challenges faced by our Nation. But being results-oriented is about delivering results AND also about our having an expectation that costs will be managed, the government will spend the people's money wisely, and that managers will be held accountable for achieving results. It is about having a systematic and deliberate approach to using resources to achieve intended goals. While there are many cases where significant work needs to be done to achieve the results expected by our citizens, there are many other cases where the focus on, or delivery of, results is producing what the American people expect. For example:

- The Veterans Health Administration (VHA) delivers safe, effective, and convenient care comparable to private sector health care to over five million patients annually, using state-of-the-art information technology and care coordination practices. The electronic health record system analyzes past data to generate automatic physician reminders for preventive and follow-up

¹ This report to all Federal employees summarizes how the Federal Government is focusing on results, the role of the President's Management Agenda, and the keys to future success.

measures. It also enables patients to interact with physicians from home, improving tracking of patient symptoms. Quality, access to care, satisfaction, and cost-effectiveness data are tracked in real-time and evaluated on a monthly basis. As a result, more than 74 percent of in-patient and out-patient care recipients express satisfaction with their VHA experiences, equal to the satisfaction level of private sector patients with their hospitals.

- The Department of Health and Human Services' (HHS) Health Centers program provides grants to health centers to provide medical care to uninsured, underserved, and vulnerable populations in rural and urban areas. From 2000 to 2003, the program increased the number of people served by 30 percent. The program has a goal to serve 13.2 million people this year, up from 12.4 million in 2003. The long-term goal is to create 1,200 new and expanded health center sites to serve an additional 6.1 million people by 2006.
- The purpose of the National Weather Service is to provide warnings and forecasts in order to protect lives and property. The Service measures the improvement in accuracy of, and lead times for, weather warnings. In 2002, the National Weather Service increased its tornado warning lead time from 10 minutes to 12 minutes and improved its flash flood warning accuracy from 86 percent to 89 percent. It has set goals to improve these and other key indicators of its ability to protect lives and property from destruction as a result of natural disasters.
- Federal Student Aid (FSA) in the Department of Education (ED) makes available more than \$70 billion in grants, loans, and work study each year to help more than nine million postsecondary students pay for college. FSA also manages a portfolio of more than \$320 billion in outstanding direct loans and loan guarantees. Each year, FSA answers 34 million customer service calls, processes over 9.1 million electronic loan applications, and receives over 20 billion hits to its websites. Despite this significant volume, FSA is still able to process web-based student aid applications within 24 hours, and answer calls to 1-800-4FED-AID in less than 5 seconds. A leading survey shows customer satisfaction rates are higher than those of other service companies and financial institutions, including Wells Fargo, Wachovia Bank, and Wal-Mart.

In these instances Federal managers defined the result they desired and then worked aggressively to achieve it. This focus on results is not new,

but what is new is a greater expectation than ever before that managers, line employees, indeed entire agencies, will be held accountable for meeting the goals they set. More than ever before, managers are challenged to clearly define what has to be done, identify who is responsible and who needs to participate, set aggressive yet realistic timeframes to accomplish goals, and then follow up to ensure that plans are executed as promised.

This model was the key to success when in December 2003, the Department of Agriculture (USDA) earned the first clean audit opinion in the Department's 140-year history. USDA overcame this longstanding challenge by setting tangible goals, identifying responsible officials to lead each part of the effort, setting an aggressive schedule for achieving their goals, and monitoring performance to ensure the results were achieved. (See <http://results.gov/agenda/howtheydidit-usda.html>)

The Social Security Administration (SSA) used the same approach to improve the management of its Supplemental Security Income (SSI) program which for years has had problems with overpayments and poor recovery of overpayments. Through the use of very detailed goals, action plans, and assignments of responsibility, SSA conducted more financial reviews, sought legislative authority to verify information about applicants, and established investigative teams. These efforts support SSA's work to minimize improper payments and led to the General Accounting Office taking the SSI program off its high-risk list in 2003.

New Disciplines and the President's Management Agenda

The President's Management Agenda was launched in August 2001 as a strategy for improving the management and performance of the Federal Government. It focuses on the areas where deficiencies were most apparent and where the Government could begin to deliver concrete, measurable results. The PMA includes five Government-wide initiatives and 10 program-specific initiatives that apply to a subset of Federal agencies. The PMA is helping departments and agencies adopt new disciplines to ensure their focus on results is effective and enduring.

The five key Government-wide areas are:

- ***Strategic Management of Human Capital***—having processes in place to ensure the right person is in the right job, at the right time, and is not only performing, but performing well;

Attachment E. AGENCIES ARE ESTABLISHING CLEAR PROGRAM GOALS AND MEASURING EFFICIENCY

Information on Programs Reviewed Using the Performance Assessment Rating Tool (PART)¹

Department/Agency	Percent of Total Program Dollars	Percent of Programs with Acceptable Performance Measures	Percent of Programs with Efficiency Measures
AGRICULTURE.....	75%	45%	58%
COMMERCE.....	72%	80%	57%
DEFENSE.....	60%	80%	55%
EDUCATION.....	79%	48%	63%
ENERGY.....	81%	100%	87%
EPA.....	62%	83%	72%
HHS.....	60%	70%	50%
DHS.....	62%	44%	64%
HUD.....	81%	65%	15%
INTERIOR.....	37%	59%	49%
JUSTICE.....	58% ²	83%	61%
LABOR.....	85%	90%	100%
STATE.....	35%	76%	100%
DOT.....	97%	100%	100%
TREASURY.....	42%	53%	79%
VA.....	97%	43%	71%
AID.....	56%	67%	100%
CORPS.....	83%	67%	83%
GSA.....	84%	33%	42%
NASA.....	81%	77%	100%
NSF.....	47%	100%	100%
OPM.....	99%	100%	100%
SBA.....	70%	88%	100%
SMITHSONIAN ³	0%	0%	0%
SSA.....	21%	100%	100%
GOVERNMENT-WIDE.....	60%	65%	67%

¹ Estimates as of June 30, 2004.

² Percentage calculated off the number of programs instead of program dollars.

³ No program assessments have been undertaken.