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Chairman Carper, Ranking Member McCain, and Members of the Subcommittee:

I appreciate the opportunity to come before you today to discuss our shared objective – increasing the effectiveness, efficiency, and transparency of government. More specifically, I want to address my remarks to your questions about Federal agency use of performance information for decision-making and resource allocation.

The current fiscal challenge makes it more important than ever to maximize the effectiveness of every tax dollar we spend. We need to search continually for increasingly effective and efficient ways to get the job done. To accomplish this, it is not enough for Federal agencies to produce performance information. The ultimate test of our performance management efforts is whether or not the information is used – not just by government agencies, but also by Congress, the public, our service delivery partners, and others.

Across twenty years in the private sector as a CEO and advisor to CEOs, I found that leadership, measurement, and a motivated workforce create the foundation for good performance. I am confident that the same is true in government.

In government as in the private sector, leadership starts with putting together the right team and articulating the right goals for an organization. Managers must translate the goals into operating plans with clear metrics and frequent checkpoints, and analyze data to search not only for serious problems, but also for the strongest performers in order to share best practices and replicate what works well.

It is my initial sense after three months on the job that Congress and previous Administrations laid important groundwork for government-wide performance. This includes the Clinton Administration's implementation of the Government Performance and Results Act (GPRA) and the Bush Administration's implementation of the Performance Assessment Rating Tool (PART). However, too much emphasis was placed on producing performance information for the purpose of complying with reporting requirements, and too little attention paid to analyzing and acting on this information.

That is not to suggest that the performance plans and reports required by the GPRA are not a good idea, nor that many of the PART questions were not good questions. On the contrary, the evidence suggests that requirements of the GPRA have proven a persistent driver pushing agencies to articulate what they are trying to accomplish and to measure progress toward these goals. It also suggests that the PART questions helped translate expectations for performance information down to the program level, where so many key government decisions are made. Nonetheless, it is time to pay far more attention to the use of Federal performance information

as a powerful performance-improving tool – useful for communicating priorities, progress, and raising issues; for illuminating what works that should be continued and what does not work that needs attention; for motivating the best from our workforce and our service delivery partners; and for allocating scarce resources wisely.

In addition to these successful Federal efforts, State and local governments are also providing instructive lessons in smart ways to use performance information. Local governments such as New York City, New York; Charlotte, North Carolina; Baltimore, Maryland; King County, Washington; and Austin, Texas have demonstrated how performance information can be used to improve outcomes, reduce crime, increase housing starts, and drive down costs. Several State governments are also paving new government performance management paths, including Washington State's Government Management Accountability and Performance program, which "drills down" on specific issues to understand problems and find opportunities for performance gain, and Maryland's StateStat, where Governor Martin O'Malley is applying and adapting lessons he learned while Mayor of Baltimore to improve state-wide performance.

My intention is to look for the best examples of what works – in other governments, the private sector, and in recent Federal efforts – and apply these practices to the Federal government. The first key step in taking on this challenge is, as I suggested earlier, putting in place the right leadership team.

I am very pleased to announce a new key member of my leadership team, Shelley Metzenbaum. Shelley is a leading expert in performance management, with both a distinguished academic career and a wealth of government experience. She founded the Collins Center for Public Management at the McCormack Graduate School of Policy Studies, University of Massachusetts Boston, and served as Executive Director of the Executive Session on Public Sector Performance Management at Harvard's Kennedy School of Government, where she earned her doctorate in public policy. She has authored numerous articles on practical, effective ways to use performance goals and measurement in government, and served in key leadership positions at the U.S. Environmental Protection Agency and the State of Massachusetts.

Our performance management agenda is already moving forward. In this year's spring budget guidance to agencies, OMB Director Orszag asked all major Federal agencies to identify a limited number of high priority performance goals reflecting the near-term implementation priorities of each agency's senior managers. These goals communicate the priority targets that each agency's leadership wants to achieve over the next 12 to 24 months, within its existing funding and legislative authority. Most major agencies identified between 3 and 8 goals, and OMB is currently working with agencies to finalize the list of priority goals. As agencies achieve these near-term goals, new ones will be added.

Once this list is final, we will regularly review with agencies the progress they are making and the problems they are encountering. We will expect each agency to reach beyond their own organizational boundaries to get feedback about priorities and strategies and to enlist expertise and assistance to reach their targets. Improving the performance of our Federal programs will require cooperation and contributions from many places.

Shelley and I will also lead an effort to develop an improved Federal performance management framework that aligns these high priority performance goals, GPRA performance reporting, and many of the program-level performance measures developed for the PART. Our government-wide performance measurement framework will be focused on outcomes, allow comparisons across programs and agencies, and show trends over time. The most *useful* performance information is that which supports long-term, central office strategic decisions about targets and organizational strategies as well as key decision-makers in the service delivery chain including those in Federal field offices, State and local partners, non-profit grantees, and contractors. We will use new information technologies to make this more feasible, less cumbersome, and far more useful than past alignment efforts. In addition, the Administration is proposing historic investments in comparative effectiveness research and evaluations, and we will integrate these efforts with our performance management work.

I am confident we will develop a Federal performance management framework that better serves the public and Congress' need for Federal performance transparency, as well as the learning and decision needs of agency managers and our service delivery partners. To help us in that effort, we will work closely with the Performance Improvement Council – made up of Performance Improvement Officers (PIOs) from every Federal agency.

PIOs are key to our success. They have a good sense of the broad scope of their agency programs, how they work, and what must be done to improve them. We also want to enlist Federal program managers, regional office officials, and our service delivery partners as a front-line forum and feedback mechanism that enables us to better understand how the actions we take in Washington translate to actions on the ground, and ultimately, to the results we want to achieve.

I also Chair the President's Management Council (PMC), comprised of the Deputy Secretaries of cabinet agencies. I am committed to using the PMC to facilitate the exchange of best management practices and to foster a common leadership vision for reform. In addition, I see my whole management team with its broad focus on finance, information, procurement, and personnel as supporting improved performance. The government has barely begun to tap the full benefits of recent advances in information technology, and we need to change the way we manage procurement, finance, and personnel to place far more emphasis on using performance information to improve results and far less on checking compliance with prescribed practices.

I am committed to helping and motivating Federal agencies maximize the productive use of performance information to improve the effectiveness, efficiency, and transparency of government. This is a cornerstone of my agenda and one of my highest priority goals.

I thank the Subcommittee for holding this hearing and for your belief in improving Federal performance. I look forward to working with you, with the other members of this panel, with Federal employees across the nation, and with our service delivery partners to accomplish this objective. Mr. Chairman and Members of the Subcommittee, I would be pleased to answer any questions you may have.