

# The Facts about the President's Management Agenda

## RECRUITING, RETAINING AND REWARDING THE RIGHT WORKFORCE

**MYTH:** *The Bush Administration wants to reform the government's personnel system just to reduce spending.*

**FACT:** Under the Administration's personnel reform proposals, the amount of money spent overall on raises will not change, and employee benefits will not change. Today, no matter how high performing or low performing, every employee gets the same annual raise. There is widespread consensus that the pay system must be changed. Independent organizations – the Government Accountability Office, the National Academy of Public Administration, the Merit Systems Protection Board, the National Commission on Public Service, and the Partnership for Public Service – have endorsed changing the current system. Under the Administration's personnel reform proposals, a portion of future annual pay raises would be based on how well employees perform and how much is paid for similar work. If an employee is a good performer, he or she will attain higher pay levels faster.

The goal of personnel reform is not to save money, but to better serve employees and the American people by requiring agencies to better manage, develop, and reward employees. In fact, the Administration has proposed additional funds for training and implementation of the new personnel system.

**MYTH:** *The Bush Administration wants to gut employee rights, including limiting the right to appeal actions managers take against employees.*

**FACT:** Every Bush Administration proposal has emphasized employee rights and included safeguards such as the Merit System principles and the right to appeal unfair actions to an independent board. The right of employees to appeal disciplinary action will be preserved.

**MYTH:** **The Administration is rushing to implement government-wide personnel reform before the experiments at Defense and Homeland Security have had a chance to prove they work.**

**FACT:** Each agency's success with the new rules will depend on how well the agency has prepared and how well its managers have been trained, not on the performance of other agencies.

- Many domestic agencies may be better positioned to adopt new personnel rules than DoD and DHS.
- The new rules proposed for the domestic agencies are not the same as those being implemented at DoD and DHS. National security concerns demand more comprehensive reforms at DoD and DHS than may be necessary at most domestic agencies.
- The importance of managing, developing, and rewarding employees is universally understood. Demonstration projects like China Lake – a California military facility that

implemented personnel management reforms – show that a personnel system like the one proposed by the Administration can be successful.

**MYTH:** *Under the new reforms proposed by the Administration, employee appraisals and pay raises will be based on political cronyism and favoritism.*

**FACT:** **Political cronyism and favoritism will continue to be prohibited.** Since under the proposals, performance appraisals will affect employee pay, managers will be trained and held accountable for appraising employees fairly. As an additional safeguard, all employee appraisals will be reviewed by senior managers for fairness. Moreover, employees will have the right to an independent review of their ratings.

### **ACHIEVING SAVINGS THROUGH COMPETITION**

**MYTH:** *Competitive Sourcing rules used in public private competitions – competitions conducted under the rules set by OMB Circular A-76 – are unfairly stacked against federal employees.*

**FACT:** Employees have demonstrated the value of keeping work in-house by developing “most efficient organizations” that eliminate inefficiencies from their operations. In fact, employee teams that compete to perform commercial activities “win” more than 80 percent of the time.

**MYTH:** *Competitive Sourcing is a scheme to get rid of Federal employees.*

**FACT:** Competitive Sourcing is a way to better ensure tax dollars are focused on mission, and not on commercial support activities.

Competitive Sourcing makes government more efficient and provides better services to the American people. Federal employees have won the vast majority of competitions by creating “most efficient organizations” that eliminate inefficiencies from their operations. Workforce realignment is one component, but there are many other ways successful MEOs achieve efficiencies, such as by leveraging technology, lowering contract support costs, and developing customer-oriented performance standards.

Historically, only about 5 percent of employees are involuntarily separated from federal service as a result of competition. Agencies make concerted efforts to provide soft landings for affected employees. In those cases, where the private sector provides a better value to the taxpayer, Federal employees typically find new jobs within the Federal government or with the outside contractor brought in to provide the government with services. If work is converted to a contractor, the contractor is required to give government employees the “right of first refusal” for employment openings under the contract for positions for which they are qualified.

**MYTH:** *Competitive Sourcing doesn't save any money.*

**FACT:** Competitions completed between 2003- 2005 are expected to generate more than \$5 billion in savings over the next ten years. Competitions are helping agencies find new and better ways of delivering services to taxpayers. After competitions are completed, agencies track implementation to ensure savings are achieved and performance standards are met.

Savings will continue to grow as more competitions are completed and cost control and performance efficiencies are brought to bear on a larger number of government's daily tasks. If, over time, agencies allow competition for just one-half of the employees identified as suitable for competition in their FAIR Act inventories, taxpayers would save more than \$4 billion annually.

The Government Accountability Office, Congress' independent watchdog, has stated that Competitive Sourcing studies "have been shown to produce significant cost savings for the government, regardless of whether a public or a private entity is selected. Competition also may encourage innovation and is key to improving the quality of service delivery."

**MYTH:** *No one can verify that any savings actually came from Competitive Sourcing studies.*

**FACT:** Under the President's Management Agenda, agencies are required to ensure competition results are implemented in a timely manner, tracked, and validated. Agencies are establishing internal processes to independently validate results from completed competitions. Some agencies are working with their respective Inspectors General while others rely on independent offices within their Departments and still others rely on third-party contractors.

### **USING INFORMATION TECHNOLOGY TO BETTER SERVE TAXPAYERS**

**MYTH:** *E-Gov initiatives shut down perfectly good IT systems at agencies in favor of inferior, government-wide ones.*

**FACT:** Perfectly good systems at agencies may be perfectly good for the agency but still not serve the citizen very well. The focus has to be on citizens – our customers – not the agency. Citizens' access to government information and services has been improved through use of single sources for all government information and services. For example, citizens can now access all Federal government job opportunities in one place via [www.usajobs.gov](http://www.usajobs.gov) and can access all Federally-funded benefit program information for eligibility pre-screening via [www.govbenefits.gov](http://www.govbenefits.gov), and other initiatives.

For every one of these government-wide systems, agencies work cooperatively to decide what services those systems will provide. Individual agencies must then transition to the government-wide system on an agreed upon timetable.

**MYTH:** *E-Gov initiatives don't save any money.*

**FACT:** E-Gov initiatives have made the federal government more efficient and improved the delivery of services while saving taxpayer dollars. For example, the Department of Labor's implementation of E-Travel has reduced its voucher costs for travel expenses by more than 60 percent, from \$62.59 per voucher to \$24.75. HUD will save approximately \$27 million over ten years with the migration of its human resources processing to the Department of the Treasury's system.

**MYTH:** *E-Gov initiatives haven't improved services to citizens.*

**FACT:** E-Gov initiatives have made it easier for Americans to access government services and find information about federal programs. For example, GovBenefits.gov provides citizens a single point of access to government benefits and services. To date, the initiative has provided information to more than 22 million citizens and generated over 5 million referrals to agency benefit programs. Prior to the launch of GovBenefits.gov, citizens had to search multiple agency websites in efforts to locate federal benefits.

E-Gov initiatives have also made it easier for citizens and businesses to pay their taxes online. With IRS Free File, eligible taxpayers can prepare and electronically file their tax returns over the Internet using commercial software for free. IRS has received more than 15 million tax returns through the initiative resulting in processing cost-savings of more than \$32 million.

The Expanding Electronic Tax Products for Businesses (EETPB) initiative aims to reduce the tax-reporting burden on businesses while improving the efficiency and effectiveness of government operations. Since the inception of EETPB (and through July 2006), employers have filed over 5.2 million SS-4 forms online to obtain Employer Identification Numbers (EIN) electronically. Furthermore, businesses can access a range of tax forms online (e.g., 94x, 1120, 990), resulting in reduced burden and increased government efficiency.

Grants.gov is the Federal Government's single website for over 1,000 grant programs that award more than \$400 billion annually. In FY 2006, 75 percent of all Federal discretionary grant opportunities (2,011 out of 2,678) were available for electronic application submission via Grants.gov, and grantees submitted more than 80,000 applications through Grants.gov. This is a 31% increase over the number of opportunities that were available for electronic application submission in FY 2005 (44%).

## ASSESSING AND IMPROVING PROGRAM PERFORMANCE

**MYTH:** *PART program assessments aren't objective or transparent.*

**FACT:** The Program Assessment Rating Tool (PART) asks approximately 25 common-sense questions of each program's performance and management. These include:

- Is the program's purpose clear and is it well designed to achieve its objectives?
- Does the program have clear, outcome-oriented goals?
- Is the program well managed?
- Does the program achieve its goals?

All of the answers to all of the questions and the evidence on which they are based are available on [www.ExpectMore.gov](http://www.ExpectMore.gov). The assessments are conducted by career civil service employees of agencies and OMB, and not by the political leadership of executive branch agencies.

In Spring 2005, this assessment tool received the "Innovations in American Government Award" from the Kennedy School of Government at Harvard University. This award recognized these assessments for their ability to systemically help federal programs establish clearly defined goals and measure results.

**MYTH:** *PART is just a way for the Administration to terminate programs it doesn't like.*

**FACT:** The Administration wants programs to work. The primary purpose of the PART is to make sure that federal programs live up to their congressionally-mandated intent and are effectively managed to provide the best value for taxpayers. The PART is rarely the only basis for program termination proposals. If a program is ineffective, it may well need more money.

There are numerous examples of programs rated effective that received budget cuts and programs rated ineffective that received more funding. For example, although the Office of the Coordinator of U.S. Assistance to Europe and Eurasia (Support for East European Democracy/Freedom Support Act) was found to be effective at promoting democratic, economic and other types of reform, its budget was proposed for reduction because Romania, Bulgaria, and Croatia graduated from U.S. assistance.

And although Drug Courts were unable to demonstrate results, the budget proposed an increase of \$59 million for the program. The program has a clear purpose – improving public safety and reducing recidivism – so the Administration is working to make the program work better. The program is currently working to develop better measures and timelines for these objectives, as well as better performance reporting by grantees.