MEMORANDUM FOR THE SENIOR EXECUTIVE SERVICE

FROM: Jeffrey D. Zients, Federal Chief Performance Officer and Deputy Director for
               Management, Office of Management and Budget

DATE: September 14, 2010

SUBJECT: The Accountable Government Initiative – an Update on Our Performance
               Management Agenda

We face extraordinary challenges – from growing our economy to transforming our energy supply, improving our children's education, safeguarding our Nation and restoring its fiscal health. There is a distinct role for government in addressing these challenges, but the American people have doubts about the government's capacity to do so effectively and efficiently. According to the Pew Research Center, about two-thirds of Americans believe that "when something is run by government it is usually inefficient and wasteful."

At the outset of his Administration, the President made it clear that we needed to make government work better, faster, and more efficiently; these goals are central to the Accountable Government Initiative. The President's Management Council (PMC) – the group of agency Deputy Secretaries that I chair – is overseeing the effort to achieve these goals. Working with our partners in Congress, we are pursuing a management agenda that embraces technological innovations and management best practices to improve effectiveness, efficiency, and customer service.

The members of the Senior Executive Service (SES) play a pivotal role in executing this agenda. As individuals, you serve as the link between your agencies' political leadership, front-line managers, and employees. Your experience, expertise, and passion must drive the implementation of performance improvement efforts within your organizations. As a group, you set the tone and expectations for what the federal workforce can accomplish. For us to succeed in overcoming skepticism and bureaucratic inertia, we need you to spread the belief that performance improvements are not only critical, they are well within our reach.

The pages that follow review our approach to performance management, detail our strategies and key initiatives, and describe the early progress we have achieved. I believe we are off to a good start, and that we are developing the momentum required for meaningful, sustained improvements in how the government works for the American people. I am providing you with this information to support your communication and implementation efforts, and to solicit your ongoing feedback on our approach.

My fellow PMC members and I will be following up with you regularly to review our progress and to get your input on where things are going well and where we need to make further improvements. In the interim, I thank you for your hard work and ongoing dedication.

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PERFORMANCE MANAGEMENT APPROACH

Our performance management efforts are focused on six strategies that have the highest potential for achieving meaningful performance improvement within and across Federal agencies.

1. Driving agency top priorities;
2. Cutting waste;
3. Reforming contracting;
4. Closing the IT gap;
5. Promoting accountability and innovation through open government;
6. Attracting and motivating top talent.

Just as important as the choice of what strategies to pursue is how we pursue them. We believe that the best way to achieve meaningful performance improvement is to focus on outcomes and to keep government attention on what we want to accomplish. Rather than over-investing in plans about the work that needs to be done to "prepare for change," our approach is to drive meaningful, early results. To that end, agencies have identified clear owners for each of our six performance strategies and for each agency high priority performance goal. Agency leaders are holding regular goal-focused, data-driven reviews to stay focused on these goals, and to analyze past experience and other relevant information to guide their actions.

To keep leaders focused on outcomes, we have established an unprecedented degree of transparency on objectives, targets, progress, and action plans, and we are integrating our management priorities into the annual budget process. We have made this performance information accessible to all Federal managers through Performance.gov, and will be opening the site to the public later this Fall. This one-stop shop for Federal performance information will provide access to management dashboards related to each performance strategy. It will also provide in-depth information on agency priority goals and key performance indicators, measures, and milestones. Performance.gov will provide unmatched transparency on government performance and will help create the clarity and the culture of accountability required to achieve meaningful improvements.

Specifically, we will use Performance.gov to inform regular, data-driven reviews. Where efforts are off-track and a team is not making the necessary mid-course corrections, we will work with them to get efforts back on track. Where progress is being made and breakthroughs achieved, we will celebrate success and work to spread best practices for achieving results across government. Where progress toward a goal shared by multiple agencies requires inter-agency coordination or where agencies face similar problems that could benefit from cross-agency attention, we will facilitate those efforts.

Across all these efforts, we are focused on achieving rapid results because doing so not only produces performance gains in the short term, but also creates the momentum necessary to achieve lasting, step-function improvements in government efficiency and effectiveness.

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UPDATE ON KEY PERFORMANCE STRATEGIES

Performance Strategy #1: Driving Agency Top Priorities

Senior agency leaders face daily pressures to focus more on policy development and crisis management than on the implementation and execution required to improve outcomes and deliver results. As a result, program effectiveness and service delivery suffer, programs multiply without good reason, and a focus on everything leads to a focus on nothing. To break this paradigm, we are working with agency leaders to identify the Administration's top outcome-focused priorities and focus management attention on delivering progress against them.

Focusing on Priority Goals

As part of the FY 2011 budget process, leaders of the largest Federal agencies identified a small number of near-term, ambitious, outcome-focused priority goals. These are detailed in the President's FY 2011 budget. Each priority goal is important to the public and focuses on a clear, measureable result that the agency aims to achieve in the next 12 to 24 months. Notably, achieving these goals will not require new resources or legislative action, but rather hinges on strong execution. We soon will start working with the leaders of smaller and independent agencies and major bureaus to help them adopt this priority goal approach.

For each priority goal, agency leaders designated a senior "goal leader" responsible for driving the execution required to achieve the desired outcome. Goal leaders developed action plans that chart the expected path to the goal, with defined targets for key measures and quarterly milestones. Quarterly data-driven reviews will drive progress toward the goals, and leaders will analyze performance and other relevant data to guide agency action. In addition, agencies will provide quarterly updates to OMB and the public on progress, problems, and planned actions via a new Federal website, Performance.gov. OMB will identify successful practices worth sharing with other parts of government. When progress toward a goal is insufficient, we will work with the agency to get efforts back on track.

Improving Key Citizen Programs

Data show that the best opportunity to influence an individual's perception of government effectiveness is at the point of direct interaction.

Our goal is for the public's interactions with government agencies to be on par with their experiences with the highest performing customer service organizations outside government. We are starting with services the public accesses most frequently, such as agency websites and call centers. Agencies are taking action to improve access to these services and to make them more responsive and customer-friendly. For example, the Social Security Administration is working to allow people to book appointments online before heading to their local office, and a team from the Department of Veterans Affairs (VA) has created a so-called "Blue Button" that enables Veterans to download their personal health records right off the VA website. VA is working closely with the Centers for Medicare and Medicaid Services and the Department of Defense to add Blue Button services to their electronic health records as well, which will give

Veterans, Service members, and civilians better control of their personal health information, and enable them to share their data with health care providers, caregivers, and people they trust.

More broadly, we are working with agencies to establish clear service standards and defined metrics that will allow us (and the public) to hold agencies accountable for delivering good service. Once these standards are defined, progress toward them will be posted online through a new "customer service dashboard." This dashboard will be used to keep agencies focused on continually improving the quality of their customer interactions.

Evaluating Program Effectiveness

Empirical evidence is an essential ingredient for assessing whether government programs are achieving their intended outcomes and guiding continuous improvement. We must establish a culture where program design and operations are based on rigorous performance evaluation. To that end, we have committed to building an evaluation infrastructure that complements our efforts to strengthen performance measurement and management.

In the 2011 Budget, the President placed a major emphasis on expanding rigorous program evaluation. The budget requests approximately $100 million for agencies to conduct new evaluations, and we recently issued guidance to agencies explaining that they may request additional funding to conduct these evaluations and assess whether they are carrying out their mission as efficiently and effectively as possible. OMB is allocating funding for agencies that voluntarily demonstrate how their FY 2012 funding priorities are subjected to rigorous evaluation. In addition, we are working with agencies to improve and coordinate the use of existing evaluation resources.

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Performance Strategy #2: Cutting Waste

As stewards of taxpayer dollars, we must ensure that we get a high return on all spending, and that we crack down on waste and abuse.

Ending Ineffective Programs

We are working to eliminate programs that do not work, are out of date, or are duplicative. Some programs may have made sense in the past, but are no longer needed now. Other programs perform functions that are carried out more effectively elsewhere in the government. And some programs are simply inefficient. Better performance management and evaluation of program effectiveness is helping us make better choices about where to invest and where to cut. Through "line by line" reviews, we have proposed approximately $20 billion of terminations, reductions, and savings in both the FY 2010 and 2011 budgets. While recent administrations have seen between 15 to 20 percent of their proposed discretionary cuts actually approved by Congress, we worked with Congress to enact 60 percent of our proposed discretionary cuts for FY 2010.

We are targeting even greater savings going forward. As part of the FY 2012 budget process, we have instructed agencies to identify their lowest-priority programs (equal to 5 percent of total spending) for consideration as terminations or reductions. Agencies are taking the hard step of identifying programs that are less central to achieving agency goals, have completed their original mission, or have an unclear or duplicative purpose.

Reducing and Recapturing Improper Payments

In 2009, the Federal Government reported improper payments of approximately $110 billion. These are payments to the wrong person, for the wrong amount, or for the wrong reason. To address this problem, we set a goal of reducing improper payments by a minimum of $50 billion between now and 2012. Last November, the President issued an Executive Order directing agencies to take specific actions to significantly reduce these improper payments, and on July 22 the President signed into law the Improper Payment Elimination and Recovery Act which provides agencies tools for doing so. Agency actions include identifying programs with significant improper payment volumes, establishing more frequent tracking and analysis, and increasing transparency about when and where improper payments occur. Each agency has designated a senior accountable official responsible for coordinating its actions to reduce improper payments and achieve specific reduction targets. The President has also directed agencies to adopt innovative tools and solutions for reducing waste, such as expanding and intensifying agency efforts to recapture improper payments and enhancing payment accuracy through the creation of a government-wide "Do Not Pay" list.

Agencies are making progress toward achieving their reduction targets. For example, the United States Department of Agriculture announced this summer a reduction in the Supplemental Nutrition Assistance Program's payment error rate to an all-time low in 2009, avoiding more than $300 million in improper payments.

Eliminating Excess Real Property

The Federal Government is the country's largest property owner and energy user, with a real property inventory that includes 1.2 million buildings, structures, and land parcels. Currently, Federal agencies operate and maintain more real property assets than necessary, with 14,000 buildings and structures designated as excess and 55,000 identified as either under- or not-utilized.

To address this problem, the President signed a Memorandum in June directing agencies to accelerate efforts to remove excess and surplus property and to achieve $3 billion in cost savings (in addition to the $5 billion that the Department of Defense is anticipated to save through the Base Realignment and Closure process). We are working with the General Services Administration (GSA) to develop agency-by-agency cost saving targets and detailed plans to reach them. These plans will include: accelerating the identification and disposal of surplus assets; eliminating lease arrangements that are not cost effective; pursuing consolidation opportunities within and across agencies; and increasing occupancy rates through innovative approaches to space management and alternative work arrangements such as telework.

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Performance Strategy #3: Reforming Contracting

The Federal Government contracted for approximately $550 billion of goods and services in 2009, more than one-sixth of all Federal spending, and double what the government spent on contracting in 2000. Despite being the world's largest purchaser, we too often do not get the best prices or value for our money, and our contracting processes are slow and cumbersome. We are taking action to save money, reduce risk, and get better results.

<u>Saving $40 Billion from Contracting Annually by FY 2011</u>

In March 2009, the President directed agencies to save $40 billion in contracting annually by FY 2011 and to reduce the use of high-risk contracts. Responding to the President's mandate, we took immediate actions to arrest the unsustainable growth in spending on contracts by working with agencies to apply fiscally responsible acquisition practices. These efforts successfully reduced the growth in contracting spending from an average of 12 percent over the last decade to 4 percent in FY 2009. Agencies identified $19 billion in savings from contracting for FY 2010, and we remain on track to achieve this savings through a combination of program terminations and reductions, new and stronger applications of strategic sourcing, and continued implementation of innovative procurement methods, such as the use of web-based electronic reverse auctions.

Agencies are also working to reduce the use of high-risk contracts. These risks come from two main sources —overspending that occurs when contracts are awarded without benefit of competition and wasteful spending that occurs when agencies enter into cost-reimbursement contracts rather than fixed price arrangements. Each agency has a goal to reduce by 10 percent the share of dollars obligated through new high-risk contracts in FY 2010, and we are off to a good start. In the first half of FY 2010, the percentage of dollars awarded in new contracts without competition dropped by 10 percent when compared with the same time period in FY 2009. During the same timeframe, the percentage of dollars awarded in new non-fixed price contracts dropped by 7 percent compared to the prior year. Agencies are achieving these reductions by implementing sound contracting practices, often with the assistance of peer reviews or contract review boards that bring seasoned contract and other experts together to help contracting and program offices increase competition and address high-risk practices.

<u>Promoting Strategic Sourcing</u>

Government purchases of commodities are typically fragmented across multiple departments, programs, and functions within agencies. Agencies across the government often rely on hundreds of separate contracts for many common-use items, with prices that vary widely. We are working with agencies to change this dynamic by pooling the Federal government's buying power. Agencies are reviewing their buying practices to better coordinate purchasing within their organizations and are negotiating more aggressively for discounts and other benefits. For example, the Department of Homeland Security (DHS) expects to save more than $87 million during the next six years by standardizing desktop operating systems, e-mail, and office automation, as well as negotiating a department-wide agreement for the full suite of products.

In addition, we are working across agencies to coordinate purchasing and get better pricing by creating government-wide blanket purchase agreements (BPAs). GSA awarded the first set of these earlier this month for office supplies. Each year the Federal government buys more than a billion dollars of office supplies. GSA analyzed this spending and the dynamics in the office supply market to inform an aggressive strategic sourcing effort that entailed securing up-front commitments from agencies, utilizing reverse auctions to drive prices lower, and extending the BPAs to cover all Federal agencies. As a result of this effort, we will save approximately 20 percent on office supply purchases – or about $200 million over the next four years.

<u>Building Acquisition Workforce Capacity</u>

To sustain improvements in acquisition, we are working to build up the capacity and capabilities of the acquisition workforce. While dollars spent on contracting more than doubled from 2000 to 2008, the size of the workforce responsible for managing Federal contracts remained flat. The President's FY 2011 Budget requests $158 million for civilian agencies to build the capacity, capability, and effectiveness of the acquisition workforce.

Agencies have developed comprehensive human capital plans that analyze the state of their acquisition workforce, outline their acquisition requirements going forward, and detail specific plans to address areas of need. We are supporting these efforts by improving government-wide training and certification management tools, and by encouraging the adoption of best practices for increasing the capacity and capability of the acquisition workforce. We have established streamlined job announcements for mid-level acquisition workforce positions and have developed central registers so applicants can be considered by multiple agencies. We are also actively promoting intern and other development programs.

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Performance Strategy #4: Closing the IT Gap

Information technology (IT) advancements have been at the center of a transformation in how the private sector operates, revolutionizing the efficiency, convenience, and effectiveness with which it serves its customers. The Federal Government largely has missed out on that transformation due to poor management of technology investments. IT projects too often cost hundreds of millions of dollars more than they should, take years longer than necessary to deploy, and deliver technologies that are obsolete by the time they are completed. We are working to close the gap between the best performing private sector organizations and the Federal government.

Fixing Large-Scale IT Management

To achieve sustained improvement in government performance, we have to fundamentally change the way the Federal Government manages IT projects. Our first step was to launch the IT Dashboard which enables agency leaders (and the public at large) to monitor the performance of all Federal IT projects, identify projects that are over budget or off schedule, and take corrective action.

The Federal CIO uses the IT Dashboard to inform rigorous reviews called "TechStat Sessions" of the highest-risk IT projects across the Federal Government. During these sessions, agencies present improvement plans for projects that are behind schedule or over budget. If serious problems are identified and cannot be corrected, the Federal CIO and his team work with agencies to take the necessary actions, up to and including project termination. We have conducted more than 30 review sessions with agencies, which have produced results including the halt of the development of a $64.5 million duplicative export control system at the Department of Commerce and an 80 percent reduction in the cost per ID card at the Small Business Administration.

We also launched an aggressive reform of financial system modernization projects. Because these projects have been particularly problematic, we directed that executive departments and agencies refrain from issuing new task orders or procurements for all financial system modernization projects. This halt will remain in place for each project until agencies significantly reduce the size, cost, and complexity of each project to increase the likelihood of success. Consistent with this approach, the Department of Veterans Affairs recently terminated a financial system modernization project, saving $300 million.

Finally, across the next two months, we will pull together the learning from these TechStat sessions and financial system reviews, along with best practices from the private sector and advice from experts within and outside government, to develop a new framework for the Federal Government's IT procurement and management practices. This framework will include guidelines for establishing clear requirements at project inception, higher standards for project management practices and personnel, additional mechanisms for holding managers accountable for project results, and the elimination of outdated and cumbersome rules.

Adopting More Efficient Technologies

Technological advancements over the past decade have created new, "lightweight" solutions that are more efficient and economical than proprietary system development. For example, cloud computing — a new model for delivering computing services from a pool of shared resources — has the potential to provide the Federal Government with access to powerful technology resources faster and at lower costs than previously attainable. Already, agencies such as NASA, the GSA, and the Defense Information Systems Agency have achieved greater flexibility, shorter times to deliver computing services, and improved cost efficiency by adopting cloud computing solutions.

Moving to the cloud and adopting other lightweight technologies will allow us to free resources for mission-critical tasks by eliminating investments in inefficient, legacy infrastructure. We have launched an effort across agencies to reduce the Federal government's data-center footprint.

Over the last 10 years, leading companies have aggressively consolidated the number of data centers they utilize, while the number of Federal government data centers has grown from 432 to more than 1,100. We have implemented a zero-growth policy on Federal data centers and are working with agencies to create data center consolidation plans that will increase efficiency and reduce spending.

Enhancing Federal Cybersecurity

As we increasingly leverage technology to deliver services to the American people, we cannot lose sight of the fact that we operate in an inter-connected environment, in which new threats arise daily. We must ensure that sensitive information is not compromised, that the public's communications with the government are secure, that privacy and civil liberties are protected, and that Federal infrastructure is not compromised.

We are taking a number of actions to advance the security posture of the Federal Government. Most notably, we have moved aggressively to shift agencies from a compliance-based reporting process for cybersecurity to a performance-based approach. Agencies are adopting automated tools that will enable them to continuously monitor security-related information in a manageable and actionable way. The National Cybersecurity Education Initiative will improve the effectiveness of the cyber-security workforce by developing an integrated plan for research and development between government, industry, and academia. We also are working with agencies to integrate cybersecurity into all new systems rather than bolting it on as an afterthought.

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Performance Strategy #5: Promoting Accountability and Innovation through Open Government

In his first executive act on January 21, 2009, the President committed this Administration to an unprecedented level of openness through his Memorandum on Transparency and Open Government. Transparency holds the government accountable for results by inviting public scrutiny of performance data such as agency goals and measures, sources of improper payments, and details on government spending. Transparency also supports performance improvement – accelerating the pace of innovation by opening us up to new ideas, speeding cross-agency learning, and enlisting the public's expertise and desire to help.

Strengthening Accountability

To ensure that we are making meaningful, measurable progress in performance, we are publicizing all goals and key metrics. This transparency increases accountability for achieving results, and allows us to identify quickly areas of concern and opportunities for improvement. For each of our six performance strategies and supporting initiatives, we are creating management dashboards that pull together critical performance data and focus attention on progress toward defined measures and milestones. Early examples of these dashboards include the previously mentioned IT Dashboard, and PaymentAccuracy.gov, which we launched earlier this summer to provide transparency on our efforts to reduce improper payments. For each

agency, PaymentAccuracy.gov provides improper payments amounts, targets for reducing and recovering improper payments, and the name of the designated accountable official responsible for meeting those targets. This type of transparency enhances agency accountability and allows the public to track our progress.

We are also enhancing the public's ability to monitor how we spend their tax dollars. Recovery.gov provides the public with transparency on how Recovery Act dollars are spent, who receives them, and what impact they have on job creation. Building on Recovery.gov's success, we are significantly expanding the level of detail on Federal spending that resides on USASpending.gov. Beginning in FY 2011, the public will be able to track not only payments made by Federal agencies to prime recipients, but also the payments made by those prime recipients to other entities, allowing the American people to monitor Federal dollars throughout the spending process.

Promoting Innovation through Participation

To access innovative ideas dispersed throughout the Federal workforce and the public at large, we are promoting opportunities for individuals within and outside government to contribute ideas and expertise to our efforts.

As the President has said, the best ideas often come from front-line staff. We are working with agencies to create effective mechanisms for soliciting, encouraging, and sharing solutions to longstanding problems and challenges. We launched the President's SAVE Award last year to garner ideas on how government can save money and perform better. Federal employees submitted 38,000 ideas, and many are incorporated in the President's FY 2011 budget. Based on that success, the President made SAVE an annual event. This year's award process is further harnessing the knowledge of Federal employees by asking employees to rank SAVE submissions from their colleagues to help us identify the most innovative ideas for saving money and increasing efficiency.

We are also making it easier for individuals and organizations to find and more readily access Federal data. We launched Data.gov as a clearing house of high value data sets, and Federal agencies have already released more than 270,000 datasets. Data.gov has received nearly 100 million hits from users, and hundreds of applications have been developed from the data sets, including applications that help parents keep their children safe, let travelers find the fastest routes to their destinations, and inform home buyers about the safety of their new neighborhood. One example is FlyOnTime.us, which uses data from the Bureau of Transportation Statistics to allow consumers to find flights with the best records for being on-time.

Casting a Wide Net for the Best Ideas

Open and innovative government also includes active collaboration with private sector individuals and companies, not-for-profit organizations, and other governments that have already developed best practices and proven solutions for many of the management and operational challenges we face. We are actively engaging with these groups to identify these practices and adopt them for use across government. For example, earlier this year, the President hosted a Forum on Modernizing Government that brought CEOs from a wide range of industries and labor union leadership together with PMC members, agency CIOs, and senior White House staff.

The private sector leaders who participated in the Forum shared dozens of concrete ideas and best practices, some of which reinforced our existing performance management efforts and others that suggested new solutions we are now exploring. Based on the success of the Forum, the President established the President's Management Advisory Board of business leaders to provide recommendations and advice on best practices to the government on productivity, technology, and customer service. This board will consist of individuals with proven track records leading large, complex, or innovative private sector organizations, and will hold its first meeting this Fall.

In addition to our outreach to private sector experts, we are also embracing the use of prizes and challenges to solicit innovative solutions to our national challenges and priorities. Agencies are increasing the use of prizes and competitions because they are a cost-effective, solutions-oriented tool for tackling large, ambitious challenges. For example, NASA recently held three challenges on InnoCentive, an online innovation marketplace where more than 200,000 of the world's brightest minds compete to solve tough problems. Nearly 1,500 problem solvers from 65 countries worked on the NASA challenges, and NASA reaped important breakthroughs in three areas critical to astronaut health. One winning solution came from a mechanical engineer in Foxboro, Massachusetts, who won the prize for the best proposed design for an exercise device to reduce the bone and muscle loss astronauts suffer in weightlessness. He had never before responded to a government Request for Proposal, and NASA may never have found him or benefitted from his winning insight were it not for the use of this approach. To allow other agencies to achieve similar results, we have launched Challenge.gov, a site that guides agencies through the use of prize-backed challenges and provides the public with a place to find opportunities to put their skills and passions to use solving national challenges.

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Performance Strategy #6: Attracting and Motivating Top Talent

The Federal Government's human resources (HR) practices are largely based on a personnel system created 60 years ago. Too many of our human resource policies and systems are bureaucratic, cumbersome, and outdated. With the expected retirement of nearly half of the Federal workforce looming in the decade ahead – and the direct connection between people and program results – overhauling the government's human resources practices is an urgent priority.

Improving Hiring

We started the overhaul of Federal HR practices with a focus on improving the hiring process. In 2009, we found that it took more than 140 days on average for an agency to hire a new employee. With such a slow hiring process, government loses top talent to faster moving competitors. We are supporting the Office of Personnel Management (OPM) and agencies in their work to dramatically reduce the time to hire for most positions so that we do not lose highly qualified job candidates, and to increase applicant and hiring manager satisfaction with the hiring process. This Spring, the President issued a memorandum outlining reform of the hiring process, including making it possible to apply for Federal jobs using resumes without submitting an essay as part of the initial application. Most importantly, managers and supervisors, not just human

resource departments, are now held accountable for speeding the hiring process and improving hiring quality.

Agencies are making progress. For example, an innovative pilot at HUD has meaningfully reduced the time to hire: HUD reduced the number of steps in its hiring pilot from 40 to 14, and in doing so reduced the time it takes to hire from 139 days to 77 days. Going forward, we are working with OPM on an HR dashboard that will provide frequent updates on hiring times and applicant and manager satisfaction rates for every agency.

Our efforts to improve hiring go beyond these reforms. We are also focused on establishing the Federal Government as a model employer. This involves tapping the skills and experience of our veterans, focusing on employment of workers with disabilities, and striving to create a diverse and inclusive workplace. In December 2009, the President launched the Veterans Employment Initiative to increase the employment of veterans within federal agencies and to help recently hired veterans adjust to service in a civilian capacity. In July 2010, the President signed an executive order charging federal agencies with improving their efforts to employ workers with disabilities through increased recruitment, hiring and retention. On both fronts, agencies are developing specific plans to achieve the desired improvements, and OPM will work with them to implement those plans and track progress.

Engage and Retain Top Talent

Talented individuals throughout government are central to our performance improvement efforts. Unfortunately, too few senior leaders and managers in government focus on supporting and developing the people in their organization as a primary way to achieve their mission. We are working to increase the engagement of all government workers and to align employee work with agency priorities to achieve sustainable improvements. OPM is working with agencies to address weaknesses in the performance feedback and appraisal process. We are now administering the Employee Viewpoint Survey annually and helping agencies understand how to use survey results to increase employee engagement, improve management quality, and align agency and personal performance objectives.

Effective relationships between managers and front line workers are a prerequisite for performance improvements. Recognizing this, the President issued an executive order last December that created the National Council on Federal Labor-Management Relations. The Council has created forums for managers, employees, and employees' union representatives to discuss government operations, promote satisfactory labor relations, and improve the productivity and effectiveness of the Federal Government. These labor-management forums complement the existing collective bargaining process and allow managers and employees to collaborate effectively to deliver the highest quality services to the American people.

<u>Enhance Leadership Development</u>

Without proper training and development, Federal workers cannot keep up with new management and technology innovations. Improving the effectiveness of training and development programs is vital to achieving productivity gains, and we are working with agencies to examine and revitalize these efforts.

Leadership training and development is especially critical given the large number of senior managers eligible for retirement in the coming years. The impending turnover creates a compelling need to strengthen the top career leadership of the Federal Government. This involves identifying talent pipelines, recruiting and hiring skilled executives, grooming high potential employees for future roles, and improving ongoing managerial and leadership skills training for today's SES. To address these issues, the PMC recently launched a collaborative, cross-agency effort to identify and implement best practices in SES recruitment, appraisal and development. This effort has 20 agencies contributing to three working groups that will present recommendations to the PMC by the end of the year. We look forward to engaging you as we proceed.

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As members of the SES you have a critical role in all our management efforts. Thanks to your efforts, we have achieved early wins and are building momentum that will help us achieve sustained improvements. I welcome your feedback on this update and on how we can best support your efforts as we work together to achieve our shared objective of a more effective, efficient, and responsive Federal Government.