

Managing for Results:

Emerging Benefits From Selected Agencies' Use of Performance Agreements

Briefing based on GAO Report:
GAO-01-115, Oct. 30, 2000

Overview

- Agencies need to continue to make progress connecting individual employee performance with agency success
- VHA, DOT, and SFA used performance agreements to
 - define accountability for results-oriented goals
 - monitor progress
 - contribute to evaluations
- Agencies tailored agreements to reflect unique organizational priorities, structures, and cultures
- Yet five common benefits emerged from VHA, DOT, and SFA early use of executive performance agreements

Veterans Health Administration (VHA) Performance Agreements

- Implemented its first performance agreements in 1996 as part of broader reforms
- Agreements are between Under Secretary for Health and the 22 Veterans Integrated Service Network (VISN) Directors
- Agreements for 2000 included three, weighted sections

VHA Agreements Consist of Weighted Sections

- Part A: Outlines “core competencies,” such as interpersonal effectiveness, adaptability, or technical competency (20%)
- Part B: Outlines “areas of special interest,” such as patient safety (30%)
- Part C: Sets measurable goals to gauge progress towards VHA mission (50%)
 - Covers domains of health care, such as quality, access, and satisfaction
 - Defines “fully successful” and “exceptional” performance levels.

Department of Transportation (DOT) Agreements

- Implemented its first performance agreement in 1994 in response to the National Performance Review
- Agreements are between the Secretary of Transportation and “modal administrators,” Assistant Secretaries, and Office Directors
- Agreements assign accountability for activities that are intended to contribute to DOT’s annual performance goals

Office of Student Financial Assistance (SFA) Required to Use Agreements

- Legislation to convert SFA into a Performance-Based Organization (PBO) requires use of performance agreements between
 - Chief Operating Officer (COO) and Secretary of Education
 - COO and senior managers
- For 2000, SFA's performance plan served as the agreements for the COO and senior managers
- Agreement sets three goals to lower its unit cost, and improve customer and employee satisfaction

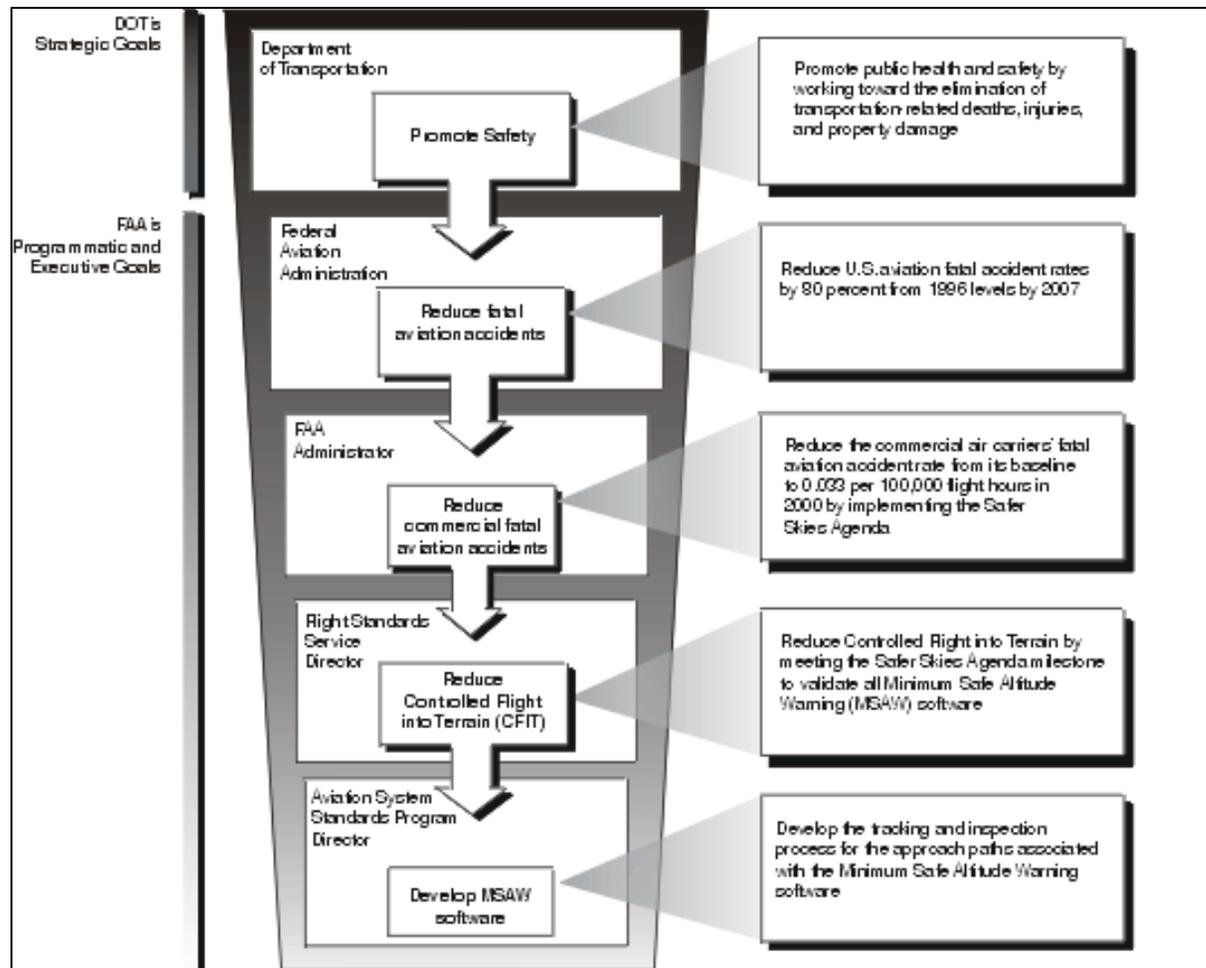
Emerging Benefits From VHA's, DOT's, and SFA's Implementation of Performance Agreements

1. Strengthened alignment of results-oriented goals with daily operations
2. Fostered collaboration across organizational boundaries
3. Enhanced opportunities to discuss and routinely use performance information to make program improvements
4. Provided results-oriented basis for individual accountability
5. Maintained continuity of program goals during leadership transitions

Benefit 1: Strengthened alignment

- Helped align daily operations and executive goals with programmatic and strategic goals
 - VISN director goal to increase Prevention Index score is intended to contribute to VA strategic goal to improve health care to veterans
 - FAA executive goal to develop software is intended to contribute to FAA goal to reduce fatal aviation accidents and ultimately to DOT strategic goal to promote safety
 - Ongoing implementation challenge is to understanding how daily operations contribute to results
-

Translating DOT Strategic Goals into FAA Programmatic and Executive Goals



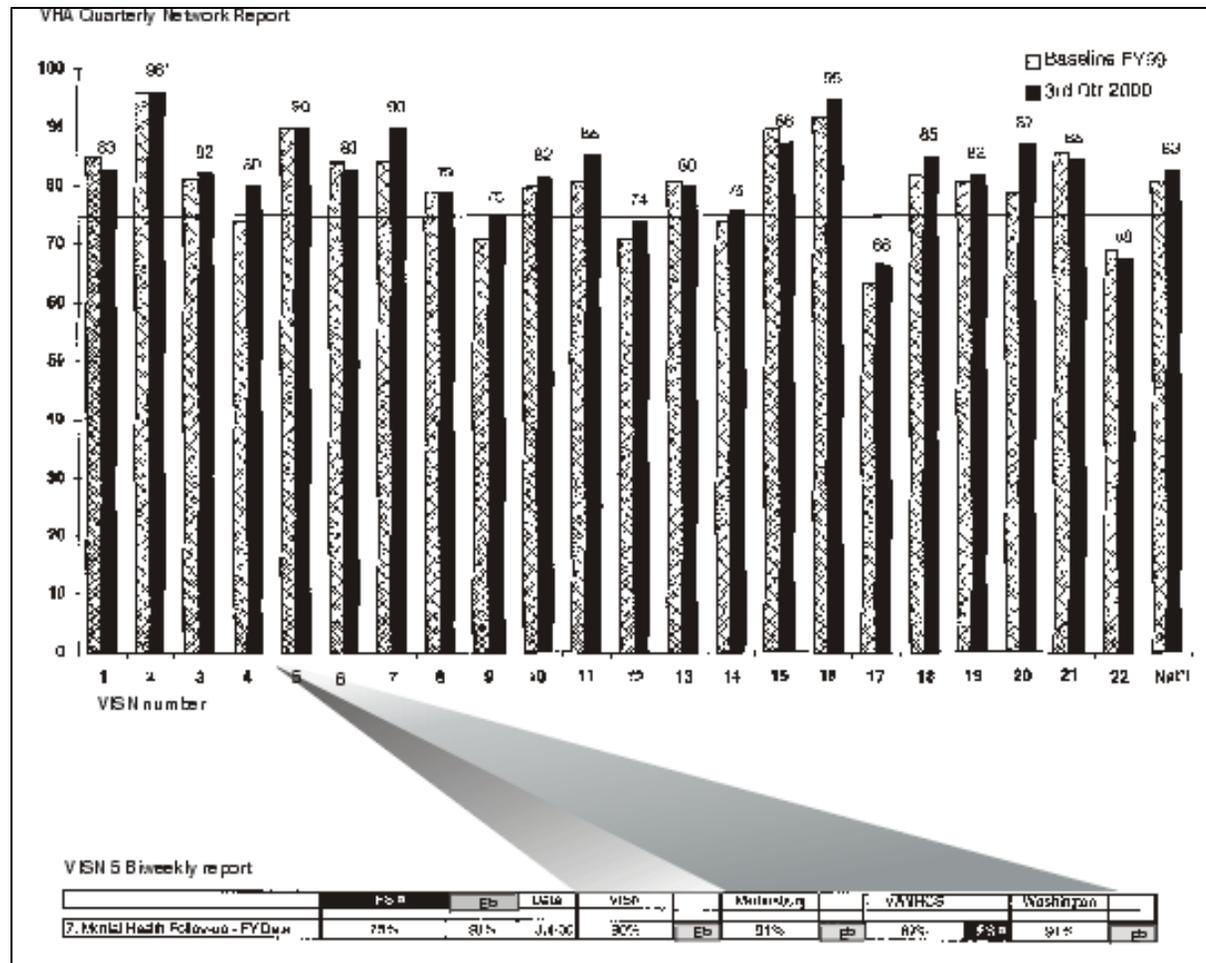
Benefit 2: Fostered collaboration

- Results-oriented goals required executives to work across organization boundaries
 - VISN focuses on patient services, such as mental health, geriatrics, or rehabilitation
 - DOT “flagship” initiatives designate lead to achieve goal and work across modal administrations
 - SFA plan to review executive performance based on organizational and individual performance

Benefit 3: Enhanced opportunities to discuss and routinely use performance information

- Data on progress in meeting goals were examined in light of external and internal factors
- Provided opportunities to identify performance gaps and strategies to mitigate or leverage factors to improve performance
- Challenge to provide the right performance information, at the right time, in the right format, to the right people

Excerpt of Follow-up Care After Hospitalization for Mental Illness from VHA Quarterly Report and VISN 5 Biweekly Report



Benefit 4: Provided results-oriented basis for individual accountability

- Served as basis for executive performance evaluations and bonuses
 - VHA and SFA used progress towards the goals in performance agreements
 - DOT's modal administrators are political appointees, thus not eligible for cash awards

Benefit 5: Maintained continuity

- Provides tested mechanism for new leaders to communicate priorities throughout organization
- Plans to cascade agreements beyond senior political and career levels
 - VISNs: to facility directors, chiefs of staff
 - DOT: to modal administrators' direct reports
 - SFA PBO legislation requires performance management system to employee, group, or organization

Recent initiatives to connect individual performance with agency success

- GAO identified strategic human capital management as a government-wide high-risk area
- New OPM regulations for SES performance management
- A-11 FY02 guidance specified agencies should include performance goals covering human capital management in areas such as linking appraisals to program performance

Observations

- Agencies continually refining how they develop and use agreements
- They are exploring how far, how best to cascade agreements to appropriate levels
- Based on these emerging benefits, performance agreements can become a vital part of overall efforts to improve performance and better achieve results

For more information:

- Report is entitled “Managing for Results: Emerging Benefits From Selected Agencies’ Use of Performance Agreements” (GAO-01-115)
- Available on the web at www.gao.gov
- Contact Lisa Shames (shamesl@gao.gov)