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Do Performance Reforms Change How Federal Managers Manage?

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EXECUTIVE SUMMARY



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Policymakers on both sides of the aisle say they want government programs to perform better. A central strategy to achieve that goal at the federal level has been the creation of a performance management system, the latest iteration of which was shaped by the GPRA Modernization Act of 2010. This system promotes the collection of information on the performance of federal programs. The expectation is that agency personnel will use this information when managing federal programs, but do such reforms actually make a difference? To address this question, we look at the impact of past reforms: the Government Performance and Results Act (GPRA) of 1993 and the Bush administration's Program Assessment Rating Tool (PART). Both reforms established new routines intended to encourage federal agency personnel to take a performance-oriented approach in managing their programs.



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Using data from two surveys, we found that the involvement of federal managers with GPRA processes and PART reviews generally had little direct effect on *purposeful* performance information use, i.e., using data to improve management and allocation decisions. These reforms were more strongly associated with *passive* use, i.e. using measures to further modify goals and measures in accordance with the procedural requirements of the law.

The findings reflect the limits of government-wide reform efforts that depend upon bureaucratic behavior that is difficult for reformers to control and observe.

But the findings also offer some insight for the implementation of the Modernization Act.

The Act has sought to institutionalize leadership commitment to performance by requiring leaders to publicly commit to a handful of high-priority goals. Our findings support this approach, as we find that perceived leadership commitment is associated with higher performance information use.

We found that the existence of a dialogue between employees about performance was associated with performance information use. If such dialogues can be institutionalized through the quarterly reviews of performance goals required by the Modernization Act, this will facilitate greater use.

Our results suggest that quarterly reviews can also play an instrumental role in fostering performance information use if such reviews focus on the motivational nature of the task (“why are these goals important?”) and developing actionable knowledge (“what do the measures tell us about how to manage?”).

Introduction

Policymakers on both sides of the aisle say they want government programs to perform better. A central strategy to achieve that goal has been the creation of a federal performance management system. This system consists of a set of routines to measure and disseminate performance data, with the hope that such data will be used to improve programmatic outcomes. The modern origin of this system at the federal level was the passage of the Government Performance and Results Act (GPRA) in 1993, and has culminated with the GPRA Modernization Act of 2010. The George W. Bush administration supplemented these efforts with the establishment of its own performance measurement system, the Program Assessment Rating Tool (PART).

Have these reforms had an effect on how agency personnel manage programs? In other words, do agency personnel use the performance data when making decisions in the management of their programs? In this paper, we explore the evidence on whether GPRA and PART have had any impact on managerial use of performance information. The results offer insights about how the latest iteration of the federal performance management system, resulting from changes mandated by the Modernization Act, should be implemented.

The Federal Performance Management System

GPRA required federal agencies to develop performance plans and reports and required that they update their strategic plans every 3 to 5 years. Fifty three percent of federal managers surveyed by the Government Accountability Office (GAO) in 2000 reported that they were involved in GPRA processes, either in terms of developing performance measures, assessing the quality of these measures, or analyzing if specific performance goals or broader strategic goals were being met. A clear goal of GPRA was to foster performance information use among federal managers. The preamble to the Act notes that one of its purposes

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was to “help Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality.”

The Bush administration characterized GPRA as a well-intentioned, but ultimately ineffective tool for performance management. The President’s Management Agenda, released in 2001, stated “After eight years of experience [since the passage of GPRA], progress toward the use of performance information for program management has been discouraging… Performance measures are insufficiently used to monitor and reward staff, or to hold program managers accountable.”

The Bush-era OMB sought to remedy this problem by creating PART. Specifically, it used PART to grade federal programs on an ineffective-to-effective scale according to four different criteria (program purpose and design, strategic planning, program management, and program results/accountability). PART scores were tied to the President’s budget proposal, with evaluations conducted in waves between 2003 and 2008 until nearly all federal programs were assessed.

Whereas GPRA pushed agencies to consult with a wide array of stakeholders, especially Congress, the PART process was essentially a dialogue between OMB budget examiners and agencies. Agencies shouldered the burden of proof in demonstrating their performance, but OMB determined whether or not a program was effective. OMB conducted 1,015 PART evaluations over a five-year period, but it involved fewer agency actors than GPRA. Just over thirty-one percent of the managers surveyed by the GAO in 2007 indicated that they were involved in PART-related activities, including involvement in preparing for, participating in, or responding to the results of PART assessments. Even though the PART process involved fewer managers and with less frequency than GPRA, OMB’s direct involvement and oversight, as well as a direct connection to the budgeting process, gave agency officials strong incentives to take PART seriously.

Did GPRA and PART Encourage Performance Information Use?

There are real differences in the nature of these two reforms, but they featured a similar causal logic in terms of they would foster performance information use. Both reflected a belief that formal government-wide performance measurement routines would foster a community of performance information users. We tested this hypothesis, using data from GAO surveys of federal managers in 2000 and 2007. The surveys asked managers if they were involved in GPRA (in 2000) or PART (in 2007). If these reforms had an effect on program management, it is reasonable to assume that those involved would have reported higher levels of performance information use relative to those who were not involved. We estimated statistical models that examine the extent to which agency managers reported using performance information across a number of

management functions (see Table 1).

Table 1: Type of Performance Information Use

<i>Defining Purposeful and Passive Use</i>	<i>Examples from GAO Survey</i>
Purposeful Use: Using data to improve the management of program operations	<ul style="list-style-type: none">• <i>Processes:</i> Adopting new program approaches or changing work processes• <i>Priorities:</i> Setting program priorities• <i>Resources:</i> Allocating resources• <i>Expectations:</i> Setting individual job expectations for the government employees the respondent manages or supervises• <i>Rewards:</i> Rewarding government employees that the respondent manages or supervises
Passive Use: Using data only to comply with procedural requirements of performance systems	<ul style="list-style-type: none">• <i>Measures:</i> Refining program performance measures• <i>Goals:</i> Setting new or revising existing performance goals
Examples are variables from GAO surveys. Respondents were asked the extent to which they use performance information for each particular activity. Responses range from 0 = to no extent; 1 = to a small extent; 2 = to a moderate extent; 3 = to a great extent; 4 = to a very great extent.	

Reformers assumed that GPRA and PART would lead to *purposeful* performance information use—that is, information use likely to result in efficiency and effectiveness gains. In the GAO surveys, purposeful use was captured by items inquiring about information used to set program priorities, allocate resources, adopt new work processes, and set individual job expectations and reward employees. But managers may also adopt a *passive* approach, doing the minimum required to comply with the procedural requirements of performance systems and little else. In the GAO surveys, passive performance information use was captured by items inquiring about information use for the purpose of further refining performance goals and measures.

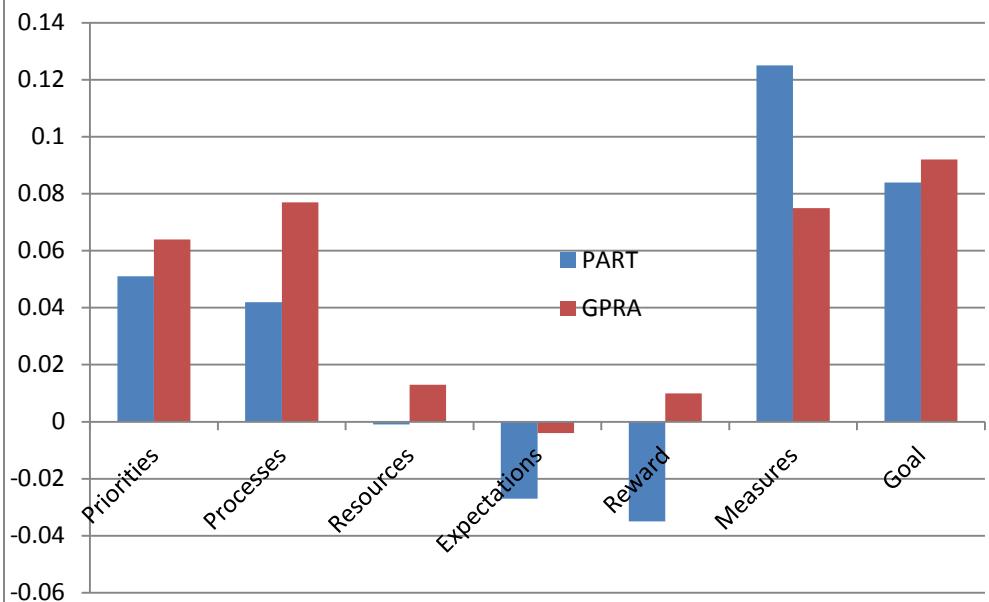
Our statistical model also controlled for a long list of factors that might affect performance information use in addition to PART and GPRA involvement, including the agency the manager worked in, whether or not respondents were members of the Senior Executive Service (SES), the extent to which stakeholders paid attention to agency actions, managers' supervisory experience, the level of discretion managers enjoyed, perceived leadership commitment to results, difficulty in measuring their task, how easy it was to link measures to

improvements, and how motivating managers find their jobs.

Results: Reforms Have Limited Effect on Purposeful Information Use

The distinction between purposeful and passive performance information use is important because the effects of reforms vary by these two forms of use (see Figure 1). Involvement in GPRA and PART predicts using data for process changes and for choosing program priorities (though the influence of PART is not statistically significant for the latter). But by in large, GPRA and PART do not have a significant influence on purposeful performance information use once other factors are accounted for.

Figure 1: Relative Impact of PART and GPRA on Different Types of Performance Information Use



The figure illustrates the impact of PART and GPRA involvement on the extent to which agency managers agree (“to a great extent” and to a “very great extent”) that they use performance information for different functions. For example, PART involvement is associated with a 12.5 percentage point increase in agreement that performance information is used to refine performance measures, whereas it is associated with a 3 percentage point decrease in the extent to which they agree that they use such measures for rewarding employees.

The areas in which we can have the greatest confidence about the impact of GPRA and PART involvement are those having to do with refining performance

Congressional staffers and the OMB are at an informational disadvantage when they attempt to assess and enforce managerial information use in difficult-to-monitor contexts such as resource allocation, problem-solving, and employee management

measures and program goals—that is, passive uses. There is a positive, statistically significant, and generally larger relationship between GPRA and PART involvement and the refining of program goals and performance measures. In short, performance reforms appear to have promoted performance measurement rather than the use of the data for actual program, resource, or employee management decisions.

There are two likely reasons why GPRA and PART succeeded in encouraging passive use but largely failed to encourage purposeful use. First, the institutional design of GPRA and PART were highly focused on goal and data creation. The basic goal of GPRA was to create measures and goals that did not previously exist. The Bush administration officials characterized PART as different, but it too created a process that emphasized the setting of more ambitious goals and the generation of better performance measures. Second, passive forms of use are the only ones that political principals can monitor easily. Behavior that is easily observable can be directed, and as a result becomes the minimum required to demonstrate cooperation with reform implementation. Congressional staffers and OMB are at an informational disadvantage when they attempt to assess and enforce managerial information use in difficult-to-monitor contexts such as resource allocation, problem-solving, and employee management. On the other hand, Congressional committees could easily examine if performance plans included the goals they requested, and OMB officials kept track of whether agency managers incorporated their recommendations when formulating performance measures.

What the Results Tell Us about Implementing the GPRA Modernization Act

In keeping with both GPRA and PART, the GPRA Modernization Act of 2010 was put in place with an explicit expectation that it would increase performance information use. The Senate report on the Act was explicit in stating that it was “aimed at increasing the use of performance information to improve performance and results.” Policymakers criticized GPRA and PART for having failed to encourage use, but largely accepted the underlying causal theory of these prior reforms as they passed the Modernization Act: government-wide performance routines can positively change the behavior of federal managers. What is different in the Modernization Act is the nature of the routines. The results in our study offer some insight into how these changes might be implemented.

Inducing Leadership Commitment

Our analysis also found that perceived commitment by top agency leadership to results is positively associated with performance information use by

managers. Leadership commitment means more than talking about performance. Employees will notice if words are not accompanied by the commitment of leadership time and organizational resources to performance management efforts. Without such commitment, agency employees will not commit either.

A characteristic of the Obama administration, even prior to the passage of the Modernization Act, was to find ways to induce such commitment. As part of the budget process, all agency leaders were asked to publicly commit to achieving a handful of high-priority goals within a 24-month time frame. There were two motivations for this approach. First, senior political appointees were perceived as caring more about developing new policy initiatives rather than managing existing programs. Second, the sheer volume of performance data produced by GPRA and PART was overwhelming. By limiting leadership attention to a handful of visible goals, the hope was to engender commitment to achieving them, which, in turn, should trickle down to agency managers. The Modernization Act formalized this practice and others intended to sustain leadership commitment beyond the agency head. The Act codified the position of Chief Operating Officer (who in practice is usually the deputy head of the agency), giving this position responsibility for improving agency management and performance. Finally, the Act required that every goal that an agency specifies has to have a designated goal-leader responsible for progress on this measure.

These practices make sense in encouraging leadership commitment to results. But the federal government should also look to select leaders that need little such encouragement and have a track-record in managing programs. The Presidential Personnel Office that selects new appointees should place greater weight on resumes that feature the skills and experience needed to manage agency performance.

Running Data-Driven Reviews

The Modernization Act requires agencies to undertake data-driven quarterly reviews of agency goals. This requirement is a direct response to the criticism that Obama administration officials have made of prior iterations of performance management: such processes devoted a lot of administrative energy toward creating performance data, but very little toward using those data. The data-driven reviews establish a learning routine where managers are required to consider the meaning and implications of performance data on a regular basis.

The results offer insights that can inform the implementation of these reviews. Perhaps most obviously, the results provide general support for the proposition that learning routines matter. When managers report that they engage in a regular discussion of performance data with peers and supervisors, they are more likely to also say that they use performance data to manage. But if quarterly reviews become highly formalized settings for allocating blame, they

may evoke defensive reaction rather than facilitating learning.

The results also show that the ability to link mission to measures and make causal inferences are consistently significant predictors of performance information use. This reflects the fact that while all programs may be awash with data, whether the data is insightful or not may vary quite a bit. Do the data clearly indicate what the appropriate action is? The answer to this question may depend a good deal on the nature of the program – some tasks are harder to measure than others, and the particular impact of governmental action on an outcome may be murky. The results show that difficulty in measuring a task does discourage performance information use. But the ability to link measures to actions may also depend on the person or team running a program, since characteristics such as experience, knowledge, craft, and ingenuity may make some workgroups and individuals better able to interpret data. If the quarterly reviews are used to address basic questions about cause and effect, and how data can inform future action, this will aid the process of linking data to action. Asking and answering such questions will be aided if quarterly reviews integrate a wider range of analytic skills than are usually included in performance management discussions. Agencies employ talented program evaluators and policy analysts with skills that allow them to consider how to prioritize competing goals, understand why performance is or is not improving, identify reasonable criteria to evaluate a program, or specify a target population that will generate the greatest return. Too often, these analysts are left on the sidelines when performance measures are being discussed, an oversight that should be remedied with the quarterly reviews.

The ability to motivate is also a significant predictor of performance information use. We find that managers who report that it is easy to motivate employees to be results-oriented in their work setting also report greater use of performance data. The measure does not tell us what it is about the setting that makes motivation easier, but as with other factors, this might be subject to organizational influence. To the extent that mission statements, goals, and measures can be presented in a way that is appealing, it may increase motivation to use data in decision-making. The quarterly reviews will be an important venue for clarifying the link between goals and mission, and articulating why goal achievement is important. If they do so, they can serve to be a motivational tool that will encourage managerial learning.

Conclusion

Our analysis suggests that managerial involvement in GPRA and PART has had a direct impact on relatively few aspects of performance information use. This finding generally supports the claims of policymakers that these reforms did not fulfill their potential. Even so, policymakers continue to hold faith in the promise that performance management reforms will meaningfully improve public sector performance, as evidenced by the passage of the GPRA

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Modernization Act in 2010. Such faith may be justified if we assume that each wave of reform is an incremental step in changing norms and attitudes within government, gradually embedding a performance-oriented approach. While GPRA and PART may have focused on generating better data, the Modernization Act focuses more directly on establishing routines for performance data information use. This is progress, but it remains to be seen whether the Modernization Act succeeds where its predecessors fell short.

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