Managerial reforms within the United States government

Jacqueline Michelle Townsend

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MANAGERIAL REFORMS WITHIN THE UNITED STATES GOVERNMENT

A Project
Presented to the Faculty of
California State University,
San Bernardino

In Partial Fulfillment of the Requirements for the Degree Master of Public Administration

by
Jacqueline Michelle Townsend
December 2005
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UNITED STATES GOVERNMENT

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ABSTRACT

This research project proposes to examine the attempts by Congress and the Executive Office at producing a more effective and efficient government for the citizens of the United States. It will describe prior reforms and then will focus on President George W. Bush's management agenda. The conclusion will determine the progress achieved by Bush's management agenda. This remains an important issue because with each President similar methods are used to reform the management practices of the United States government, but the achievements are still minimal.
DEDICATION

To Shawn, my girls, and my family thank you so much for all of your love and support. I could not have done it without you.
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CHAPTER ONE

INTRODUCTION

Since the Pendleton Act of 1883, numerous presidential administrations have tried to enact new management reforms. The Brownlow commission, Hoover commission, and Grace commission are examples of different presidential administrations attempting to change the way government is ran. Typically, one result of these reform efforts is partisan and politically driven decisions. Consequently, managerial modifications of the United States government is an ongoing process that often achieves what appears to be minimal results.

Purpose

This project will describe previous managerial reform efforts within the United States government. It will then focus on Bush’s management agenda. It will detail the specifics of Bush’s agenda and how it is to be achieved. In addition, it will show what results are expected from the initiatives and what the actual results suggest to date. Finally, this project will apply the President’s proposals to FEMA’s operations in the recent hurricane Katrina disaster.
Issue

Many attempts by Congress and the Executive office have been made to produce a more efficient and effective government for the citizens of the United States. During President Clinton and Vice President Gore’s two terms in office, they made a notable attempt at reinventing the management practices of government. The change in administration with the election of President Bush in 2001, difference in political ideologies, and in general Mr. Bush’s own ideas and proposals have introduced new strategies into the ongoing efforts to reform public management. These strategies are meant to make government agencies more results-oriented and more economical and efficient. Moreover, Bush calls for a government that is citizen-centered, results-oriented, and market based which promotes, innovates and competes (The President’s Management Agenda 2002).

Scope

This analysis of managerial reform within the United States government is limited to what past Commissions and Acts achieved. It follows with what President George Bush’s management agenda is, what it seeks to achieve, and then what it has achieved. This analysis shows a continuous cycle of reform efforts from one presidential administration to
the next. Each administration proposes remarkably similar reforms and seems only to produces minimal results.

Methodology

This project will describe and analyze literature concerning Commissions that developed reform proposals for the management of the federal government. The types of resources utilized in this project are scholarly journal articles, popular news articles, books specific to the subject area, legislation enacted, and a review of policies delineated by the Bush administration for reform. Moreover, the historical analysis mainly utilizes scholarly journal articles that will describe what the major Acts and Commissions aimed at doing. The analysis of Bush’s management agenda will utilize popular news articles, books, recent legislation, and policies and reviews from the Bush administration. These resources will describe the current initiatives, the expected results, and the results achieved thus far.
Throughout the years of presidential administrations many attempts have been made to produce a more efficient and effective government. Many reforms begin with the passage and establishment of acts and of commissions. The following literature review will describe and analyze the various acts and commissions aimed at reforming government.

The Pendleton Act of 1883 developed a new framework for the federal civil service system. At the time of its passage, political parties essentially dictated how government worked by basing administrative appointments on patronage (Moynihan 2004). From 1861 to 1881 the number of political appointees increased by 173% (Theriault 2003). The spoils system was made popular by Andrew Jackson. Jackson would appoint political supporters to positions ranging from cabinet secretaries to mail carriers (Theriault 2003). The moral and practical mishaps of the spoils system were being scrutinized by the public and this led to the passage of the Pendleton Act. Before 1882 no bill regarding this situation made it through either the House or Senate. Then the assassination of President Garfield by an individual who did not get a political appointment that he sought was the driving force
behind the Act (Theriault 2003). Following two weeks of fierce debate the Senate passed the Act 39 to 5 and the House passed it 155 to 46 (Theriault 2003). The Pendleton Act established the U.S. Civil Service Commission, which was the personnel management arm of the presidency. The act called for limited political influence from political parties, competitive exams for hiring, employees protected from firing for unjust reasons, and pay and promotion was to be based on certain standards rather than on political reasons (Moynihan 2004).

The purpose of a commission is to devise alternatives for a problematic situation. The 1936-1937 Brownlow Commission sought to reorganize the Executive branch. During the New Deal era there was a lot of growth in social programs, but a lack of planning for that growth. The organizational design implemented during that era was neither economical nor effective (Shafritz and Russell 2003). The poor organizational design was produced by the constant political conflict between the executive and legislative branches. The Brownlow Committee recommended a major reorganization of the executive branch. Based on this recommendation, Congress passed the Reorganization Act of 1939. This act established the Executive Office of the President and brought the Bureau of the Budget into the Executive Office of the President (Shafritz and Russell 2003). The achievements of the
Brownlow Commission were viewed by some as a unnecessary increase in presidential power. (Shafritz and Russell 2003).

The first Hoover Commission began in 1947 and ended in 1949. Hoover based his recommendations on a quote from Hamilton in Federalist paper No. 70, “an energetic and unified executive is not a threat to free and responsible government” (Arnold 1976). The Commission’s report stated that the executive branch was unmanageable, its communication and authority were not clear, and the executive branch did not have the tools necessary for developing adequate policy (Arnold 1976). This commission called for the Executive Office of the President to increase its managerial capacity with:

- Unlimited presidential discretion within in the Executive Office of the President and staff;
- A stronger Bureau of the Budget;
- A personnel office located in the Executive Office of the President; and
- The establishment of a staff secretary to act as a liaison between the President and his subordinates.

The first Hoover Commission was a success because 72% of its recommendations were adopted (Shafritz and Russell 2003). The second Hoover Commission started in 1953 and issued its report in 1955. This commission recommended the elimination of unnecessary government services and
activities that could be completed by the private sector. Unlike the first Hoover Commission, the second commission did not have its recommendations accepted (Shafritz and Russell 2003).

Beginning in 1969, under President Nixon, the Ash Council proposed to restructure the Executive Branch. Major recommendations of this council included the creation of the Domestic Council and the transformation of the Bureau of Budget into the Office of Management and Budget. The Domestic Council was supposed to be an advisory board for making forecasts, analyzing policy alternatives, and recommending program changes. Another recommendation entailed abolishing seven existing departments and creating four superdepartments for the purpose of saving money and increasing the effectiveness of management in the Executive Branch. The departments proposed to be abolished were the Department of Agriculture, Interior, Health, Education and Welfare, Housing and Urban Development, Labor, and Transportation. The functions of these departments would be transferred to the four proposed superdepartments which consisted of Natural Resources, Economic Affairs, Human Resources, and Community Development. This recommendation died in congressional committees.

In 1978, President Carter signed the 1978 Civil Service Reform Act. Carter and the other designers of
this Act based it on textbook theories, the British civil service, and private sector practices (Haraway 2004). The Civil Service Reform Act refined the merit system and modified the institutions under which the merit system operated (Berman, Bowman, et al. 2001). Modification was needed because the existing federal personnel system was viewed as inefficient. The problems of the federal personnel system included:

- Fixed civil servants that delayed executive initiatives;
- Incompetent employees;
- It was easy to evade the requirements of the merit system;
- Managers were frustrated with the inhibiting and enormous amount of red tape; and
- There was conflict in the roles of the civil service commission (Berman, Bowman, et al. 2001).

The 1978 Civil Service Reform Act defined merit in Title I as diversity, talent, fair treatment of employees, equality of reward, integrity, efficiency, adequate performance, protection from adverse action for political reasons, and protection for whistleblowers (Moynihan 2004). It abolished the Civil Service Commission and created the Office of Personnel Management (OPM) and the Merit System Protection Board (MSPB). It also created the Federal Labor Relations Authority (FLRA) and the Senior
Executive Service (SES). The purpose of the OPM is to coordinate the federal government's personnel program. The purpose of the MSPB is to facilitate adjudications, employee appeals, and to investigate merit system violations. The FLRA is the public sectors equivalent of the private sectors National Labor Relations Board. The FLRA deals with overseeing, investigating, announcing and enforcing rules involving labor-management relations (Berman, Bowman, et al. 2001).

The newly formed SES is a collection of top level civil administrators. The SES positions top level executives and experienced managers under the control of political executives. The Act consolidated all GS 16-18 levels and Levels IV and V of the Executive Schedule into the SES (Haraway 2004). Also, Title VI of the Act allowed the OPM to delegate powers to agency heads and Title II allowed each agency under the discretion of the OPM to develop an appraisal system that ranked employees based on performance (Moynihan 2004). Jimmy Carter's 1981 State of the Union Address announced that since the Act was adopted, dismissals for inadequate job performance were up by 1500 percent. Despite such accomplishments, it was found that the Act, and specifically the creation of the SES, was unsuccessful in developing a better civil service (Haraway 2004). One piece of literature recommends that the SES develop and implement some structural changes that
focus on public service values and professional norms that reflect the public’s interest (Haraway 2004). Furthermore, the presidential office transition from Jimmy Carter to Ronald Reagan resulted in Carter era reforms bing ignored (Berman, Bowman, et al. 2001).

Reagan’s attempt at reform was the Grace Commission. The Grace Commission made a lot of recommendations for government efficiency, but many of its recommendations were ignored. Reagan called on private sector volunteers to, “work like tireless bloodhounds to root out government inefficiency and waste of tax dollars” (CAGW, 1984). The purpose of the Grace Commission was to cut the cost of government. The political purpose, under Reagan’s conservative ideology, was to create a smaller, less intrusive, and more efficient government. The President’s Private Sector Survey (PPSS) took on this task. After 2,000 volunteers searched for waste in the Federal government, 2,478 recommendations were issued. Research by the Commission demonstrated that the recommendations were supposed to have saved $424 billion in three years and $1.9 trillion by 2000. These recommendations were meant to be revenue builders and cost cutters (PPSS, 1984).

Reflecting on the Civil Service Reform Act and its effect twenty-five years later, Moynihan saw the Act as the most significant reform of the civil service system since the 1883 Pendleton Act. His article focuses on
the debate of whether the "protection doctrine" or the "flexibility doctrine" is the correct one to guide the civil service. Traditionalists believe that the protection doctrine is correct because a civil service system needs to protect its employees from undue political influence. The flexibility doctrine is taken from the private sector model of management and is based on the premise that incentives need to be created for performance and responsiveness to political leaders. This contemporary public management debate goes on today as reformers and presidents reargue the intention, implementation, and limits of the 1978 Civil Service Reform Act. Moreover, in 1978 reformers only incrementally changed the civil service system. Proponents of the flexibility doctrine have sought radical change, but have failed and have only achieved a gradual shift towards flexibility through executive orders and personnel legislation for specific agencies. This incremental change in the Civil Service Reform Act was based on the flexibility doctrine. Before the Act was initiated, proponents of the flexibility doctrine demonstrated that the system was too focused on rules, too centralized, and lacked incentives for better performance. The Civil Service Reform Act demonstrated that personnel flexibility is pertinent to improving performance and the tenets of the protection doctrine inhibited performance. This article concludes with
analyzing how the Act did not go far enough with managerial flexibility (Moynihan 2004).

In 1993, President Clinton appointed Vice President Gore to take on the task of reinventing America's government with the assistance of the National Performance Review (NPR). The catalyst for this task was the ideas outlined in the Reinventing Government book by Osborne and Gaebler (Thompson and Riccucci 1998). President Clinton outlined his goals on March 3, 1993 which were to, "make the entire federal government both less expensive and more efficient, and to change the culture of our national bureaucracy away from complacency and entitlement and toward initiative and empowerment. We intend to redesign, to reinvent, to reinvigorate the entire national government" (Gore 1993).

The NPR was an interagency task force established by the Clinton/Gore administration that issued recommendations and monitored progress to make the government "work better and cost less" (Kamensky 1997). The reinvention movement focused on four themes.

• First, the internal deregulation of agencies or cutting the red tape because most administrators do not possess enough discretion in order to be effective.

• Secondly, agencies need to be mission-driven and focus on achieving results.
• Thirdly, frontline workers need to be empowered. This involves the reduction or elimination of management controls and giving authority to frontline workers. The fourth reinvention theme is based on competition and customer service. Agencies need to improve performance in order to meet customer standards, and agencies should compete for their customers by providing a high quality service at the lowest price (Thompson and Riccucci 1998). Moreover, the NPR reports recommended the elimination of obsolete programs, unproductive federal funding, sought to fix failed programs, sought to fix the relationship between federal, state, and local governments, and strengthen the relationship between the legislative and executive branch.

Downsizing is an important element in the “reinvention” proposal. The 1994 Federal Restructuring Act assisted with downsizing because it allowed federal agencies to “buy out” targeted groups. For, example, the OPM from 1993-1995 was able to reduce its total full time employees by 32% (Ingraham 1997). Simplification and flexibility were two more important elements of Gore’s reinvention plan. These two elements are meant to deregulate personnel and federal agency structures and to simplify procedures. The Federal Acquisition Reform Act requires agencies to work efficiently, make procedures efficient, and to measure improvement. Further the Federal Personnel Manual, a book of thousands of rules and
regulations for personnel was eliminated (Ingraham 1997). The Federal Reports and Elimination and Sunset Act of 1995 eliminated or modified approximately 2000 "outdated or unnecessary" congressional reporting requirements (Thompson and Riccucci 1998). And a 1996 status report showed that 19 of the 24 largest federal agencies had met the recommendation of cutting their internal regulations in half (Thompson and Riccucci 1998).

The accomplishments of this movement reported in 1998 included:

- A savings of $137 billion dollars;
- Eliminated 351,000 government positions; and
- Created 340 reinvention laboratories in government agencies (Thompson and Riccucci 1998).

Reinvention labs were created to allow frontline and middle-level workers to test their ideas for agency improvement. Also, many agencies have established a range of initiatives to improve their internal operations. For instance, the State Department absorbed a forty percent increase in passport work without increasing its staff. The Commerce Department has rewritten the rules for exports for the first time in forty-five years (Kamensky 1997).

The reinventing government movement is viewed by some as a loosely grouped set of management tools and approaches (Miller and Kress 1996). The movement only made
references to the Managing for Results concept. It did not
delineate any sort of comprehensive strategy that sought a
results- oriented government (Miller and Kress 1996). The
Brookings Institute conducted a thorough evaluation of the
reinvention movement. The fifth year report card, published
by the institute, noted accomplishments in procurement
reform and customer service. It also noted that the
progress in reducing the size of the government agencies
was uneven because the target of reducing employees by
approximately 300,000 was met, but proper utilization
of those still employed was weak. FEMA had a good
organizational turnaround, but the problems with the IRS
demonstrated that the reinventing government movement is
having problems with identifying and preventing management
disasters (Kettl 1998). The report card also stated
that performance measurement was inconsistent and the
public’s trust and confidence is still low (Kettl 1998). Furthmore, considering the size and responsibility of
the federal government those accomplishments are minimal,
but a good start.

The most notable achievement of the reinventing
government era was the 1993 Government Performance and
Results Act (GPRA). This act sought to establish strategic
planning and performance measurement in the federal
government. It mandates all federal agencies to implement
Managing for Results. Currently, Managing for Results is
sporadically practiced at all levels of government in the United States. Managing for Results is a "comprehensive, systematic, integrated, and dynamic framework for action designed to transform public agencies into high-performance organizations" (Kress 2002). The Managing for Results concept has five important steps:

- To define an agency’s performance in terms of desired outcomes instead of inputs and outputs;
- To delineate critical issues and establish strategies to address those issues;
- To measure performance;
- To report performance; and
- Use the reported performance information to improve the agency’s performance (Kress 2002).

The purpose of the 1993 Government Performance and Results Act is to improve the confidence in the American people in their government by, "systematically holding Federal agencies accountable for achieving program results" (Kress 2002). Congress found that there is an abundance of waste and inefficiency in Federal programs (Kress 2002). This waste and inefficiency concerns the public and reduces the Government’s ability to properly address the public’s needs. Managers of federal agencies lack program goals and information on program performance. This Act seeks to measure program performance against their stated goals, improve program effectiveness by
focusing on results, improve service quality, and improve customer satisfaction. It is also meant to improve Congress' decisions by providing information that will allow it to make informed decisions on the continuance of programs and spending.

Beginning September 30, 1997 each Federal agency head had to submit to the Office of Management and Budget and the Congress a strategic plan for its program activities. This strategic plan should contain the agency's mission statement, the goals of the agency, a description of how those goals are to be achieved, a description of how the performance goals relate to the agency's goals, a description of any factors that might inhibit achievement of the goals, and a description of present and future program evaluations. This strategic plan is to cover at least five years and is to be updated and revised at least every three years. Under the Act, each agency is also required to prepare a yearly performance plan that covers each program activity that is put in the budget of each agency. The performance plan needs to detail the level or goal of performance to be achieved by each program activity; the level or goal needs to be expressed in a quantifiable way; the resources required to meet the goals is to be described; performance indicators need to be established to measure output, service levels, and outcomes for each program activity; a basis for comparing
the actual results to the goals needs to be provided; and a description of the means used to verify and validate measured values needs to be provided. The third part to the 1993 Government Performance and Results Act is the program performance report. This report should contain a review of the success of achieving the performance goals, compare the performance achieved to the performance plan for the current year, and explain why a performance goal was not met and what will be done to meet that goal (Government Performance and Results Act 1993).

In Managing for Results 2002, David G. Fredrickson (2001) made a couple of recommendations for the implementation of the Government Performance and Results Act. First, when an agency is developing its performance goals the agency should make clear their role in the delivery of public services. For example, agencies that give grants should relate their goals to the performance of the grantees. Second, federal agencies should also use the Government Performance and Results Act as a way to communicate the challenges that inhibit their performance.

James Kautz III and Ellen Netting outline three challenges to the effectiveness of the Government Performance and Results Act. The first challenge is bureaucratic resistance to change. This will be a challenge because agencies develop processes specifically to keep everything constant and consistent, but the
Government Performance and Results Act is asking agencies to rethink their missions and develop new strategic plans. The second challenge is congressional and executive territoriality. This challenge involves the Government Performance and Results Act in giving Congress the power to set national priorities while the NPR gives the executive branch the authority to structure, direct, and control itself. This power conflict will be a challenge for the Act because both branches believe that they have the authority. The third challenge is political currents. This challenge involves some Congress members seeking to bring a faster change, while the Government Performance and Results Act seeks to bring change at a slow incremental pace (Kautz and Netting 1997).

Despite the comprehensiveness and good intentions of the Government Performance and Results Act it has not produced results. The first set of agency plans developed were full of performance measures that were meaningless, there were too many measures stated, and the individuals who devised them did not have a connection to their agency's budget process. Therefore, a majority of these performance plans were ignored during the budget process (Office of Management and Budget 2002). Moreover, the preparation of strategic plans proved to be more difficult than expected (Laurent 1997). The agencies that have had the most success in implementing the Government
Performance and Results Act have been the ones that realize they have a lot of implementation issues to solve. The agencies that have had the least success are the agencies that see little differences between the requirements of the Government Performance and Results Act and the way they normally conduct their agency (Laurent 1997). Furthermore, a March 2000 article discussed the federal government’s grades on the Government Performance Project. The Government Performance Project was meant to provide reports on an agencies performance and their adherence to the Government Performance and Results Act. The twenty federal agencies that interact most with the public received an average grade of a B-. Six of those agencies received C’s and one received a C-. Only the Coast Guard and the Social Security Administration received A’s. The grades were assigned by a team of journalists and scholars. The grades were based on their management of human resources, capital assets, information technology, finance, and whether they were managing for results. They demonstrate that most problems are found with operating information technology for service delivery and dated financial management systems (Hylton 2000).

The United States General Accounting Office (GAO) summed up the act as having a solid foundation with significant challenges in it’s implementation. In agreement with the criticisms previously outlined the GAO also believes that
the challenges also stem from inconsistent leadership within agencies and the OMB and a lack of focus on addressing issues that pertain to more than one federal agency (United States General Accounting Office 2004). The GAO recommends that the OMB improve its oversight and guidance and to develop a government wide performance plan (United States General Accounting Office 2004). Also Congress should amend the GPRA to have agencies update their strategic plans at least once every four years and with every new Congress stakeholders should be consulted. Updating their strategic plans would help agencies make sure that they were staying on target with their short and long term goals. The GAO stated that the OMB agreed with their recommendations, although the OMB believes that the President’s budget serves as a government wide strategic plan. The GAO disagrees because the budget does elaborate on an integrated or long-term outlook on the government’s performance (United States General Accounting Office 2004).

In conclusion, these Commissions and Acts are examples of the numerous attempts by presidential administrations to reform the government into an effective and efficient organization. These attempts have included trying to change the federal civil service system, reorganize the executive branch, cut the cost of government, eliminate waste, and cut the red tape.

CHAPTER THREE

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President George Bush began his first term of office in January 2001. The change in administration, difference in political ideologies, and in general Mr. Bush's own thoughts and proposals have brought new strategies to reform public management. Hopefully, these strategies will cause government agencies to be results-oriented and to produce outcomes in less time and with less cost. Bush calls for a government that is citizen-centered, results-oriented, and market based which promotes, innovates and competes (The President's Management Agenda 2002). Bush seeks to abolish agency practices that are bureaucracy centered and process oriented. A good government is responsible to the people whose money it takes to fund programs. Therefore, the programs funded by the people should demonstrate their effectiveness by achieving results. Taxpayers should be able to reap the benefits from their money spent. A results-oriented government needs to hold the burden of proof on each federal program (Office of Management and Budget 2002). Over the last four years and within the next four years President Bush has a five-part management agenda in mind to make public management more efficient and effective. This chapter will delineate Bush's five-part strategy, the progress made over the last four years and what is
expected for the next four years.

President Bush announced his Management Agenda in the summer of 2001. It is an assertive strategy to improve the management of federal programs. This strategy is needed because it is claimed a lot of government programs offer inadequate service at a high cost. Often new programs are created even though there may be an existing program that addresses the same issue. It focuses on the five greatest areas of management weaknesses that can be attributed to all federal programs. Each of the five areas are presented in an easy to understand format and their purposes complement one another. For each area the problem is addressed, then the initiative is proposed to solve the problem, and then the expected results from the initiative are delineated. The five government-wide goals are:

- Strategic management of human capital;
- Competitive sourcing;
- Improved financial performance;
- Expanded electronic government; and
- Budget and performance integration (The President’s Management Agenda 2002).

The overall expected long-term results of this agenda are: to dismantle the hierarchical nature of the bureaucracies and make them more responsive to the citizens; to focus on results rather than processes; to create a workable environment where organizations can
function together on overlapping issues; and to strengthen agencies with knowledge, skills, and abilities so that the citizen can be served effectively (The President’s Management Agenda 2002).

Strategic Management of Human Capital

The problem with the management of human capital is that staff reductions and hiring freezes of the past have been across the board rather than in alignment with agency missions. Since 1993 the workforce has been reduced by 324,580 full-time employees (The President’s Management Agenda 2002). Moreover, job excellence does not get rewarded and poor job performance has few consequences. There is a lack of proper planning and training in the federal workforce to assist with the adjustment and growth of agencies. The initiative for strategic management of human capital involves:

- Making the government citizen-centered;
- Reducing the number of layers between citizens and decision makers;
- Each agency needs to prepare a five year restructuring plan that reflects a redistribution of their staff;
- Reduce the time it takes to make decisions; information technology systems need to record the knowledge and skills of retiring employees; and
- Agencies need to make better use of the allotted
flexibilities in order to acquire talent and leadership.

The expected results from this first initiative include: human capital strategies that coincide with an agency's mission, vision, core values, goals, and objectives; agencies will be able to determine if they need to contract services from the private sector; agencies will be able to attract and retain the right individuals for the job; citizens will recognize improved service; government employee satisfaction will increase; and high performance will define the culture of the federal workforce (The President's Management Agenda 2002).

The agenda expects those results if the initiative is followed, although the Executive scorecard demonstrated that individuals attaining new leadership positions caused the agency to not focus on management objectives (Johnson 2005). Moreover, the GAO presented a report on how they addressed the human capital challenges within their agency. Some helpful ideas not stated in the President's initiative include:

- Utilizing an employee feedback survey and suggestion program;
- Establishing an employee advisory council;
- Taking a skills and knowledge inventory;
- Providing student loan repayment;
- Having recruitment and college relations;
• Utilizing a phased retirement initiative;
• Providing a commuter subsidy;
• Having mentor and buddy programs;
• Using an employee appraisal system based on competency;
• Having flextime and telework; and
• Reviewing classification and compensation (United States General Accounting Office 2005).

The GAO report also included the human capital challenges and reforms made by the Department of Homeland Security (DHS) and the Department of Defense (DOD). The DHS and DOD still need to revise labor-management relations, need to provide sustained leadership, resources, infrastructure needs to be implemented before changes are made, and certain studies need to be conducted when appropriate.

Specific reforms made by the DHS and DOD includes:
• Pay bands for a more flexible classification, staffing, and compensation system;
• The pay system became more market based and performance oriented; and
• Performance management systems were modernized.

The GAO report also made general recommendations for human capital reform. The short-term reforms include allowing agency heads to make some noncompetitive term appointments and not guaranteeing pay increases for individuals who do not perform. The broader reforms should establish a
framework that consists of principles, criteria, and processes (United States General Accounting Office 2005).

Competitive Sourcing

The second initiative, competitive sourcing, needs to be addressed because almost half of all federal employees do tasks that can be performed in the commercial marketplace. The government claims it can achieve a cost savings between twenty and fifty percent when federal and private service providers compete to perform the services (The President’s Management Agenda 2002). The initiative for competitive sourcing entails simplifying and improving the procedures for considering public and private sources, effectively publicizing the services subject to competition, and ensuring that management will encourage competition. The increased competition from competitive sourcing is supposed to generate money savings and performance improvements. Initiating competition brings a cost savings of about twenty percent for work that stays with federal employees, but a cost savings of thirty percent is achieved for work outsourced. Competition causes the federal workforce to focus on continuous improvement and efficiency (The President’s Management Agenda 2002).

Despite the competitive sourcing successes described in 2004, which included saving money and increased service
levels to the public, many steps still need to be taken in order to realize its full potential. These steps include:

- Ensuring accountability for results;
- Maintaining a competitive environment by generating public or private contract interest;
- Competitive sourcing needs to be aligned with an agency’s human capital objective because both seek to narrow competency and skill gaps, both also seek to target redundancies and unbalanced staffing, and together human capital and competitive sourcing need to restructure organizations based on program priorities;
- Legislative constraints need to stop limiting competitive sourcing applications.

Furthermore statistics demonstrate that more money is saved if more public and private bids are sought for comparison (Office of Management and Budget 2005). The competitive sourcing initiative is very controversial especially amongst unions. The American Federation of Government Employees (AFGE) and the National Treasury Employees Union have initiated large campaigns that fight the competitive sourcing initiative (Segal 2004). AFGE believes that competitive sourcing will cost the government more. For example, the OMB’s “best value” public/private competition process is allowing private contractors to submit and win bids despite the contractor
being less responsive to the needs of the job and also submitting more expensive bids. Moreover, OMB does not provide any new funding or resources to encourage a federal agencies chance to administer contracts. AFGE believes that a competitive sourcing initiative should take into account the interests of taxpayers, customers, and federal employees rather than just the private contractors interest (AFGE 2003). The AFGE also views this initiative as an attempt by the Bush Administration to "bust" unions, take away civil service protections, and give jobs to private contractors that are politically connected (AFGE 2002). Further, a study from the Reason Foundation suggests that the OPM's competitive sourcing agenda fails in human resources because it does not open human resource services to competition. OPM acts as a policymaker, service provider, and regulator; which creates a conflict of interest and a concentration of powers (Segal 2004). Another criticism of this initiative is that the Bush administration suspended a rule that denied companies a contract if workplace safety, environmental, or other federal laws were violated. The Bush administration views the rule suspension as a way to increase competition while unions and Democrats view the rule as an important deterrence to fraud and abuse (Nakashima 2001).
Improved Financial Performance

Thirdly, financial performance needs to improve because it was found that $20.7 billion in illegitimate benefits and assistance payments was paid out by thirteen programs (The President’s Management Agenda 2002). For example, the Medicare Fee-for-Service Program has estimated $11.9 billion of illegitimate payments was given for unnecessary services, unsupported claims, and miscoded claims. A clean financial audit is needed to manage an organization successfully. The main goal of this initiative is to improve accountability. The initiative for financial performance requires the Office of Management and Budget to work with agencies to establish goals for reducing incorrect payments, to improve timeliness by changing the financial reporting process, to enhance usefulness by integrating financial reporting with performance information, and establishing reliability by obtaining and sustaining clean audits from all government agencies. Also, changes to the budget process will allow agencies to better measure the actual cost and performance of programs. The results expected from improved financial performance will include programs being able to give more benefits to eligible recipients because ineligible recipients will no longer be receiving money and programs will increase their accountability through audited financial reports (The President’s Management Agenda 2002).
Expanded Electronic Government

The purpose of the fourth initiative is to expand electronic government because the federal government can provide greater services at a lower cost. The problem is that agencies base their information technology systems on how they fit their needs rather than the citizen’s needs, there is a lack of new and efficient information technology processes, and without expanded information technology systems there is lack of opportunity to break down bureaucratic barriers. The E-government strategy will support projects that offer performance gains across agency boundaries. These projects include e-procurement, e-grants, e-regulation, and e-signature (The President’s Management Agenda 2002). The strategy will support information that is shared more quickly and conveniently amongst agencies and all levels of government, it will create easy access for government services, reduce the reporting burden of filing the same information again and again and will automate internal processes. This initiative also calls for the expansion and improvement of the FirstGov website so that the public can easily obtain government services. The main expected result from this initiative is that it will allow the public to receive high quality service from the government and the cost of delivering those services will be reduced. Moreover, citizens will have easy access to government services,
individuals with disabilities will have easier access, and government will be more accountable and transparent (The President’s Management Agenda 2002). Furthermore, the E-government initiatives are expected to save over $1 billion in the next ten years from E-payroll. E-payroll will consolidate the government’s 26 payroll providers into two payroll provider partnerships (Office of Management and Budget 2005).

Budget and Performance Integration

The fifth initiative, budget and performance integration is necessary in order for the other initiatives to succeed. Improvements in the other four areas will only occur if they are connected to a program that achieves results. Federal resources should only be allocated to the programs that are results oriented. Currently, performance measures are not well defined or properly integrated into an agencies budget. Performance measures are also not utilized to hold staff accountable or to reward them. Results cannot be improved if they are not measured completely or in a timely manner. This fifth initiative entails the production of performance based budgets beginning with the 2003 budget, agencies also need to start identifying high quality outcome measures, agencies need to monitor their program performance, and then use the reported performance to improve upon their
programs. The expected near-term results will begin with the 2003 budget. The 2003 budget will:

- Allocate resources to programs deemed as more effective;
- Performance targets and funding levels will be selected for certain programs;
- Agencies will budget for the full costs of retirements and healthcare; and
- Better information will be provided on the connection between objectives and cost.

The expected long-term results from this initiative will include better performance, better control over resources, better service, and accountability (The President’s Management Agenda 2002).

Furthermore, the cabinet secretaries and agency heads are supposed to designate a Chief Operating Officer. The designated Chief Operating Officer of each agency will be in charge of implementing the President’s management goals, developing strategic plans, and improving the agency’s performance (The President’s Management Agenda 2002). The President also reestablished the President’s Management Council, which brings together all of the Chief Operating Officers. The President’s Management Council integrates policy implementation with each agency throughout the government. The Council will become a forum where together the Chief Operating Officers can learn,
solve problems, and innovate (The President's Management Agenda 2002). President Bush also emphasized that in addition to agency leaders, Congress also needs to take some responsibility. Congress can assist with management reform efforts by being supportive of the efforts rather than limiting them, by using their oversight powers to force agencies to fix their problems, by providing the resources necessary for the initiatives, and by assisting agencies in removing the barriers to change (The President’s Management Agenda 2002).

The Executive Branch Management Scorecard, issued by the OMB, demonstrates how well agencies are accomplishing the five management initiatives. The scorecard uses a simple grading system consisting of green for success, yellow for mixed results, and red for unsatisfactory results. The scorecard has two parts. The left side grades the agency’s status and the right side grades the agency’s progress. The standards for success of the five initiatives on the status side are determined by the President’s Management Council based upon discussion with experts throughout government and academe. The Office of Management and Budget determines the progress grade for each agency on a case-by-case basis based on the guidelines of the five initiatives (Office of Management and Budget 2002). Three years ago 110 of 130 grades were evaluated as red (Office of Management and Budget 2004).
The first scorecard to be analyzed was released on December 31, 2004. This scorecard revealed on the current status side that most departments had a range of grades. Some were green on one initiative, but the same department would be yellow and red on the other initiatives. There was not a single agency that had a green grade for all of the initiatives. Although, the departments that had four out of five green grades were SSA, DOT, State, Labor, and Energy. The only department to have red grades for all five initiatives was the Smithsonian. The departments that received red grades on four out of five of the initiatives were CORPS, OMB, and HUD. The departments did a lot better on the progress side. Some were green on one initiative, but the same department would be yellow and red on the other initiatives. The departments that received green grades for all of the initiatives were Agriculture, Energy, Interior, Labor, State, DOT, and SBA. The departments that received four out five green grades were Commerce, Education, EPA, DHS, HUD, Justice, AID, GSA, NASA, NSF, and SSA (Office of Management and Budget 2004). Also commendable about this scorecard is that it delineates with an arrow which departments increased or decreased their grade since the last scorecard. This scorecard seems to be an effective way to report performance on the five initiatives.

As noted, some agencies have moved in the right
direction since the establishment of the President’s Management Agenda (PMA). In a February 2004 letter from Clay Johnson, the deputy director of the Office of Management and Budget, he stated that the scorecards are demonstrating that real progress is being made towards becoming results oriented. He further states that competitive outsourcing is being used to give the taxpayer the best value, service delivery is getting better, and information technology management is also increasing (Johnson 2004). The January 2005 letter from Clay Johnson was based on the December 31, 2004 scorecard and demonstrated further improvement. First, improved financial management was shown by twenty-two of twenty-four departments that issued their audited financial statements within 45 days of the end of the fiscal year. Also, departments found ways that 12,000 positions could get the same work done for $1.4 billion less over a three to five year period (Johnson 2005). Although, the Defense department, VA, OPM, and SBA had a decline in status grades. The decline in grade was because one department was not announcing planned competitive sourcing competitions, two departments had information technology security problems, and an auditor found new material weaknesses in another department. Mr. Johnson stated, “PMA is hard work requiring significant, unequivocal attention by management, and we are serious about holding
departments accountable." In this letter he also stated his prospects for four years from now, which includes:

- For the first time in history every federal program will be performing better than the year before;
- Improper payments will be reduced from $10-15 billion per year and eliminated by 2015;
- Program costs will be reduced by tens of billions of dollars because agencies are committed to annual effectiveness and improvements;
- Commercial activity costs will be reduced by $2.5 billion per year and by 2010 will be reduced by over five billion per year; and
- Real property will be managed effectively (Johnson 2005).

Furthermore, a 2004 report to federal employees also noted significant accomplishments. In strategic management of human capital it was noted that 92% of agencies have strategies to ensure that they will develop future leaders, 92% have identified skills gaps in important jobs, and 77% of those agencies are working to reduce or eliminate those skill gaps. In competitive sourcing it was found that agencies are diligently working to apply competition with their services by reorganizing inefficient operations and generating private sector interest. Financial performance has improved by reducing material weaknesses and for the first time the USDA and USAID
receive a clean audit. Moreover, 70% of the government’s information technology systems are secure and the availability and use of electronic services by the public has increased. As of 2004, over 600 federal programs have been assessed. This assessment demonstrated that 65% have defined outcome goals and are trying to achieve the goals to measure their performance and 67% have placed efficiency standards to manage costs. These percentages demonstrate that agencies are working towards improving performance and achieving results (Office of Management and Budget 2004). Moreover, recently reported results reveal that for the E-government initiative, efficient service was given to American residents seeking information about the Indian Ocean tsunami and a disaster management website was created to disperse planning and response tools (Evans 2005). Also it was recently reported that beginning in the first quarter of 2005 the Office of Personnel Management would be adding two more expectations to the scorecard for the strategic management of human capital. The scorecard will now include a performance measurement system with multiple ratings to distinguish a difference in performance levels and agencies need to establish new goals that will accelerate their hiring timeframes, their monitoring of progress, and their implementation of needed improvements (James 2004).
The two most recent scorecards, March 31, 2005 and June 30, 2005 demonstrate that different reporting quarters show some agencies making improvements and some showing a decline. Since the analysis of the December 2004 card the March 31, 2005 report card showed the Department of the Interior making improvements in competitive sourcing and budget/performance integration, the CORPS also made an improvement in competitive sourcing, and SBA made an improvement in E-government. While a decline in status was shown by the VA and GSA in budget/performance integration (Office of Management and Budget 2005). The June 30, 2005 scorecard had a lot more activity. Clay Johnson's most recent letter stated that the Department of Labor is the leader, being the first and only department to have implemented each of the five initiatives (Johnson 2005). The departments demonstrating improvement since the March scorecard are HUD in three areas, Labor, AID, CORPS, GSA in two areas, NASA, NSF, OMB, and Smithsonian. The departments that showed a decline were Defense, OPM, and SSA.

Performance measurement and reporting performance are two crucial steps to the Managing for Results framework. Performance measurement can be challenging because appropriate indicators of performance need to be utilized and outcomes that cover agency and program lines also need to be measured. The use of the performance
information is necessary for recognition of the issues or operations that the agency is still lacking in or to issue consequences for a lack of performance. Without accurate measurement or performance reporting an agency cannot improve because it will not know what to improve upon. Presently, agency's focus on day-to-day issues rather than assessing whether the objectives of the big picture have been met. For example, the Food and Drug Administration can describe which new medical devices have been inspected but they cannot tell if whether the general public has become safer or healthier based upon these inspections (Balaker 2003).

In 2002 the Program Assessment Rating Tool (P.A.R.T) was developed to measure an agency’s performance and then report it. This new rating tool holds programs accountable for accomplishing results (Office of Management and Budget 2002). P.A.R.T. is a main component of the budget/performance integration initiative (Walker 2005). The Federal programs are rated from effective to ineffective. The ratings will be used to assist in making decisions for budgets and policy. It can be assumed that a program that does not demonstrate effective results should not be entitled to funding. Although, the purpose of P.A.R.T. is to assist budget analysis and not replace it. A low rating will not automatically cease the funding of a program, but likewise a high rating will not
automatically raise the funding for a program. Budgets also need to take into consideration changing economic conditions, security needs, and policy priorities (Office of Management and Budget 2002). The PART system is not perfect, but it is a good indication of how a program is doing. It makes Federal managers realize that they need to take responsibility and to manage for results. Further improvement and use of the PART system will assist Congress and other decision-makers with valid evidence of where funding should go. For example, programs known to be unsuccessful like the Safe and Drug Free Schools Program have grown larger and became more expensive (Office of Management and Budget 2002). P.A.R.T is a questionnaire that is supposed to be objective and easy to understand. The findings are supposed to be credible, ideologically neutral, and useful. The first group of questions deals with whether a program’s design and purpose are meaningful. The second group of questions deals with strategic planning and determines whether an organization has set proper annual and long-term goals for its programs. The third group of questions rates an agency’s management of programs, their financial oversight, and program improvement efforts. The fourth group of questions concentrates on the consistency and accuracy of the results reported. The answers to the questions in each of the four parts receive a score for each part from 0-100.
The scores are then combined to equal a rating of either effective, moderately effective, adequate, or ineffective. Programs without acceptable performance measures or who have not collected their performance data are given a score of results not demonstrated (Office of Management and Budget 2002). A final version of P.A.R.T. was approved by the President’s Management Council and released on July 16, 2002.

The Administration plans to review one-fifth of federal programs every year. Then by the 2008 budget, every program will have been evaluated using P.A.R.T. The programs chosen for review each year will be based on the size of the program and the program type such as whether it is regulatory, grant, or direct assistance. An example of a question on P.A.R.T. is, "does the program have a limited number of specific, ambitious long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the program (Office of Management and Budget 2002)?" In analyzing P.A.R.T., a question that comes to mind is whether the questionnaire is a time-consuming process. It might be a time-consuming process, but the questionnaire can be an important technique for federal managers to demonstrate that their programs are properly designed and managed. The first P.A.R.T. assessment proved that programs were utilizing inadequate measures to measure their performance (Office of Management and Budget
2002). More than half of the programs rated received a score of "results not demonstrated" because they did not have performance measures or performance data. The majority of these programs were measuring inputs rather than outcomes. From this assessment, the grant programs received lower than average ratings. This suggests that grant programs need to place a greater importance on grantee accountability. For the next assessment, the programs that had inadequate measurement procedure on the first assessment will focus on developing adequate performance measurements and collecting the data needed to do the P.A.R.T. assessment properly (Office of Management and Budget 2002). After analyzing how P.A.R.T. works, there are still some things that need to be altered to make the tool workable and effective. The article describing P.A.R.T. elaborated on many challenging issues such as: the need to increase consistency because similar answers were often subjected to different interpretations; define what "adequate" performance measures means; increase objectivity in the interpretation of answers; agencies need to be given credit for progressing towards results even though full results have not been achieved; and there needs to be an assessment of the broader context of an organization (Office of Management and Budget 2002). This tool will definitely assist with the fifth management initiative that of budget and performance
integration. Furthermore, departments that have acceptable performance measures and efficiency measures on the June 2004 P.A.R.T. assessment are also the departments that scored well on the Executive Branch Management Scorecard. This correlation validates the accuracy of the performance reported. It also truly demonstrates that these departments are working to achieve effectiveness and efficiency.

President Bush's proposed 2006 budget rates hundreds of federal programs using P.A.R.T. After three years with P.A.R.T. the government has been able to assess 607 programs. And as of 2005, 67% of the assessed programs were rated either effective, moderately effective, or adequate. Although 33% of the programs are still not demonstrating results (Shea 2005). The administration recommended that approximately fifty of the programs have their funding eliminated for the following year (Office of Management and Budget 2005). It is becoming evident, through the change on the Executive Branch Scorecards and the P.A.R.T. evaluation, that agencies are beginning to understand the value of achieving results. They understand that results can deliver more services and that funding can be redirected to effective programs. The 2004 report to federal employees delineated key points that will keep their agencies focused on achieving results. Examples of these points include to continue to make the achievement
of results a top priority; keep all employees informed of objectives; all employees need to know their expectations and the resources necessary to meet them; recognize good performance with better feedback, awards, and recognition; use performance measures properly; minimize any changes in rules or resources; and establish performance reporting requirements that are not excessive (Office of Management and Budget 2004). These points are valid and should be kept in mind to keep agencies on the right track.

In addition to the grades on the Executive scorecard and P.A.R.T. Bush has proposed in his 2006 budget a "Sunset Commission" that would give the President the power to appoint an eight member panel to review federal programs every ten years and decide whether or not they should be eliminated based upon what they deem as results achieved. A conflict of interest develops with this commission because it is probable that the commission would be composed of lobbyists and executives from major corporations. A biased commission could eliminate disliked programs by a simple five out of eight-member vote. Furthermore, the article discussing this commission views P.A.R.T. as a way for Clay Johnson of the OMB to cut government programs that do not fit the Bush Administration’s political agenda. The "Sunset Commission" extends P.A.R.T.’s powers and could lead to a bigger problem for the American people. For example, if the
commission decided to abolish the EPA, air pollution would increase and chronic respiratory conditions would rise or if the National Highway Traffic Safety Administration were terminated many safeguards would also be eliminated such as the use of seat belts and car seats. Moreover, the commission yields too much power to one branch of government (Davidson 2005). The procedures of this proposed commission are not the way that programs should be cut.

Bush’s management agenda and the use of P.A.R.T. seeks to attain results, but an article by the Washington Post does not reveal Bush as encouraging rank-and-file employees to perform better and attain results. The Washington Post article states that the Bush administration gave $1.44 million in bonuses to 470 political appointees. The administration claims that they were rewarding exceptional performance, although the administration fought a 4.1% pay increase that was approved by Congress for rank-and-file employees and has taken away jobs by pushing the competitive sourcing initiative (Lee 2003).

The President’s Management Agenda is comprehensive and results-oriented. The initial grades and the current grades on the Executive Branch Management Scorecard and P.A.R.T. show that the agencies management reform procedures are a work in progress. It is hard to believe
that at the onset of this agenda 110 out of 130 of the grades were red. The SSA, DOT, State, Labor, and Energy department have particularly demonstrated a positive movement. It would be especially appealing to the public if Clay Johnson's prospects for the next four years and beyond become true. Although, during Bush's second term a "Government Executive" article recommended that he focus on how each agenda item is interrelated. For example, agencies should not move towards competitive sourcing without first making sure they have the human capital to support it. It was also stated that Bush still needs the Legislative branch to cooperate with him on his budget/performance integration initiative (Gruber 2004). The appropriation committees are still either uninformed or uncooperative with Bush's agenda. For instance, the e-government projects are continually under funded (Gruber 2004). In a related June 2005 article it was stated that a current bill under debate in the House of Representatives could hinder plans for implementing e-government initiatives and personnel reform. The bill would limit agency contributions to e-government and Office of Personnel Management funds for developing better performance measures and doing program evaluations would be cut by $3 million (Gruber 2005).

Throughout the last couple of years the GAO has been continuously monitoring the progress and challenges
associated with the agenda. In April 2005 it produced an extensive report that assessed the President’s Management Agenda. Generally, the GAO believes that the PMA “provides a valuable foundation for a fundamental review needed to address a range of 21st century challenges (Walker 2005). This report did not make any new recommendations, it just elaborated on the challenges still facing the initiatives. In financial performance, there has been a lack of financial management reforms. This has been particularly evident in the Department of Defense. The lack of reforms includes poor record keeping, a lack of documentation, and weak internal controls. Also effective implementation of the Improper Payments Information Act of 2002 is pertinent to saving tens of billions of dollars. The GAO addresses the human capital initiative by stating that a government wide framework is needed in order to avoid further destruction within the civil service. The key challenging areas in human capital reforms include:

- A lack of consistent leadership;
- A deficiency in long-term strategic planning;
- A lack of effective hiring techniques, flexibilities, and incentives; and
- Overall the agency’s culture needs to change into a results-oriented culture.

The budget/performance integration initiative needs to
focus more on how each program fits with the strategies used to obtain their agency's mission. Integration success needs to be based on the transparency of the information, what the information obtained means to the stakeholders, and how that information is used to make decisions. With the e-government initiative, agencies need to establish an "agency enterprise architecture" that coincides with a "federal enterprise architecture." Also e-government initiatives need to focus on the objectives that need to be met to meet the customers' needs, management stability needs to be maintained, effective collaboration needs to take place between agencies and stakeholders, a push for transformation of business processes is needed, and effective funding strategies need to be implemented. Furthermore, agencies need to secure their information technology systems. For example, at the time of the report only 7 out of 24 agencies had plans and tested these plans for restoring critical systems in case of damage or accessing a system that is inaccessible due to an unexpected event (Walker 2005).
Despite criticisms, Bush’s management agenda is a comprehensive results-oriented strategy that is designed for a conservative 21st century. As previously stated, numerous government reforms have been enacted by various presidential administrations. Although, each time there is a change in presidential administrations the reform cycle seems to start over with a different but similar agenda. For instance, Vice President Gore’s goals of the NPR movement were similar to Bush’s agenda. This continuous reform cycle is based on politics. For example, Bush’s management agenda focuses on reducing the size and scope of government. This is primarily a conservative ideal. Yet, the creation of the post 9/11 Department of Homeland Security (DHS) contradicts Bush’s objectives. The goal of this creation was to ensure national security, but politics still played a role in its creation. For example, the political goal of eliminating unions within the organization was achieved. Furthermore, Bush contradicted his ideal of reducing the size of government and management effectiveness with the establishment of the DHS. The Department of Homeland Security consolidated about 170,000 federal employees from twenty-two different agencies. The merger brought together agencies whose work
ranged from agricultural research to port security to disaster preparedness. The Department's hope for efficiency has resulted in an enormous bureaucracy, with many layers of fragmented authority, difficult communication, and it takes too long to make decisions (Osborne and Hutchinson 2004).

On paper the Executive Branch Scorecard has demonstrated results. But in practice or application, the management initiatives have not proven themselves yet. The initiatives seem to be mired in politics. The Federal Emergency Management Agency (FEMA) is a prime example. The agency had to demonstrate its effectiveness and efficiency, but it ultimately showed its inadequacy. To start, FEMA is under the umbrella of the Department of Homeland Security. It is a goal of the DHS to protect, respond, and lead the recovery effort for acts of terrorism, natural disasters, and other emergencies (Department of Homeland Security 2005). The mission and strategic goals of this Department were not carried out in the wake of Hurricane Katrina. Hurricane Katrina was a natural disaster that caused massive social problems. These problems include deaths, huge economic losses, and displaced citizens. The citizens of Alabama, Louisiana, and Mississippi were in dire need of FEMA’s assistance. The lack of initial assistance from FEMA to these states uncovered many issues that Bush’s managerial reforms should have covered. For example, there
was a lack of strategic planning, proper implementation, and failure to achieve the overall goal of the agency. Senator Trent Lott commented that FEMA is, “mired in red tape” (CNN 2005). Brown, the former Director of FEMA, reasoned that the deficiency was caused by budget cuts and a shortage of qualified employees because of FEMA’s consolidation within the Department of Homeland Security (Curtius 2005).

Another issue that emerged during Hurricane Katrina was the lack of managerial competence. This issue is largely complicated by politics. Evidence is demonstrating that many political appointments by Bush to top agency management positions are a product of friendships and returns of favors rather than appointments based on merit and competency of the duties (Curtius 2005). The former FEMA director Michel Brown and the director before him Joe M. Allbaugh have been criticized as being politically appointed without having extensive emergency management experience (Curtius 2005). The media’s concentration on Brown’s lack of experience caused further inspection of the appointees throughout the Bush administration. Bush has organized government in order to make it easier for his political agenda to be carried out. With this in mind, there are more than 3,000 “plum book” positions that a President can fill without having to consider civil service rules. For example, Clay Johnson III was Bush’s
former college roommate and is now, the director of the OMB. Bush representatives affirm that political appointees are appointed based on merit with political credentials only used as a tiebreaker. However, experienced civil servants have asserted the opposite and that they are being left out of the decision-making process (Thompson et al., 2005). The third troubled issue that arose from the natural disaster dealt with Bush’s second management initiative, competitive sourcing. Before the hurricane ended, special interests were already looking for loopholes in competitive bidding restrictions (Turley, 2005). These restrictions are implemented so that cronies of the administration are not awarded contracts solely based on friendship. The loophole to these restrictions is when a disaster has occurred, Congress can award more noncompetitive contracts. This loophole has allowed for 80% of the $1.5 billion in FEMA contracts to be awarded without a competitive bidding process. Halliburton and AshBritt (a company with connections to the Mississippi Governor) are examples of politically connected companies that have received contracts for the clean-up of Hurricane Katrina (Turley, 2005).

This case study suggests that two of Bush’s five objectives were clearly not followed (the three other initiatives did apply to the situation). First, the strategic management of human capital was flawed. The
agency exhibited poor planning by not restructuring its action plan for emergency situations to accommodate its reduction in staff. Moreover, an action plan should have been in place because such a disaster has been anticipated for decades by engineers, geographers, and politicians (Curtius, 2005). Or as former President Clinton commented, "you can't have an emergency plan that works if it only affects middle-class people up, and when you tell people to go do something they don't have the means to do, you're going ot leave the poor out" (Shenon, 2005). Brown disagrees that a lack of planning was a problem with the situation. In contrast, a public affairs officer for FEMA, Bahamonde, has came forward with a contradictory testimony. Bahamonde was the only FEMA representative in New Orleans from August 27th to August 30th. Meaning, Hurricane Katrina struck on the morning of August 29th and he was the only FEMA representative around. Bahamonde learned from New Orleans officials that on August 28th FEMA's pre-positioning of food, water, and medical supplies had not materialized. The only promised supplies present hours before the hurricane hit included 40,000 of the 360,000 military rations, five of the fifteen water trucks, and no medical team (Curtius, 2005). Following this discovery, Bahamonde e-mailed senior FEMA officials warning them of the lack of supplies and urged them to act. Furthermore, Bahamonde also warned
Brown and other top FEMA officials on Monday night of the broken levees. This contact also did not garner any urgent response. Moreover, important officials such as Chertoff, Defense Secretary Rumsfeld, and Gen. Richard Meyers were not informed of the broken levees until Tuesday (Curtius, 2005). The poor response time to the situation demonstrated that in this case are too many layers of bureaucracy in the DHS between the decisionmakers, workers, and citizens. Or as Bahamonde’s testimony concluded, “the leadership from top down in our agency is unprepared and out of touch” (Curtius, 2005). Furthermore, the political appointments to top positions within FEMA did not utilize the proper talent and leadership needed to fulfill the objective of strategic management of human capital. Secondly, the situation also demonstrated flaws with the competitive sourcing initiative. The loopholes in the restrictions for competitive bids during a disaster situation defeats the purpose of the competitive sourcing initiative.

Therefore, the challenges facing the Bush management agenda should be worked out and the next presidential administration should continue with the Agenda so that America’s public sector can become results-oriented. For being a world leader, it is pathetic to read comments that state that the United States is approximately ten years behind other major countries such as Great Britain and
Australia in essential reforms for the public sector (Light 2001). Management reforms should not be a partisan, politically-driven effort.
APPENDIX A

DEPARTMENT OF HOMELAND SECURITY ORGANIZATIONAL CHART
APPENDIX B

A SAMPLE OF EXECUTIVE BRANCH MANAGEMENT SCORECARDS
Executive Branch Management Scorecard

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<thead>
<tr>
<th>Current Status as of December 31, 2004</th>
<th>Progress in Implementing the President's Management Agenda</th>
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Arrows indicate change in status since evaluation on September 30, 2004.
Executive Branch Management Scorecard

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Arrows indicate change in status since evaluation on December 31, 2004.
Executive Branch Management Scorecard

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Arrows indicate change in status since evaluation on March 31, 2005
REFERENCES


Office of Management and Budget. The Federal Government is Results Oriented. (2004, August)


