



August 14, 2015

Draft Memorandum

To: Members of the Board

From: Ross Simms, Assistant Director

Through: Wendy M. Payne, Executive Director

Subj: Reporting Model: Performance Information – **TAB A**<sup>1</sup>

### **MEETING OBJECTIVE**

The objective is to discuss the state of federal performance reporting, including gaps in the communication and use of performance information and opportunities for FASAB guidance.

### **BRIEFING MATERIALS**

This memo provides background and discusses matters for Board consideration and Attachment I: Panel Bios provides a brief biographical profile of each panel member.

### **MEMBER FEEDBACK**

If you have any questions or comments, please contact me by telephone at (202) 512-2512 or by email at [simmsr@fasab.gov](mailto:simmsr@fasab.gov) with a cc to [paynew@fasab.gov](mailto:paynew@fasab.gov) .

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<sup>1</sup> The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations

## PERFORMANCE INFORMATION DISCUSSION

### Background

The early 1990s featured landmark government initiatives that placed a strong emphasis on reducing government spending and improving government operations. The Chief Financial Officers (CFO) Act and the Government Performance Results Act (GPRA) sought to improve government results and integrate budget, financial, and performance measurement. The Acts required agencies to improve their financial management and reporting by providing cost information. Also, the National Performance Review (NPR) focused on ways to create a government that “works better and costs less.”<sup>2</sup> The NPR discussed the need to know the true cost of what the government produces and recommended that the FASAB issue cost accounting standards for all federal activities. Consequently, in light of these initiatives, FASAB’s conceptual reporting model includes a statement of net cost and a schedule of performance measures and FASAB issued Statement of Federal Financial Accounting Standard 4: *Managerial Cost Accounting Standards and Concepts*.

Subsequently, the GPRA Modernization Act of 2010 introduced enhanced performance planning, management, and reporting tools to help address performance reporting concerns and inform congressional and executive branch decision making. The GPRA requirements were on an agency-by-agency basis, supporting a siloed perspective of how performance occurs in the government. Also, managers were not using the increased level of performance information being presented. Consequently, the GPRA Modernization Act included provisions to help address these issues, such as the requirement for federal government (cross-agency) priority goals, agency priority goals, consultations with Congress, and electronic performance reporting.

Today, when users review government financial reports, they continue to seek integrated budget, cost, and performance information. FASAB user needs research confirmed the continued need for information on how well the federal government is accomplishing its goals and objectives with the resources budgeted and actually used. Citizens expect to understand the types of services the government provides, how much the government planned to spend providing the services, the cost of the services, and accomplishments. However, current practices have resulted in reports that provide budget, cost, and performance information aggregated in a variety of ways, and the information is not always linked. Also, in 2013, the Government Accountability Office (GAO) reported that “ensuring performance information is useful and used by managers to improve results remains a weakness.”<sup>3</sup>

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<sup>2</sup> Gore, Al, *From Red Tape to Results: Creating a Government that Works Better and Costs Less*, Report of the National Performance Review, September 1993.

<sup>3</sup> More Reliable and Complete Information Needed to Address Federal Management and Fiscal Challenges (GAO-13-752T).

FASAB task forces on performance reporting discussed the gaps in performance reporting and FASAB's possible role in helping to address them. They agreed that legislation and administrative directives have been developed to prescribe how agencies should report performance information. Therefore, the question is not a matter of how to duplicate agency performance reports and present them in financial reports, but determining:

- a. what is the right scope of performance information to present in financial reports;
- b. what performance information complements the financial information; and
- c. what is the added-value that financial statements can provide about performance information?

Also, the task forces discussed the various challenges to aligning budget, cost, and performance information and the need to ensure the quality of the data. They discussed that there are different: definitions of a program; measurements of "cost" (accrual versus budgetary bases); and systems that track budget, accrual, and performance. A recent GAO report on an agency's performance offered some insights into how data might be aggregated differently for performance and financial purposes. The report, *Food Safety: USDA Needs to Strengthen Its Approach to Protecting Human Health from Pathogens in Poultry Products* reviewed the United States Department of Agriculture's (USDA) approach to reducing *Salmonella* and *Campylobacter* contamination in poultry products. Poultry is a key source of human *Salmonella* and *Campylobacter* illness and these two pathogens are responsible for more than 2 million human illnesses per year.<sup>4</sup> Although the Food Safety Inspection Service of USDA initiated performance measures and targets to evaluate the effects of its actions to reduce the pathogens, the agency does not and was unable to provide cost data on the actions taken.<sup>5</sup>

To initiate steps to improve performance reporting, some suggest focusing on the "building blocks" – a common definition of a program and a common measurement basis for reporting on results. FASAB's survey of other countries' practices supported the notion that budgeting and accounting should apply the same measurement basis.<sup>6</sup> Consequently, agreement on the building blocks would help integrate the information and contribute to effectively communicating performance information.

Also, the key items of a performance report would need to possess certain attributes. The CFO Council and the Council of the Inspectors General on Integrity and Efficiency discussed the importance of enabling stakeholders to observe how agencies are managing their resources to achieve goals and that integrity, reliability, and utility are

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<sup>4</sup> *Food Safety: USDA Needs to Strengthen Its Approach to Protecting Human Health from Pathogens in Poultry Products* (GAO-14—744), p.1.

<sup>5</sup> *Ibid*, p.43.

<sup>6</sup> FASAB, Financial Reporting Model - TAB F, February 2009, p.9.

important qualities of reported data.<sup>7</sup> In addition, other standards-setters, such as the Governmental Accounting Standards Board (GASB), developed qualitative characteristics of performance information to be used in preparing performance reports. Providing guidance on the qualitative characteristics of performance information would assist in developing reports that effectively communicate results.

## **Panel Participants**

Staff has convened a panel of experts in federal performance reporting. The panel members:

- Jason Bossie, Director of the Office of Performance Management and Deputy Performance Improvement Officer, Small Business Administration
- Mark Bussow, Performance Team Lead, Office of Management and Budget
- Holly Donnelly, Director, Performance Management Center, Department of Labor
- John Kamensky, Senior Fellow, IBM Center for the Business of Government
- Jon Stehle, Board Member, American Association for Budget and Program Analysis and Strategic Performance Management Lead, MITRE
- Sarah Veale, Assistant Director, Strategic Issues, Government Accountability Office

The panel will share their perspectives on the following:

1. What progress has been made in federal performance reporting?
2. What gaps exist in federal performance reporting and
  - a. how should those gaps be addressed?
  - b. what should be the role of FASAB guidance in helping to address gaps?
3. What is the added-value that financial statements can provide about performance information?

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<sup>7</sup> Chief Financial Officers Council and Council of the Inspectors General on Integrity and Efficiency, *The Chief Financial Officers Act of 1990—20 Years Later: Report to the Congress and the Comptroller General*, July 2011, pp.16-17.

Attachment I: Panel Bios

## **Jason Bossie**

Jason is the Director of the Office of Performance Management and Deputy Performance Improvement Officer at the US Small Business Administration. He leads a staff in the implementation of the Government Performance and Results Modernization Act by overseeing strategic planning, performance reporting and analysis, dashboard development, and quarterly and strategic reviews to communicate Agency progress in support of the nation's 28 million small businesses. Jason has experience implementing performance management practices across federal, state, and local government and holds an undergraduate degree in political science from West Virginia University and a master's degree in public policy and management from Carnegie Mellon University.

**Mark Bussow**  
**Performance Team Lead**  
**Office of Management and Budget**

Mark Bussow leads OMB's Performance Team, which is responsible for the Federal government's strategic planning, performance improvement, and performance reporting policy, including implementation of the GPRA Modernization Act. The team also leads efforts to achieve key government-wide priorities, such as improving customer service and reforming the Federal government's infrastructure permitting processes. Prior to this position Mr. Bussow was the Special Assistant to the Director of OMB, leading a variety of special projects for the Director. Mr. Bussow also served as a Policy Analyst in OMB's Office of Federal Financial Management, and first joined OMB in June 2004 as a Program Examiner in OMB's International Affairs Division. Prior to joining OMB Mr. Bussow was the Finance Officer for Technology Investment Banking at JPMorganChase, and served on the legislative staff of a United States Senator. Mr. Bussow holds a degree in Philosophy from the University of Kansas, and a Master of Business Administration in Public Management from Yale University.



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## Holly Donnelly

### Director, Performance Management Center

As the Director of the Performance Management Center (PMC) within the Office of the Assistant Secretary for Administration and Management, Holly leads external and internal performance reporting and strategic planning for the Department. PMC coordinates the formulation of annual operating plans and organizes quarterly operating plan reviews for 17 agencies. PMC also develops the Departmental Strategic Plan. Holly serves as the Deputy Performance Improvement Officer, coordinating public reporting of DOL performance data. One of her main objectives is working with the Budget Director and agency leaders in integrating performance data into Departmental budgets to more effectively support our requests.

Holly joined OASAM in February of 2012 from the General Services Administration, where she served as Director, Performance Management Group and as the acting Deputy Budget Director. She began her career as an economist at the Internal Revenue Service and spent 9 years there working in organizational performance management and in the Office of Research, Analysis and Statistics.

Holly holds a MPP (Master of Public Policy) from the University of Michigan, Ann Arbor and a BA from Bryn Mawr College. She lives with her husband and two children in Kensington, Maryland.

**Mr. John M. Kamensky**  
Senior Fellow  
IBM Center for The Business of Government

Mr. Kamensky is a Senior Fellow with the IBM Center for The Business of Government in Washington, DC, which sponsors research on management challenges facing government leaders.

During 24 years of public service, he had a significant role in helping pioneer the U.S. federal government's performance and results orientation. He is passionate about creating a government that is results-oriented, performance-based, customer-focused, and collaborative in nature. Prior to 2001, Mr. Kamensky served for eight years as deputy director of Vice President Gore's National Partnership for Reinventing Government. Before that, he worked at the U.S. Government Accountability Office for 16 years where he played a key role in the development and passage of the Government Performance and Results Act of 1993.

During his time with the IBM Center, he has edited or co-authored seven books and writes and speaks extensively on leadership, performance management, evidence-based decision-making, and government reform. He is currently involved in the Center's work developing preparatory materials for the 2016 presidential transition.

Mr. Kamensky is a fellow of the National Academy of Public Administration and is a public member of the Administrative Conference of the United States, where he chairs the Collaborative Governance Committee. He serves on the budget and operations advisory committee of the National Science Foundation as well as on the editorial boards of the *Public Administration Review* and *The Public Manager*. He was the 2011 recipient of the Cornelius E. Tierney/Ernst and Young Research Award sponsored by the Association of Government Accountants.

He received a Masters in Public Affairs from the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, and a Bachelors of Arts in Government at Angelo State University, in San Angelo, Texas.

## **Jon Stehle**

Jon Stehle is currently a Board Member with the American Association for Budget and Program Analysis (AABPA [www.aabap.org](http://www.aabap.org)) and a Strategic Performance Management Lead with MITRE. Prior to MITRE, Jon was a senior analyst with the United States Government Accountability Office (GAO). He has a Master of Arts in National Security and Strategic Studies from the United States Naval War College and a MPIA from the University of Pittsburgh Graduate School of Public and International Affairs. Jon is the current Chairman of the City of Fairfax Parks and Recreation Advisory Board. He lives in Fairfax, VA with his amazing wife Stephanie, a high-school physics teacher, and their daughter Zoe and son Cooper. For more information see [www.jonstehle.com](http://www.jonstehle.com)

## **SARAH E. VEALE**

Sarah E. Veale is an Assistant Director in the Strategic Issues team of the U.S. Government Accountability Office (GAO), Congress' analytic and investigative arm. Her responsibilities include overseeing GAO's work related to results-oriented management in the federal government, with a focus on interagency collaboration. She has led bodies of work related to the implementation of the GPRA Modernization Act of 2010, planning and preparedness for influenza pandemics, and the creation and integration of the Department of Homeland Security. Ms. Veale has also served as a project manager and analyst for natural resources and environment issues at the GAO. Ms. Veale has worked closely with GAO's Strategic Planning and External Liaison office on strategic planning and GAO's role in the International Organization of Supreme Audit Institutions. She has received numerous performance, leadership and teamwork awards throughout her GAO career.

Ms. Veale holds a Master of Arts degree in international relations from the Paul H. Nitze School of Advanced International Studies at the Johns Hopkins University, and a Bachelor of Arts degree in history from Trinity College, Hartford, CT.