

Principles of Governance for Major United States Government Investment Projects Using Earned Value Management to Measure Performance

Legislative Branch

Congressional dissatisfaction with execution of government programs led to three new laws:

- Government Performance and Results Act of 1993
 - [Public Law No: 103-62](#)
 - Seeks to shift the focus of government decision making and accountability away from a preoccupation with the activities that are undertaken - such as grants dispensed or inspections made - to a focus on the results of those activities, such as real gains in employability, safety, responsiveness, or program quality. Under the Act, agencies are to develop multiyear strategic plans, annual performance plans, and annual performance reports.
- Federal Acquisition Streamlining Act of 1994, Title V (FASA V)
 - [Public Law No: 103-355](#)
 - There are two major components of FASA V. First, agencies must demonstrate sound decision-making and a results-oriented focus when planning for projects. Second, agencies must effectively manage ongoing programs to achieve intended results.
- Information Technology Management Reform Act of 1996 (Clinger-Cohen)
 - [Public Law No: 104-208](#)
 - Recognizing the importance of information technology for effective government, the Congress and President enacted the Information Technology Management Reform Act and the Federal Acquisition Reform Act. Together known as the Clinger-Cohen Act, these Acts require the heads of Federal agencies to link IT investments to agency accomplishments and establish a process to select, manage and control their IT investments.

Executive Branch

The Office of Management and Budget, Executive Office of the President, issued Circular A-11, Part 7 to implement the laws' performance management provisions. A-11 requires all agencies to establish risk-based performance baselines for programs and to achieve, on average, 90% of the program's cost, schedule and performance objectives. A key method used to measure cost and schedule performance is Earned Value Management (EVM). EVM has been in use by defense and aerospace agencies since 1967 and since 1998 has been published as an American National Standards Institute standard, ANSI/EIA 748-98 "Earned Value Management Systems." www.whitehouse.gov/omb/

EVMS ... will effectively integrate the work scope of a [project] with the schedule and cost elements for optimum program planning and control. The primary purpose of the system is to support program management.

Industry

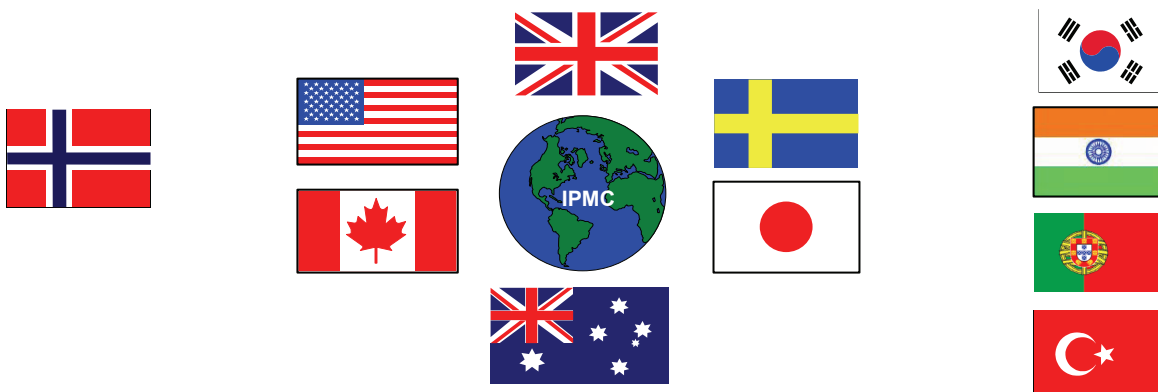
The National Defense Industrial Association is the subject matter expert for the ANSI standard and publishes a number of related management guides. OMB adopted the standard and guides for use by all government agencies. www.ndia.org

Government Oversight and Reporting

Agency reports to OMB include EVM data which are used to inform program budget decisions. In addition, the Government Accountability Office formed a technical team that supports audits and performs independent analysis of program data. Recognizing that many agencies are not experienced in program management disciplines, GAO is developing a Guide to Cost Estimating for use by government auditors and as a resource for agency managers. Expected publication date is late 2006. The guide includes useful advice for developing estimates to support agency cost, schedule and performance goals and for managing resources by integrating EVM and risk management. www.gao.gov

International Cooperation

The US Department of Defense exchanges information on EVM with several other nations through the International Performance Management Council (IPMC) as depicted below. www.acq.osd.mil/pm
Through this forum and worldwide conferences sponsored by industry and professional associations, the community of nations interested in adopting EVM is growing. Norway would be a welcome addition to the community.



Effective governance of public programs requires better planning and execution by using EVM as part of an integrated management process including systems engineering, cost estimating, acquisition and risk management.