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# American Recovery and Reinvestment Act

Strategic Stimulus Solutions (S<sup>3</sup>)  
*Perot Systems: Break Through.*

## Perot Systems Government Services

### Executive Overview

The American Recovery and Reinvestment (ARRA) Act presents Federal Agencies with tremendous opportunities to make a meaningful impact on our Nation's recovery from the current economic climate. The associated ARRA funds represent a remarkable amount of money that must be spent in a short period of time. For some Agencies, the amount of Stimulus funding eclipses their entire annual budget. In addition, the ARRA bill requires Agencies and contractors to provide a level of reporting unprecedented in its scope and depth. Combined, these elements will create significant strategic and operational challenges for a given Agency.

In order to overcome these challenges and begin achieving results, Agencies require solutions that will allow them to:

- Prioritize investment decisions with a focus on selecting the best-value projects that can be funded and achieve results in the shortest period of time;
- Implement program and financial management practices that ensure transparency and accountability over ARRA programs and funding;
- Develop and implement performance measures that directly measure job creation and the overall success of the ARRA spending;
- Implement a Governance Strategy and a Communications Plan that informs the Agency's Stakeholders; and
- Develop reports that meet the requirements of the ARRA bill and link directly to Recovery.gov, the Office of Management and Budget's (OMB) MAX system, and provide Executive-level summaries for Agency Secretaries, the White House, the OMB, the General Accountability Office (GAO), and the Recovery Accountability and Transparency Board.

This paper offers best-practice processes, methodologies, and tools that Federal Agencies can employ to overcome the challenges presented by the ARRA. The paper describes the Stimulus Lifecycle and a four-phased methodology that will position Federal Agencies to obtain results while minimizing risk. We have included recommendations for managing each phase of the Stimulus Lifecycle and provided detailed planning steps that must be taken for Agencies to be successful. We have addressed the challenges that Agencies will face and have described proven methodologies for a successful implementation of the Stimulus funds in areas such as performance management, human capital, change management, strategic communications, and risk mitigation.

## Stimulus Overview

The American Recovery and Reinvestment Act was signed into law on February 17<sup>th</sup>, 2009 and provides funding of over \$787 Billion to Federal, State, and Local Agencies. The ARRA is an unprecedented effort to jumpstart our economy, create or save millions of jobs, and put a down payment on addressing long-neglected challenges so our country can thrive in the 21st century. The Recovery and Reinvestment Act is an extraordinary response to a crisis unlike any since the Great Depression. With much at stake, the Act provides for unprecedented levels of transparency and accountability so that you will be able to know how, when, and where your tax dollars are being spent. Spearheaded by a new Recovery Board, this Act contains built-in measures to root out waste, inefficiency, and unnecessary spending<sup>1</sup>.

The ARRA also includes provisions for an unprecedented level of oversight and program reporting. This will require Federal and State & Local Agencies to change their normal operating procedures and adopt an increased level of measurement and reporting. New oversight groups are being created and all investment decisions and program plans are being tracked on the Administration's newly created [www.recovery.gov](http://www.recovery.gov) website as well as on Federal Agency and State websites. Federal Agencies must also adhere to current and future OMB Guidance. OMB released [Initial Stimulus Guidance](#) on February 18<sup>th</sup> and [Updated Guidance](#) on April 3<sup>rd</sup>.

## Planning & Implementation Challenges

Federal Agencies are required to spend the ARRA funds in an expeditious, appropriate, traceable, and effective way in a short period of time. The time constraints and reporting burdens as well as the scale and scope of the spending creates many

challenges for Federal Agencies as they begin to determine the optimum investments, allocate the funding, and manage the programs. These challenges include:

- The burden of detailed and continuous reporting;
- An increased level of scrutiny over investment decisions and program implementation;
- Changing requirements;
- New governance procedures such as the newly formed Recovery Accountability and Transparency Board;
- Aggressive timing and need for quick wins;
- Lack of sufficient staff level to handle the ARRA project management reporting;
- Lack of a coherent strategy for allocating the dollars;
- Difficulty in determining 'best value' projects;
- Inability to monitor and track the investments;
- Developing performance measures that will accurately measure the results;
- The unprecedented scale and scope of the spending;
- Potential for abuse of funds; and
- Coordination with stakeholders including industry and state & local governments.

As complicated as these challenges may be, there are industry best practices that can be adapted to the ARRA programs that will allow Agencies to be successful.

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<sup>1</sup> [www.recovery.gov](http://www.recovery.gov)

## Stimulus Lifecycle

In a very short time frame, the Administration along with Congress expect Agencies to interpret the legislation and OMB guidance associated with the ARRA bill, determine best value investments, develop strategic plans, implement new programs or supplement existing programs, and measure & report on progress to multiple stakeholders. All of this will require Agencies that are already working at maximum capacity to overcome the challenges described earlier and achieve measurable results in a short period of time. Agencies will need to understand the Stimulus Lifecycle and develop plans to address each Phase of the Lifecycle in order to be

Figure 1 - Stimulus Lifecycle



successful.

The Stimulus Lifecycle is comprised of three basic elements:

- 1) **Inputs** in the form of funding, legislative mandates, and management direction from the White House, Congress, OMB, GAO, the Recovery, Accountability, and Transparency Board and other oversight bodies.
- 2) **Agency Management** in four focused areas: Investment Review and Decisions, Strategic Planning, Implementation, and Measurement & Reporting.
- 3) **Outputs** in the form of direct data feeds to government systems such as [www.recovery.gov](http://www.recovery.gov) and OMB's MAX system as well as customized, auditable reports to GAO, OMB, Agency Leadership, the White House, and Congress.

Agencies are facing a multitude of questions in each of the four areas of Agency Management:

- 1) Investment Review
  - How do I choose projects that create the optimal return on investment in the shortest period of time?
  - How do I choose between multiple projects that return a positive ROI?
  - How will these investments affect my normal project portfolio?
- 2) Strategic Planning
  - How do I plan for such a large undertaking?
  - How do I develop plans with limited staff?
  - What is the optimum way to communicate with such a large number of new stakeholders?
  - How can I establish a Governance Model that is inclusive of key stakeholders yet also agile and results-oriented?
- 3) Implementation
  - How do I manage the ARRA programs without sacrificing progress on other programs?
  - How do I ensure that Strategic Plans are executed within acceptable cost, schedule, and risk parameters?
  - How do I execute my ARRA plans with a minimal level of risk and exposure to fraudulent activities?
- 4) Measurement
  - How can I measure the number of jobs created based on my ARRA programs?
  - What level of detail should I report to each of the stakeholder groups?

## Conclusion

President Obama has identified five crucial objectives that will guide Federal Agency ARRA funds management:

- Recovery funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The recipients and uses of all recovery funds are transparent to the public, and that the public benefits of these funds are reported clearly, accurately, and in a timely manner;
- Recovery funds are used for authorized purposes and every step is taken to prevent instances of fraud, waste, error, and abuse;
- Projects funded under the recovery legislation avoid unnecessary delays and cost overruns; and,
- Programs meet specific goals and targets, and contribute to improved performance on broad economic indicators.

Agencies are facing many challenges to achieving these objectives but diligent planning, strategic decision-making, and thorough assessments will allow Federal Agencies to meet the objectives above and execute the programs in the ARRA bill. The S<sup>3</sup> methodology described in detail in the [full version](#) of this paper provides Federal Agencies with a holistic approach to achieving the goals of the ARRA along with detailed plans to execute each of the ARRA phases.



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Specifically, in implementing the Recovery Act, departments and Agencies should bear in mind the President's commitment to ensuring that public funds are expended responsibly and in a transparent manner to further the job creation, economic recovery, and other purposes of the Recovery Act.

*-Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*

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