

ARRA: Managing Recovery as a Portfolio of Projects

THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) is an aggressive blend of spending and tax initiatives targeted at jumpstarting the American economy. And, for the first time in history, a government spending program has been specifically framed in terms of projects. The execution of the projects funded by ARRA will be closely watched by proponents and opponents, including lawmakers, the media, and taxpayers.

ARRA Critical Success Factors

Information released on Recovery.gov makes it clear that ARRA funds will be “subject to unprecedented levels of transparency and accountability.” The five crucial objectives for Federal agencies stress that:

- Recovery funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The uses of all recovery funds are transparent to the public, and the 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;
- Projects meet specific goals and targets, and contribute to improved performance on broad economic indicators.¹

To meet these objectives, Peter Orszag, Director of the Office of Management and Budget (OMB), has provided guidance for the management of ARRA funds that covers the areas of stakeholder communications, financial and activity reporting; governance, risk management, program integrity, and budget execution.²

To the delight of project management proponents, these terms all have a familiar ring. Project management best practices—now a firm set of research-based, proven and repeatable organizational methods and personal skills—can facilitate the meeting of all these requirements. Here’s a quick run-through of the ways organizations might use project and program management practices to meet or exceed the ARRA requirements:

1) **Project Portfolio Management and Governance** – The total funds that a state, agency, or department receives can be managed as a portfolio, which requires standardized processes for the alignment of investments with strategy and objectives, and for the identification and analysis of portfolio risks. Once the programs or projects are undertaken, the focus shifts to Portfolio Governance, allowing the organization to effectively manage portfolio risks. Regularly reviewing portfolio performance makes it possible to make the necessary corrections to stay in compliance and on track.

2) **Project Management** – Standardized processes, based on a consistent methodology, provide a workflow as well as insights on how to manage the activities of the project. The Knowledge Areas standard to project management include Scope (What exactly is to be done?), Time (Exactly how long will it take?), Cost (Exactly how much will it cost?), Quality (What’s the definition of “completed?”), Human Resources (Who will do the work, and how do we manage them?), Communications (Who needs to know, what’s the process for keeping everyone informed and when?), Risk (What might go wrong? – and, how will we handle it?), Procurement (What do we need, where will we get it, how will the contracts be managed?), and Integration (How will we make sure all the other Knowledge Areas are linked and seamlessly managed?).

3) **Performance Measurement** – Reality-based measures create greater transparency and accountability. Performance measurement helps to justify investments – or to red-flag course corrections before issues and risks become catastrophes. Measuring project and program performance also provides a ready resource of credibility when future funding opportunities arise – showing exactly how well you managed the funds, the activities, and the contingencies of projects under your umbrella.

The ARRA PMO

Located at the State, Agency, or Department level, this entity centralizes the management of:

- » Adherence to ARRA requirements and guidelines
- » Tracking of project progress via weekly reporting utilizing graphic, tabular, spatial, and narrative formats:
 - » Project status reports
 - » Project milestone reports
 - » Project progress reports
 - » Project risk reports
- » Project portfolio reporting:
 - » Project and program schedules
 - » Expense tracking, across multiple projects
 - » Risk events and responses
 - » Accomplishments and milestones
- » Quality management, including alignment with strategic goals
- » Resource management, including the ability to reallocate resources to optimize the portfolio, not just the project.

4) **Enterprise Portfolio Management (EPM) Tool** – A centralized repository for the collection and reporting of programs and projects, EPM tools also assist in managing resources, both human and financial, to prevent the waste of time or money.

While the requirements for managing ARRA funds may seem daunting – and do indeed represent a resetting of the bar in terms of how government handles public funds – do not overestimate what it takes to implement the discipline of project management. Companies in the private sector frequently employ project management practices in times of crisis, on the fly, with few resources. Project management experts are well-versed at implementing helpful discipline in phases, allowing organizations to show success quickly. Project management methodology is scalable to the size of organizations and the complexity of the projects at hand. Project management best practices can be integrated with existing processes and procedures. An out-of-the-box methodology tool (such as PM Solutions’ Project Management Community of Practice) gets projects up and running and keeps them on course, while providing a common language for new practitioners. Training on targeted topics can not only bring personnel up to speed but has been shown to improve employee satisfaction.³ Expert mentors can be brought on board temporarily to coach managers and teams. A Project Management Office (PMO), set up to manage the ARRA portfolio, can easily transition to new funding opportunities and organizational priorities, bringing the same level of oversight and all the lessons learned from ARRA initiatives to bear on all future projects you undertake.

To learn how PM Solutions can help you ensure prudent delivery and oversight of projects and programs associated with ARRA funds, contact us at 800-983-0388 or pmexperts@pmsolutions.com.



¹Objectives are quoted from <http://www.recovery.gov/?q=content/accountability-and-transparency>, accessed May 11, 2009. ²Peter Orszag, Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009, Memo 09-15, posted on <http://www.recovery.gov/sites/default/files/m09-15.pdf>, accessed May 11, 2009. ³Pennypacker, J.S. (2002) *Justifying the Value of Project Management*. Havertown, PA: Center for Business Practices.