

# CREATING A 21<sup>ST</sup> CENTURY GOVERNMENT

In order for our country to continue leading in the 21<sup>st</sup> Century economy, we need a 21<sup>st</sup> Century Government. We need a Government that is lean, efficient, and continuously striving to do more with less, ensuring that every taxpayer dollar is used wisely and to the maximum effect. We need a Government that is responsive to the needs of its citizens and businesses, and is willing to embrace the rapid pace of technological innovation underway, ensuring that we remain globally competitive.

That is why, under the President's direction, the Administration will continue its efforts to streamline Government operations, improve

performance, adopt new technologies, and provide greater value to the American taxpayer. The Budget builds on the President's Campaign to Cut Waste by taking further steps across the Government to cut unnecessary and wasteful spending. It includes new proposals to consolidate and reorganize Federal agencies and programs to eliminate duplication, overlap, and inefficiency. It includes new incentives to promote the use of evidence, evaluation, and technology to get better results, including the adoption of best practices from the private sector. It also continues to drive performance improvement with ambitious goals and frequent measurement.

## CUTTING WASTE WHEREVER WE FIND IT

Whether the Budget is in surplus or deficit, wasting taxpayer dollars on programs that are outdated, ineffective, or duplicative is wrong. Given the current fiscal environment, it is critical that we redouble our efforts to scour the Budget for waste and make tough decisions about reducing funding or ending programs that are laudable, but not essential. This exercise is difficult but necessary, and it builds on efforts the Administration has undertaken since the President first took office.

We have already made significant progress in cutting waste in areas across the Government. We are terminating unneeded or underperforming military weapons systems. We are closing or consolidating underutilized field offices. We are eliminating duplicative or overlapping programs. We are cutting unnecessary travel and conference spending. We are selling off excess Federal

real estate. We are leveraging the buying power of the Federal Government to save money on the purchase of commodities such as office supplies and shipping services.

The Budget builds on these efforts by including a total of 215 cuts, consolidations, and savings proposals. For example, one of largest savings measures in the Budget is the Administration's proposal to align Medicare drug payment policies with Medicaid rebate policies for low-income beneficiaries, allowing Medicare to benefit from lower drug prices. This change alone will save \$123 billion over the next 10 years. The Budget takes other critical steps to save money, such as closing the loophole in current law that allows people to collect both full disability benefits and unemployment benefits that cover the same period of time. Shutting this loophole will save \$1 billion over 10 years. As detailed later in this

chapter, the single biggest consolidation proposed this year is in the area of science, technology, engineering, and mathematics (STEM) education, where the Administration is proposing a bold restructuring of STEM education programs—consolidating 90 programs and realigning ongoing STEM education activities to improve the delivery, impact, and visibility of STEM efforts.

In total, these proposals are projected to save more than \$25 billion in 2014, and \$539 billion through 2023, including savings from program integrity proposals, totaling \$98 billion through 2023. Program integrity proposals are detailed in the Budget Process chapter of the Analytical Perspectives volume. The Cuts, Consolidations, and Savings section of this Budget includes tables detailing discretionary and mandatory proposals, as well savings activities agencies are undertaking that require no further action by the Congress, many of which were suggested through the President's SAVE Award.

Some of the broader Administration efforts to address unnecessary and wasteful spending include:

**Cut Improper Payments.** Every year, the Federal Government wastes billions of dollars on improper payments to individuals, organizations, and contractors. These are payments made in the wrong amount, to the wrong person, or for the wrong reason. When the President took office in 2009, the rate of wasteful Government-wide improper payments was on the rise. Since then, the Administration has taken forceful steps to cut down on improper payments, such as putting in place new measures to increase transparency and accountability, directing agencies to intensify and expand efforts to recover improper payments, establishing a “Do Not Pay” list for agencies to check before making payments, and implementing the landmark Improper Payments Elimination and Recovery Act of 2010 and the Improper Payments Elimination and Recovery Improvement Act of 2012. The Administration has also moved quickly to deploy cutting-edge forensic technologies to crack down on waste, fraud, and abuse.

As a result of these efforts, the Government-wide error rate decreased to 4.35 percent in 2012, having steadily declined from its high-water mark of 5.42 percent in 2009. In total, over the last three years the Government has avoided over \$47 billion in improper payments and has recaptured a record \$4.4 billion in overpayments to contractors.

**Reduce Administrative Overhead.** As part of the Administration's focus on reducing spending and finding efficiencies, in November 2011 the President issued an Executive Order to promote efficient spending that called for agencies to make a 20 percent reduction in their 2013 spending on administrative areas such as travel, advisory contracts, printing, employee Information Technology (IT) devices, extraneous promotional items, and transportation. To identify further savings, in May 2012 the Administration outlined a series of actions for reining in spending and increasing both transparency and oversight of Federal conference and travel activity. As a result, agencies have reduced travel and conference spending by more than \$2 billion thus far. Overall, agencies have saved nearly \$11 billion on administrative activities, which agencies are redirecting to higher priority programs.

**Consolidate Data Centers.** Under the President's Federal Data Center Consolidation Initiative, the Administration has been working to consolidate unnecessary Federal data centers across the Nation. Since agencies began executing their data center consolidation plans in 2011, nearly 400 data centers have been closed, leading to a net reduction in data centers for the first time in over a decade. Shutting these facilities down increases agency IT efficiencies, strengthens our cybersecurity posture, and decreases the Government's energy and real estate footprint.

**Save Billions of Dollars in Contracting.** The Administration has consistently challenged Federal agencies to strengthen their acquisition and contracting practices by eliminating inefficiencies, reducing risk, and buying smarter. In response, agencies reduced contract spending by over \$20 billion in 2012 compared to 2011,

marking the largest single-year decrease on record. This continues a three-year trend that has brought a \$35 billion decline in spending from 2009 through 2012—a dramatic reversal of the unsustainable 12 percent annual contract spending growth rate experienced from 2000 through 2008.

Savings are being achieved by buying less and buying smarter. For example, in 2012 agencies spent \$7 billion, or 15 percent, less than they did in 2010 for management support services. Agencies have also been making more concerted efforts to coordinate the Government's buying power through strategic sourcing. Government-wide strategic sourcing of items such as office supplies and domestic shipping services has already saved nearly \$200 million since 2010, and agency-level strategic sourcing of goods like IT and medical equipment have saved hundreds of millions more.

In 2014, to accelerate the pace of savings, agencies with the largest procurement spending will begin pursuing multiple new Government-wide strategic sourcing solutions under the coordination of the Strategic Sourcing Leadership Council headed by the Office of Management and Budget. The Small Business Administration will work alongside participating agencies to help maximize the participation of small businesses in these critical cost-savings efforts. A portal will also be established to begin capturing the prices agencies pay for commonly used goods and services so that contracting officials can identify the best prices.

Under current law, contractors that are paid based on their incurred costs may demand reimbursement for executive and employee salaries up to the level of the Nation's top private sector CEOs and other senior executives. These salaries and benefits have increased by more

than 300 percent since the law was enacted in the mid-1990s. In 2011, when the cap reached \$763,000, the President called on the Congress to establish a new, sensible limit that is on par with what the Government pays its own executives and employees. The Administration was encouraged by the proposal in the 2013 Senate's National Defense Authorization bill to cap reimbursement for defense contractors at the level of the Vice President's salary, which is currently \$230,700. The Budget urges the Congress to expand the Senate's proposal to cover all contractor employees—both defense and civilian—and pass a law that allows agencies to pay above this cap on an exception basis only, when it is necessary to ensure the agency has continued access to the skills and capabilities of specialists to achieve mission outcomes.

**Reform Military Acquisition.** The Department of Defense (DOD) has a responsibility to procure weapon systems and critical goods and services needed by the Armed Forces to successfully execute our national security mission. The military departments (the Air Force, Army, and Navy) and defense agencies have a portfolio of 84 ongoing major weapon system acquisition programs, and DOD contracts account for approximately 70 percent of all Federal procurement.

Through its "Better Buying Power" (BBP) reform, DOD is charting a path to greater productivity in the military acquisition system. New BBP initiatives address current fiscal realities, including enforcing affordability caps, measuring cost performance, and aligning contractor profitability with acquisition goals. DOD has also instituted best practices, including applying lessons learned, expanding strategic sourcing, establishing acquisition professional reviews, and instituting peer reviews to ensure effective competition.

## REORGANIZING, CONSOLIDATING, AND STREAMLINING GOVERNMENT

Over the years, the Federal Government has become increasingly complex, as agencies have been assigned new missions and duties in their service to the American people. At times, this has resulted in agencies with duplicative and overlapping responsibilities that have wasted taxpayer resources and made it harder for the public to navigate their Government. The Administration has been working to address this problem over the last four years. In its last report on duplication within the Federal Government, the Government Accountability Office concluded that more than three-quarters of its recommendations for Executive Branch action had been addressed in some way.

However, the Administration is committed to doing more to consolidate and streamline Government operations. That is why the President is again asking the Congress to revive an authority that Presidents had for almost the entire period from 1932 through 1984—the ability to submit proposals to reorganize the Executive Branch via a fast-track procedure. In effect, the President is asking to have the same authority that any business owner has to reorganize or streamline operations to meet changing circumstances and customer demand.

Building on the progress already made, the Budget includes a series of proposals to consolidate and reorganize Executive Branch departments, including to:

**Consolidate Business and Trade Promotion Into a Single Department.** As the President indicated in 2012, if he is given Presidential reorganization authority, his first proposal would be to consolidate a number of agencies and programs into a new Department with a focused mission to foster economic growth and spur job creation. The proposal would consolidate six primary business and trade agencies, as well as other related programs, integrating the Government's core trade and competitiveness functions into one new Department. Specifically, the new

Department would include the Department of Commerce's core business and trade functions, the Small Business Administration, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the U.S. Trade and Development Agency. It would also incorporate related programs from a number of other departments, including the Department of Agriculture's business development programs, the Department of the Treasury's Community Development Financial Institutions Fund program, the National Science Foundation's (NSF) statistical agency and industry partnership programs, and the Bureau of Labor Statistics from the Department of Labor. Creating a department solely focused on economic growth would also require moving the National Oceanic and Atmospheric Administration from the Department of Commerce to the Department of the Interior.

By bringing together the core tools to expand trade and investment, grow small businesses, and support innovation, the new Department would coordinate these resources to maximize the benefits for businesses and the economy. With more effectively aligned and deployed trade promotion resources, strengthened trade enforcement capacity, streamlined export finance programs, and enhanced focus on investment in the United States, the Government could more effectively implement a strong, pro-growth trade policy. This reorganization would also help American businesses compete in the global economy, expand exports, and create more jobs at home. These changes could generate approximately \$3 billion in savings over the next 10 years, with roughly half of the savings coming from reducing overhead and consolidating offices and support functions. Additional comparable savings would be generated through programmatic cuts once the synergies from consolidation are realized.

**Consolidate 90 STEM Education Programs.** Currently, Federal initiatives to promote STEM education are spread across the

Government in more than 200 programs within 13 different agencies. The Budget is proposing a bold reorganization of STEM education programs into four key areas: K-12 instruction; undergraduate education; graduate fellowships; and education activities that typically take place outside the classroom, all with a focus on increasing participation and opportunities for individuals from groups historically underrepresented in these fields. This reorganization involves a consolidation of 90 of these programs and realignment of ongoing STEM education activities to improve the delivery, impact, and visibility of STEM efforts. Nearly \$180 million would be redirected from programs across the Government to the Department of Education, NSF, and the Smithsonian Institution. The Department of Education's role will include developing STEM innovation networks to reform STEM instruction and supporting Master Teachers who can serve as a national resource for improving STEM teaching and learning. NSF will focus on efforts to improve STEM undergraduate education and to reform graduate fellowships so they reach more students and align with national needs. The Smithsonian Institution will improve the reach of informal education activities by ensuring they are aligned with State standards and are relevant to the classroom.

**Modernize, Streamline, and Strengthen the Delivery of Training and Employment Services.** As the economy changes, Federal training and employment programs must continually innovate and adapt to help American workers gain the skills they need to find new jobs and careers. Today more than 40 programs at 11 Federal agencies deliver job training and employment services. We should be doing everything we can to make it easier for Americans to find a job or build their skills for a better one, and for employers who need to find well-qualified workers. The Administration is therefore exploring opportunities to revisit how the Federal Government funds job training and employment services, including the possibility of reorganizing some of the existing training programs that serve overlapping populations. For example, the Budget proposes a universal displaced worker program that will reach up to a million workers a year with a set

of core services, combining the best elements of two more narrowly-targeted programs. Any reform must ensure that the needs of particularly vulnerable job-seekers and workers continue to be met and ensure greater accountability and transparency about the performance of federally supported job training providers and programs. The Administration looks forward to working with the Congress and other stakeholders on job training reform in the coming year.

**Reform TVA.** Since its creation in the 1930s during the Great Depression, the federally owned and operated Tennessee Valley Authority (TVA) has been producing low-cost electricity and managing natural resources for a large portion of the Southeastern United States. TVA's power service territory includes most of Tennessee and parts of Alabama, Georgia, Kentucky, Mississippi, North Carolina, and Virginia, covering 80,000 square miles and serving more than nine million people. TVA is a self-financing Government corporation, funding operations through electricity sales and bond financing. In order to meet its future capacity needs, fulfill its environmental responsibilities, and modernize its aging generation system, TVA's current capital investment plan includes more than \$25 billion of expenditures over the next 10 years. However, TVA's anticipated capital needs are likely to quickly exceed the agency's \$30 billion statutory cap on indebtedness. Reducing or eliminating the Federal Government's role in programs such as TVA, which have achieved their original objectives and no longer require Federal participation, can help put the Nation on a sustainable fiscal path. Given TVA's debt constraints and the impact to the Federal deficit of its increasing capital expenditures, the Administration intends to undertake a strategic review of options for addressing TVA's financial situation, including the possible divestiture of TVA, in part or as a whole.

**Realign and Streamline GSA Operations.** The General Services Administration (GSA) provides real estate, acquisition, and technology services to the Federal Government. A more efficient and effective GSA translates into cost savings for Federal agencies and taxpayers. Based

on a comprehensive review of GSA's operations, the Budget is proposing realignment and streamlining of key GSA functions that will result in estimated cost savings exceeding \$200 million over 10 years. Consolidating reporting structures within GSA will increase accountability in decision-making in areas such as finance, human resources, and IT, and generate cost savings by eliminating redundancies. Further reforms to GSA's Public Buildings Service and Federal Acquisition Service are designed to deliver consistency across organizational units, particularly in service delivery and policy application, ensuring GSA serves Federal agencies as a single national solutions provider.

**Reform Food Aid.** The existing P.L. 480 Title II food aid program, which is administered by the U.S. Agency for International Development and funded through the U.S. Department of Agriculture, includes numerous requirements that raise the cost of providing food aid and reduce its timeliness and effectiveness in responding to humanitarian crises and fighting hunger abroad. The proposed reform replaces P.L. 480 Title II funding with an equivalent amount of flexible discretionary funding that will provide aid to over two million more people annually. At the same time, the less rigid funding stream will give the United States far greater ability to provide aid when, where, and in the form that it can be most effective. The program will use a majority

of emergency food aid funding to purchase and ship food from the United States, will supplement the existing level of support for certain militarily useful ships, and will facilitate the retention of U.S. mariners. In addition to helping more people in crisis, the reform will reduce mandatory spending—and the deficit—by an estimated \$500 million over a decade.

**Prioritize Immigration Detention Resources.** The Administration has focused its immigration enforcement efforts on identifying and removing individuals who pose a danger to national security or a risk to public safety, including aliens convicted of crimes, with particular emphasis on violent criminals, felons, and repeat offenders. To ensure the most cost-effective use of Federal dollars, the Budget focuses detention capabilities on priority and mandatory detainees, while allowing low-risk, non-mandatory detainees to enroll in lower cost, parole-like alternatives to detention programs, such as electronic monitoring and intensive supervision. As the Administration continues to focus on priority removal cases, it will work to reduce the time removable aliens spend in immigration detention custody. To achieve this goal, U.S. Immigration and Customs Enforcement is improving its ability to expedite removal of convicted criminal aliens, so they do not require lengthy stays in U.S. immigration detention custody prior to deportation.

## USING EVIDENCE TO GET BETTER RESULTS

In its first term, the Administration developed innovative grant programs that drive resources to evidence-based practices and require strong evaluations to build knowledge of what works. In partnership with policy officials, researchers, and program managers, the Administration will expand the use of these models in other priority program areas in 2014.

**Pay for Success.** To ensure taxpayers get the best possible return on their investment in social programs, the Administration is expanding the Pay for Success program model started in 2012.

Pay for Success leverages philanthropic and private dollars to fund preventive services up front, with the Government paying providers only after they generate results that save taxpayer money. In 2012, the Department of Justice awarded grants to two States for Pay for Success projects to prevent recidivism, and in 2013 the Department of Labor expects to support training programs using this model. In 2014, the Administration will broaden its support for Pay for Success, reserving up to \$195 million in the areas of job training, education, criminal justice, housing, and disability services.

The President's Budget is also proposing a new \$300 million incentive fund at the Department of the Treasury to help State and local governments implement Pay for Success programs with philanthropies. The fund will provide credit enhancements for philanthropic investments and outcome payments for money-saving services. This approach borrows from the Outcomes Finance Fund, a similar fund established in the United Kingdom. The Administration will also make available up to five percent of proceeds from the sale of excess Federal property under the proposed Civilian Property Realignment Act for innovative homeless programs, including Pay for Success projects that save taxpayer money by reducing homelessness.

**Invest in Innovation Using a Tiered Evidence Model.** Federal grant programs should build evidence of what works and create incentives for grantees to adopt proven practices. Even in a period of constrained resources, the Budget increases funding by 44 percent over the 2012 enacted level for innovation funds that use a tiered model to provide more resources for programs that demonstrate evidence of success. For example, the Budget includes \$215 million for the Department of Education's Investing in Innovation (i3) program. The program uses development, validation, and scale-up grants to grow the base of evidence on effective teachers and leaders, improving low-performing schools, and parent engagement strategies that increase student learning at the K-12 level. The Budget also provides \$260 million to launch a companion First in the World fund at the Department of Education to spur the establishment, validation, and scaling-up of cutting-edge innovations that can decrease college costs and boost postsecondary attainment rates.

The Budget also includes \$150 million for the Department of Labor's Workforce Innovation Fund, to engage States and localities in developing more effective training and placement services for the unemployed, and invests \$25 million in new, evidence-informed efforts to improve employment outcomes for older Americans.

Evidence will also be a focus of the new initiatives that the Department of Education, NSF, and the Smithsonian implement under the STEM reorganization discussed earlier in this chapter. Rigorous evaluations will be a core strategy in this effort to help distinguish truly effective approaches from well-intended ones with little impact.

**Generate Stronger Results in Formula Grant Programs with Competitive Grants.**

The Budget also takes important steps to improve the effectiveness of formula grant programs by using competitive grants to encourage adoption of evidence-based approaches such as:

- In the Department of Justice, the Budget couples the Byrne Justice Assistance Grant and Juvenile Accountability Block Grant programs with competitive incentive funds that provide "bonuses" to States and localities for evidence-based use of formula funds.
- In the Department of Health and Human Services (HHS), the Budget proposes to require that States use five percent of their mental health block grant allocation for grants that use the most effective evidence-based prevention and treatment approaches.
- The Department of Education proposes to reform the Career and Technical Education formula grant to require that States award the funds competitively at the local level and to create an innovation fund that will drive the use and development of evidence-based practices to make sure young people gain the skills needed to succeed in today's economy.

All of these reforms capitalize on research conducted over several decades to learn what works for different communities and populations. The proposals do not mandate that State and local governments adopt federally prescribed solutions, but require that a portion of funding is spent on approaches backed by strong evidence.

**Create Performance Partnerships That Provide Flexibility While Demanding Results.** Inconsistent and overlapping Federal program requirements sometimes prevent States and localities from effectively coordinating services or using funding to support strategies that are likely to achieve the best outcomes. For 2014, the Budget proposes establishing a limited number of Performance Partnership pilots designed to improve outcomes for disconnected youth, including young adults who have dropped out of school and are not employed. Approved performance partnerships designed at the State or local level could blend discretionary funds for youth-serving programs at the Departments of Education, HHS, Labor, Justice, Housing and Urban Development (HUD), and other agencies, in exchange for greater accountability for results. Performance indicators, such as education and employment outcomes, would be used to gauge progress, and evaluations would study what locally designed strategies work best. The Administration will learn from community leaders about the potential for similar performance partnerships, exchanging greater flexibility over funds for greater accountability for results, to revitalize distressed communities and reduce youth violence.

**Inject Performance Focus Into More Programs.** The Budget takes other steps to inject an emphasis on outcomes into programs that have lacked that focus for too long. For example, the Budget consolidates and establishes new performance requirements in programs ranging from rural and cooperative grant programs

at the Department of Agriculture to the Federal Emergency Management Agency first responder grants. The Budget also continues the implementation of the historic requirement for low-performing Head Start grantees to compete for funding, establishes performance standards in the Community Services Block Grant program and requires competition for programs below those standards, and allocates Senior Corps funding on a competitive basis.

**Support Initiatives That Can Produce Cost-Effective Results.** The Budget makes additional investments in programs where the evidence suggests long-term savings outweigh short-term costs. For example, the President's historic investment in early childhood education reflects the deep body of research showing that high-quality early interventions can yield lasting savings to the Government and society through improvements in children's educational, employment, health, and other outcomes. New criminal justice investments, including State partnerships through the Justice Reinvestment Act, and grants through the Second Chance Act, may not only reduce crime and imprisonment, but also generate savings over the long run. This is also true of the Hawaii Opportunity Probation and Enforcement program's "swift and certain" approach to sanctions for probationers, which the Budget proposes to continue expanding and evaluating. To support and evaluate these efforts, the Budget strongly encourages cost-benefit analyses in States, as well as Federal agencies.

## STRENGTHENING EVALUATION AND SHARING WHAT WORKS

Rigorous evaluations identify what works, under what conditions, and at what cost. They can also show what doesn't work and should stop. Innovative companies constantly use data and experimentation this way—to drive learning and improvement. Building on their lessons, the Administration is intensifying its use of evaluation and experimentation to build a culture of learning and continuous improvement to ensure Americans receive maximum value for their tax dollars.

**Learn and Share What Works.** The Budget supports new evaluations across the Government to analyze program impacts such as investigations into how to: structure student aid in order to increase college access for low-income students; strengthen the impact of Federal technical assistance to small businesses; strengthen performance benchmarking and create new efficiencies across Federal health care programs operated by the Departments of Veterans Affairs (VA), Defense, and HHS; use evidence-based home vis-

iting programs to improve birth outcomes, reduce low-birth weight, and improve infant health, and; use increased local flexibility in housing assistance to achieve positive outcomes for families, including increased employment and self-sufficiency. The Administration will also help policymakers, program managers, and practitioners access strong evidence by continuing to expand “what works” clearinghouses for proven practices, such as the Department of Justice’s *CrimeSolutions.gov*, the Department of Education’s What Works Clearinghouse, the Substance Abuse and Mental Health Services Administration’s National Registry of Evidenced-based Programs and Practices, and the Department of Labor’s new Clearinghouse of Labor Evaluation and Research.

**Share Data Across Agencies.** Federal agencies are also beginning to reduce the costs of high-quality evaluations by using existing sources of data within the Government rather than conducting costly new surveys. The Budget provides funds to link data across programs in order to support high-quality, low-cost research. HHS and HUD, for instance, are sharing data to analyze how housing interventions affect the health care use and costs of residents. VA and HUD are also collaborating to streamline reporting by homelessness programs and to create a more comprehensive picture of homelessness trends and interventions. The Census Bureau is also working in partnership with agencies to expand capacity for

researchers to securely access and analyze data to evaluate programs in ways that safeguard privacy and confidentiality.

**Strengthen Agency Capacity for Data Analytics and Evaluation.** The Administration is building a more robust evaluation and data analytics infrastructure within agencies to support rigorous research focused on important policy priorities. Building on an approach that has been successful at the Department of Labor, the Budget includes funding for a Chief Evaluation Officer at the Department of Agriculture to work closely with program offices to develop and implement evaluation agendas set by policy officials. As an example of cross-agency collaboration, evaluation officials from the Departments of Education, Labor, HHS, and NSF are developing common evidence standards for research studies, which can be a resource for improving the quality of studies throughout the Federal Government.

Interagency learning networks comprised of program, performance management, and evaluation officials are now forming to develop shared evaluation agendas and tools in areas as diverse as reviewing outcomes for business technical assistance programs, improving enforcement programs that oversee compliance with health, safety and environmental laws, operating financial literacy programs, and strengthening and evaluating STEM programs.

## MANAGING FOR RESULTS

To improve the effectiveness and efficiency of Federal agencies, the Administration is implementing goal-focused, data-driven approaches to set priorities, benchmark progress, and ensure staff and resources across the Government are coordinating their efforts for maximum impact.

**Use Goals and Frequent Data-Driven Reviews.** To emphasize and enhance performance improvement practices across the Federal Government, in 2009 the Administration directed agency leaders to set high-priority performance goals (Priority Goals). Agencies set Priority

Goals every two years, with the current set established for 2012-2013. The Deputy Secretary or Chief Operating Officer of each agency runs quarterly progress reviews and designates a senior accountable official responsible for driving progress on each Priority Goal. Goal Leaders are expected to select strategies based on evidence, set milestones, and assess progress at least once a quarter. They are also expected to use appropriately rigorous evaluations and other studies to refine understanding of problems and opportunities and to improve results.

The Administration also identified 14 Federal Cross-Agency Priority (CAP) Goals to help deliver on the President's commitment to strengthen future economic growth and job creation. CAP Goals have been set for: exports; entrepreneurship and small businesses; STEM education; broadband infrastructure; energy efficiency; job training; and transitioning returning veterans to civilian jobs. CAP Goals have also been set to improve sustainability, cybersecurity, and other aspects of Federal Government operations.

**Communicate Performance.** To support transparency, accountability, learning, and inter-agency coordination, the Administration established *Performance.gov*. This website makes it easier for the public to see what the Federal Government is trying to accomplish, why, how, and how well. It also serves as a tool to keep agency executives and Priority Goal leaders focused on finding better ways to accomplish their objectives. It supports collaboration on shared goals, facilitates learning across agencies and delivery partners, and invites public suggestions for performance improvement.

## HARNESSING INFORMATION TECHNOLOGY TO DO MORE WITH LESS

The American people expect the Government to use information technology (IT) to provide the same level of service they experience in their everyday lives. As part of the President's Campaign to Cut Waste the Administration is transforming how the Government uses IT to improve productivity, lower the cost of operations, and streamline service delivery, all while bolstering cybersecurity.

The Administration has also focused on a cut and reinvest strategy for IT that acknowledges the need to cut waste and keep costs down, while at the same time encouraging investment in innovative and higher value technologies that can help us build a more efficient and citizen-friendly Government. By requiring Federal agencies to identify specific IT programs they would eliminate or pare back before proposing new ones, the Administration is accelerating the adoption of newer, more effective technologies, while forcing tough decisions on the ones that have outlived their usefulness.

**Launch New Digital Government Strategy.** New expectations require the Federal Government to be ready to deliver and receive digital information and services anytime, anywhere, and on any device. It must do so safely, securely, and with fewer resources. To build for the future, the Administration has launched a comprehensive Digital Government Strategy that embraces the opportunity to innovate more

with fewer resources, and enables entrepreneurs to better leverage Government data to improve the quality of services. These imperatives are not new, but modern tools and technologies enable us to seize the opportunity to fundamentally change how the Federal Government serves both its internal and external customers—by building a 21<sup>st</sup> Century platform to better serve the public.

**Use PortfolioStat to Target Duplicative and Low-Value IT Spending.** Building on the success of the Administration's TechStat sessions, which focus on identifying and solving problems in specific IT projects, in 2012 the Administration launched PortfolioStat, a new tool for agencies to assess the current maturity of their entire IT portfolio, enabling them to identify and eliminate duplicative or low value technology investments, and adopt intra- and inter-agency IT shared services, where applicable. Through the first year of the PortfolioStat initiative, agency Chief Operating Officers have set targets to reduce commodity IT spending through 98 consolidation opportunities, targeting over \$1 billion in spending reductions in 2014.

**Expand BusinessUSA.** In October 2011, the President issued a challenge to Government agencies to think beyond their organizational boundaries in the best interest of serving America's business community, and to start thinking and acting more like the businesses they serve.

He directed the creation of *BusinessUSA.gov*, a centralized, one-stop platform to make it easier for businesses to access services to help them grow and hire. BusinessUSA implements a “no wrong door” approach for small businesses and exporters by using technology to quickly connect businesses to the services and information

relevant to them, regardless of where the information is located or which agency’s website, call center, or office they go to for help. In 2014, all Federal agencies with business-facing capabilities will be participating in integrating and expanding BusinessUSA’s capabilities.

